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Business Plan
WanaYu - Language Learning Community
“Learn a Language Your Way”



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1 Introduction

The world is growing together and needs its people to communicate and interact with each other. The age of globalisation requires global communication, and the currency of communication is language. There are thousands of solutions out there offering their services, but often they just don't seem to fit into personal schedules, interests or the available budget. How much of a language someone learns depends basically on the individual need, desire, motivation, ability and the amount of energy someone can dedicate to the endeavour. However, evidence suggests that, with the right approach and motivation, everyone can learn a foreign language.

WanaYu creates the opportunity for people to exchange language and culture in a social learning environment online as well as offline, providing tools and guidance to collaborate and to form global communities based on personal interests using open innovation to customize the true language learning experience for each customer.

1.1 Mission, Vision & Values

WanaYu's mission, vision and values are very ambitious but indispensable for the success of its business model. They need to fulfil the same high standards as required for the whole project.

Mission - Learn a Language Your Way!

Vision - Build a Global Language Learning Community, both online and in the Real World, to empower its members to learn a language with others. The community will reach this goal by sharing native language skills and cultural experience through collaboration and participation.

Corporate Values - values play an important role when people get together, even more when they are from different nationalities and cultural background. **WanaYu** as a company as well as the community see the following values as key for a successful act:

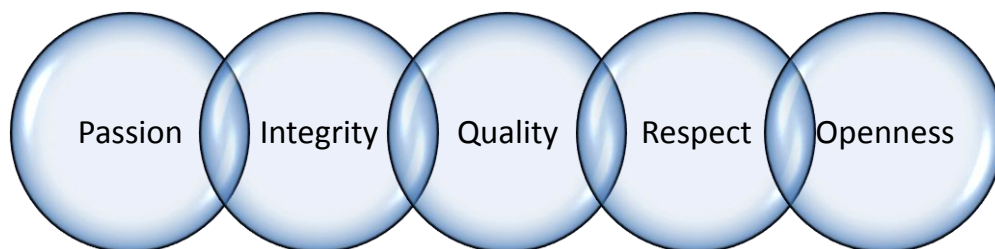


Figure 1: WanaYu Core Values

2 Environment Analysis

2.1 Economy, Politics and Society

Europe's political and economic situation

Europe faces a moment of transformation. The crisis has wiped out years of economic and social progress and exposed structural weaknesses in Europe's economy. In the meantime, the world is moving fast and long-term challenges like globalisation, pressure on resources and ageing are intensifying.¹

Based on IMF's economic data, Europe's average unemployment rate rose from 7.7% in 2008 to over 10% at the start of 2012, this is, and one out of ten Europeans is unable to find a job (this represents 33,065,643 people in real figures). Conversely, by the end of 2011 per capita GDP has fallen to under 31.329,-€, a 2% fall from the figures prior to the crisis.

The political situation is inevitably linked to the economic landscape. As a consequence of the crisis and poor financial planning the common currency is at risk, and in some quarters there are serious doubts on the viability of the system. Politicians are trying to impose a model based on disciplining budgeting, cutting expenditure, austerity and maybe sanctions/fines for those countries unable to comply with the goal of reducing national deficit.

These measures outline a European Union running at two different speeds: on one hand the stronger nations who are already coming out of the recession and on the other those poorer and indebted countries (south and east Europe) who should be making a special effort to implement austerity and shortening their public expenditure.

With a recently expanded European Union and a massive effort ahead to recover the wealthy level of the nineties, understanding amongst the European citizens is a mandatory issue to be addressed.

Regarding the focus and extent of the project, investing in retraining and upgrading the skills of the working force in the shortest period of time proves itself as being one of the most effective solutions, ensuring the free movement of workers within the Single Market boundaries. This will not only help in solving the actual situation but will ensure full utilisation and better allocation of resources.

The people of Europe are building a single Union out of many diverse nations, communities, cultures and language groups; it is a Union built around the equal interchange of ideas and traditions and founded upon the mutual acceptance of people with different histories but a common future. To build a common home in which they can live, work and trade together means acquiring the skills to communicate with one another effectively, and to understand one another better. Learning and speaking other languages encourages human beings to become more open to others, their cultures and outlooks.

In the context of the Lisbon strategy of economic, social and environmental renewal launched in March 2000, the Union is developing a society based upon knowledge as a key element in

¹ Source "[Europe 2020 Strategy](#)"

moving towards its objective of becoming the most competitive knowledge-based economy in the world by the end of the decade. Learning other languages contributes to this goal by improving cognitive skills and strengthening learners' mother tongue skills, including reading and writing.

In this context, the European Commission is working to develop the entrepreneurial spirit and skills of EU citizens (for example through the European Charter for Small Enterprises as well as the Green Paper on Entrepreneurship). Such goals will be easier to achieve if language learning is effectively promoted in the European Union, making sure that European citizens, and companies, have the intercultural and language skills necessary to be effective in the global market-place.

Language skills are unevenly spread across countries and social groups. The range of foreign languages spoken by Europeans is narrow, being limited mainly to English, French, German, and Spanish. Learning one "lingua franca" alone is not enough. Every European citizen should have meaningful communicative competence in at least two other languages in addition to his or her mother tongue.

The Heads of the State and Government in Barcelona in March 2002 recognized the need for European Union and Member State action to improve language learning; they called for further action to improve the mastery of basic skills, in particular by teaching at least two foreign languages to all from a very early age.

The role of the European Union

The European Union's role in this field is not to replace action by Member States, but to support and supplement it. Its mission is to help them develop quality education and vocational training through cooperation and exchange, and to promote developments in those issues that can best be tackled at a Union-wide level. This is why the key question in the consultation process was: "in what ways could the European Commission stimulate and complement action at other levels?"

The main tools available to the Union in this field are its funding programs, and especially those in the fields of Education, Training and Culture. The Lifelong Learning Program² initiated in 2007 comprises four sectorial programs on school education (Comenius), higher education (Erasmus), vocational training (Leonardo da Vinci) and adult education (Grundtvig), and is completed by a transversal program focusing on policy cooperation, languages, information and communication technology and dissemination and exploitation of results. The program budget is € 6,970 million for the period 2007-2013.

The aim of the new program is to contribute, by emphasizing the need for lifelong learning, to the development of the Community as an advanced knowledge society, with sustainable economic development, more and better jobs and greater social cohesion. It aims to foster interaction, cooperation and mobility between education and training systems within the Community, so that they become a world quality reference.

As regards to the four sectorial programs, quantified targets have been set in order to ensure a significant, identifiable and measurable impact for the program.

² Source "[European Commission - DG for Education and Culture](#)"

These targets are:

- *Comenius* - To involve at least three million pupils in joint educational activities, over the period of the program
- *Erasmus* - To have supported an overall total of three million individual participants in student mobility by 2012
- *Leonardo da Vinci* - To increase placements in enterprises to 80,000 per year by the end of the program
- *Grundtvig* - To support the mobility of 7,000 individuals involved in adult education per year, by 2013.

Migration inside Europe and the Expatriate language market

In 2010, more than 200 million people were living abroad³ and the number of people moving country is increasing across all expatriate categories - irrespective of motivation, geographic origin and social background. In developed countries, expatriates and migrants now account for almost 10% of the total population, making them an attractive target group for many industries. Expatriates and migrants have become an increasingly important socioeconomic factor in developed countries, changing cultural habits and the rules of economics and marketing. This trend is likely to continue in the future, with more and more developed countries becoming multicultural societies.

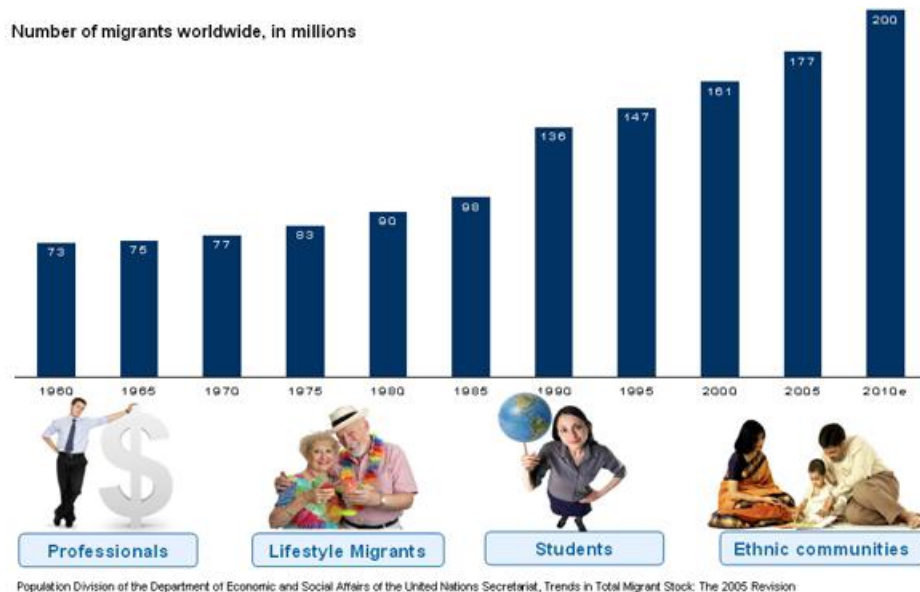


Figure 2: Number of migrants worldwide

Changes to the economic and political situation especially related to the labor market have historically influenced the migration of humans from one country to another. These situations of economic and political change create special opportunities in the language learning market due to the specific needs of people planning to immigrate to another country. Such needs are not just to learn and improve proficiency of the foreign language fairly quick, but also to learn more about the culture and how to manage daily life in the new country covering all the areas of working and

³ Article of [Expatriates Worldwide](#)

living in their new environment. This makes skilled emigrants a very interesting but also specific customer segment as they have a very high interest in learning a language and their specific needs provide an opportunity for a unique value proposition.

Migration, triggered by pressure on the labor market and political change, often occur in temporary cycles in correlation with the economic development. One example has been for instance the migration of Polish to the United Kingdom in 2004 due to the enlargement of the European Union⁴. Most of the other European Union member states exercised political restrictions and used their right for temporary immigration control which led the majority of Polish 430,395 from 2004 till 2007, to immigrate to the UK. The rapid economic growth and falling unemployment in Poland combined with the financial crisis and economic difficulties of the UK have turned the situation in recent years resulting in Polish moving back to Poland (over 13.000 alone in 2008).

The following is an analysis of the migration flows inside Europe to identify niches in the language learning market.

The countries with the highest emigration⁵, and as such the markets with the most migration driven language learners, are Germany, the United Kingdom and Spain. Out of these, the group of people, who's main reason to move was work related, are 60% Spanish, 32% British and 19% Germans.

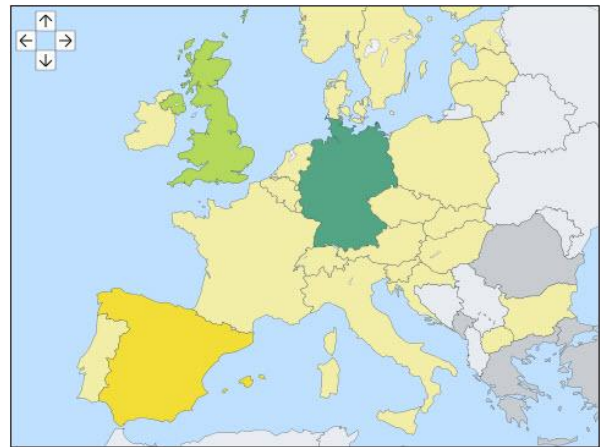


Figure 3: Countries with highest Emigration in Europe

The following section will analyse the emigration flows of these countries more in detail for further market segmentation by evaluating the destination countries per age group in order to identify the languages and skilled migrates which could be most interested in to learn.

Migration Germany

Inside Europe, 40% of Germans migrate to German speaking countries or alike. 15% migrate to Spain of which 39% are over 45 years old and their main interest in moving is most likely not work related.

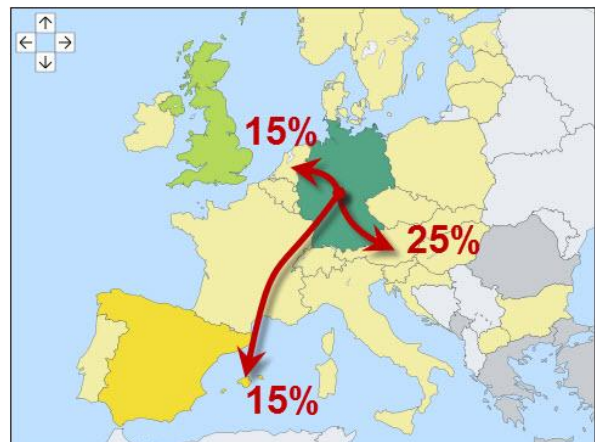


Figure 4: Top 3 German Emigration Destinations in 2008

⁴ [Polish migration to the United Kingdom](#)

⁵ All Migration data is based on the [Eurostat Statistics from 2008](#)

Migration United Kingdom

27% of British immigrate to Spain inside Europe of which 48% are over 45 years old and it can be assumed that their main interest in moving is not work related. 16% emigrate to Germany and 14% to Poland while the majority of these are most likely Polish citizen moving back to their home countries due to the better economic situation. 12% immigrate to Ireland.

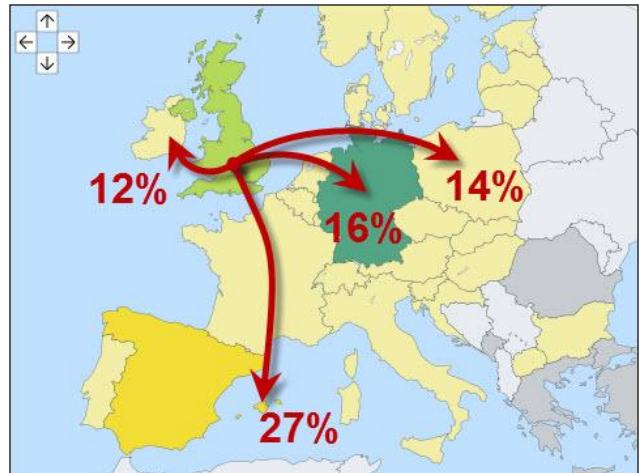


Figure 5: Top 4 British Emigration Destinations in 2008

Spain

35% of Spanish migrate to Germany inside Europe of which 55% are between 25-54 years old and which correlates as well with the figure mentioned earlier that 60% of Spanish emigrate to find a better job in another country. In addition, this age group is also considered to be the group of the most active language learner. Furthermore, 28% of Spanish emigrants move to the United Kingdom and another small group of 10% moves to the Netherlands.

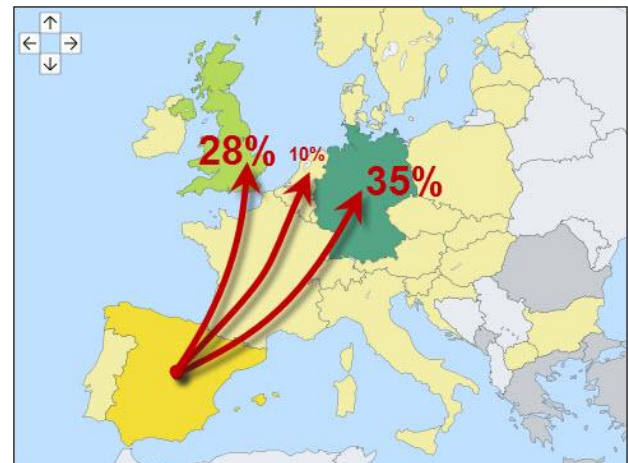


Figure 6: Top 3 Spanish Emigration Destinations in 2008

This analysis shows that Germany, Spain and the United Kingdom are very prosperous markets to teach Spanish, German and English by targeting professionals who would like to work abroad, creating a very interesting niche in the language learning market as they are the biggest communities with notable migration movements.

With the three provided languages in **WanaYu** other secondary markets could be served such as United States, Australia, most of Latin America, Austria etc. In a first expansion movement Portuguese as a further language will be adopted to serve the Brazilian market with its special status as being one of the fastest growing economies in the world.

2.2 PESTEL Analysis

Political Future

- **Threat** - Governments, both in Spain and the United Kingdom, increasingly provide free language learning programs for English.
- **Threat** - The European Commission, introduced a multilingualism policy with the aim to encourage language learning at an early age in order that every student speaks at least

two foreign languages when leaving school. This initiative will to a certain extent reduce the need for later populations to learn a language as adults.

- **Opportunity** - Extensive support and funding of language projects - In fact, the promotion of language learning and linguistic diversity is one of the EUR 7 billion 'Lifelong learning' programme's objectives (2007–13). All the sub- programs — Comenius (for schools), Erasmus (for higher education), Grundtvig (for adult education) and Leonardo da Vinci (for vocational education and training) — support language learning.

Economic Future

- **Threat** - Spain has suffered more than most countries from the recession and the economic outlook on growth is still low (IMF projects 1.1% for 2012). However it has to be noted that austerity measures affect primarily the temporarily employed, those not yet in employment and pensioners who are not our target customer segment.
- **Opportunity** - Spain's economic downturn has increased the pressure on the employment sector in terms of job opportunities but also income. This has led to an increased interest on language courses of European countries with a strong economy like Germany. See below the Google Insight Report which shows an increased interest on the keyword "aleman cursos" in 2011⁶

Websuche-Interesse: aleman cursos

Spanien, 2004 - heute

Gesamt

aleman cursos 42

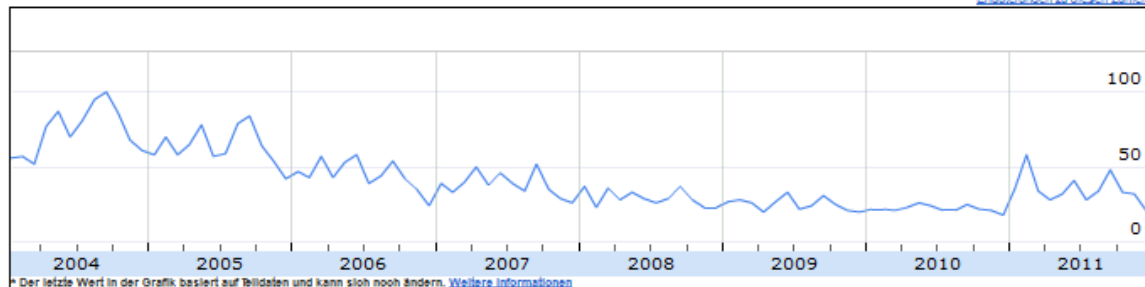
⚠ Eine Verbesserung unserer geografischen Zuordnung wurde rückwirkend ab dem 1. Januar 2011 angewendet. [Weitere Informationen](#)

Interesse im zeitlichen Verlauf

Prognose

Nachrichtenschlagzeilen

[Erklärungen zu diesen Zahlen](#)



- **Opportunity** - In times of economic crises and professional uncertainty people look for opportunities to “upgrade” their CV and make them more attractive for the labour market or look for other developing economies with better chances for employment.
- **Opportunity** - Language Learning is a big market and according to the Nielsen survey 2007 of worldwide language learning industry accounts for \$83 billion in consumer spending
- **Opportunity** - The depreciation of the Euro makes language courses abroad more expensive and as a consequence Therefore people are seeking alternative language learning opportunities such as online courses.

⁶ Please note that this data is normalized based on the total number of searches, a decreasing graph does not indicate a lower amount of search, it indicates a lower share of searches for the specific keyword measured on the total amount of searches

See below the Google Insight Reports which shows an increased interest on the keywords “curso aleman online” and “cursos ingles online”



- **Opportunity** - Different vocabulary is often necessary in special areas like health care, construction and other business.
- **Opportunity** - Official language certificates are required to enter into most foreign study programs.

Socio-cultural Future

- **Opportunity** - Language abilities and the need for language learning
 - Language learning is a need of growing importance especially for the professional life
 - In the EU a large majority (68% English) considers knowing a foreign language useful, this indicator increased over the last years
- In Spain during the Franco period, foreign and regional languages (beside french) were forbidden and taught in school. After the Franco period, the main focus was on regional languages and an awareness of the need to learn other foreign languages like English and German only started to rise with Spain joining the EU in 1986. With this, the majority of the population in the age group 24-39, which is our target customer segment, never learned English or German in school.
 - **Language Learner tends to prefer social learning environments.** They mostly use established language learning methodologies mostly taught in language

schools instead of using new methodologies which have been proven to be more effective.

- The Spanish culture especially is generally not very open-minded for new learning approaches. Spanish buying habits are still heavily dependent on personal relationships and networks. In most cases, customers will seek a trusted source of information like a friend or teacher.
- Group Language Lessons with a teacher is the most widely used form of learning a language and also perceived as the most suited while it is not seen as the most effective form by people who learned a language this way
- “One to One” lessons with a teacher are not widely used but are seen as one of the most effective learning method by people who learned a language this way
- New language learning methodologies like Anticipation, delayed recall, organic learning combined with interactive technologies which allow sophisticated sequencing of images, text and sounds are proven to be most effective but are still not widely used
- **Threat** - The points mentioned above are threats in a sense that it is difficult to convince customers to use a new methodology to learn a language. What matters most will be a marketing strategy which focuses as well on the intermediary/source of trust information. (Proof of knowledge, competence and skills as a language mediator)
- **Opportunity** - At the same time, these points are big opportunities to enter the market with a value proposition based on new language learning methodologies which provide a competitive advantage as they are more effective, new, creative and promise the full immersion experience. **Opportunity** - Demographic Change
 - The target customer segment of 24-39 year olds is the biggest age group in Spain.
 - The biggest age group in Germany are the 35 to 55 year olds which also accounts as an interesting customer segment as professionals with new directions.
 - In the United Kingdom the biggest age group is the 20 to 50 year olds which also show great market potential.
- **Threat** - The population in Spain is growing at a low rate below 1% and the current age group of below 24 year olds is significantly smaller than the target customer segment of 24-39 year old. Therefore an expansion of the business is necessary to provide growth once a certain market share has been reached.

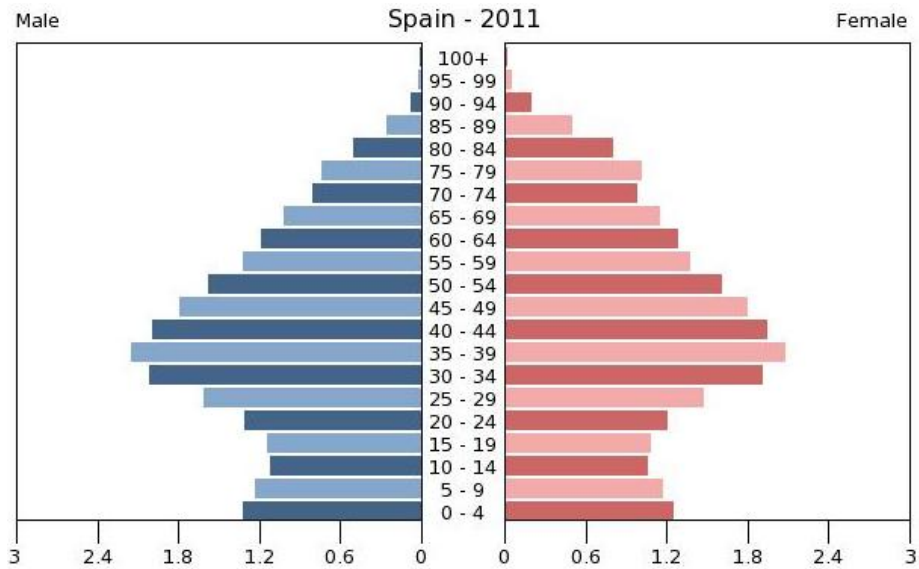


Figure 7: Population Pyramid Spain

- **Threat** - Germany's population is characterized by zero or declining growth, with an aging population and smaller cohort of youths.

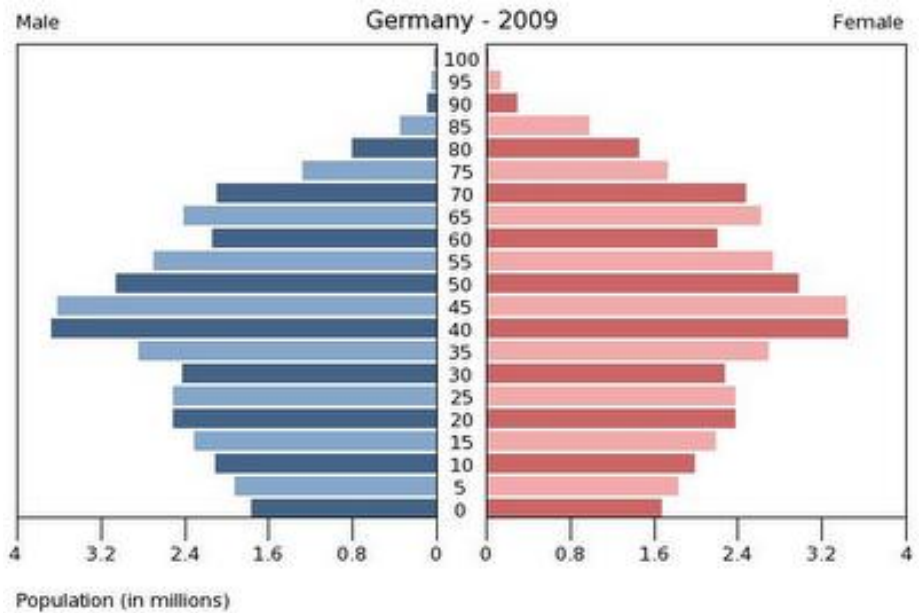


Figure 8: Population Pyramid Germany

- **Opportunity** – The United Kingdom is currently being one of the fastest aging populations in the world. The change into being one of the youngest populations in Europe is largely based on high immigration levels and the recent baby boom.

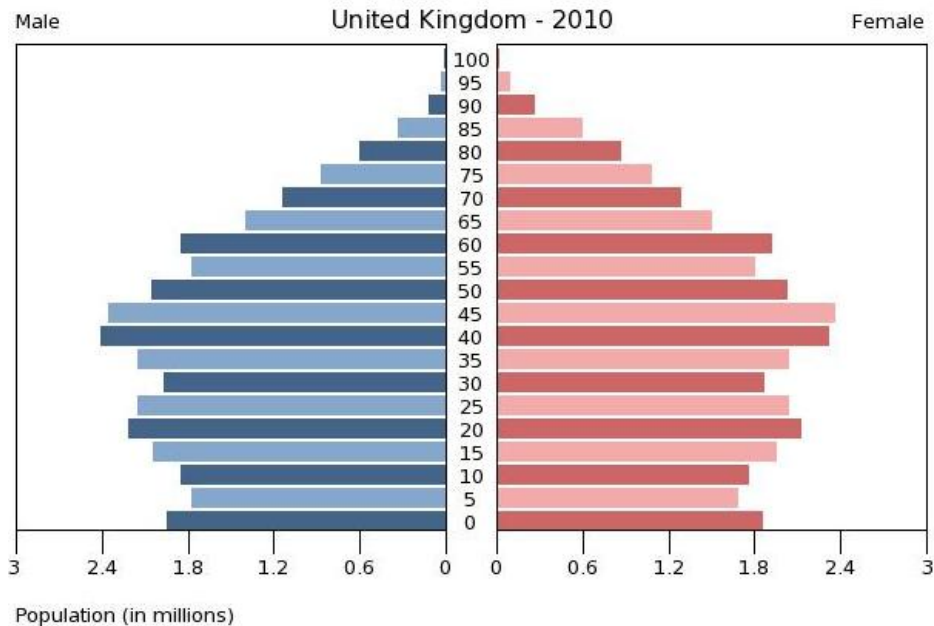


Figure 9: Population Pyramid UK

- **Opportunity** - Spaniards have traditionally found speaking English difficult especially when it comes to pronunciation.
- **Opportunity** – British people are generally lazy when it comes to learn new languages, but they also feel nowadays the pressure and need to learn languages.
- **Opportunity** - As we live in a united Europe and speak 23 different official languages there is a need for cultural and communication exchange. Many countries such as Germany encourage living without borders and invites foreigner to join and enrich their professional work force. Globalisation is a coming process and needs broad language skills in order to survive.

Technological Future

- **Opportunity** - A widely spread ineffectiveness exist in Language Learning where experts have a great chance to play the role of a consultant and provide guidance.
- **Opportunity** - Technology is developing quickly and today it is so simple and there are so many different opportunities to connect and interact within the world.
- **Opportunity** - The target group is using technology, which will be a great part of the provided learning experience. Most of this age group even have got a technical affinity.
- **Opportunity** - Adaption of new technologies. The number of individuals who access the Internet through devices other than a personal computer, such as tablet computers, mobile telephones, televisions and set-top box devices, has increased dramatically, and this trend is likely to continue.
- **Threat** - The World Wide Web provides a great variety of information and access to competitive substitutes is quick and easy.

Environmental Future

- **Opportunity** - This Business Model does not generate any environmental concern and can even help to save emission for instance by lowering travel through elements like online teaching.

Legal Future

- **Threat** - Necessity of governmental certified language courses and contents.

2.3 Market Research

2.3.1 Market Analysis

Language Worldwide

Languages exist since 100,000 BC and today there are 6.909 active languages in the world, which belong to 116 different language families (groups of languages that share the similar origins). Of the current language families, the largest family of speakers is the Indo-European family which consists of approximately 2.7 billion people and 426 unique languages including, Bengali, English, German, Hindi, Portuguese, Russian, and Spanish.

Currently Mandarin is the largest native language spoken worldwide, with approximately 873 million speakers, most of which reside in China, whose total population of 1.3 billion represents a significant piece of the world's population. The next largest group of native speakers can be found in India, where an estimated 370 million people, from a population of 1.1 billion, are speaking Hindi. As for the next remaining large groups of individuals speaking native languages include; Spanish, English, and Arabic at 350, 340, and 206 million respectively.

Intuitively, English may seem as though it comprises the largest group of native and second language speakers in the world; however, Mandarin has the largest number of native and second language speakers in the world with approximately 1 billion speakers. English comes in second with approximately 510 million speakers. Additionally, Hindi has approximately 490 million speakers. After the United States, it is estimated that India and China account for the next largest populations of English speakers and current projections estimate half of the world's population will be speaking English by the year 2015⁷

A few interesting findings here:

- 11% of exporting European small business enterprises (945,000 companies) are losing business because of lack of language skills.
- English is a key language for gaining access to export markets. However, the survey results suggest that the picture is far more complex than the much-quoted view that English is the world's language.
- Russian is extensively used in Eastern Europe as a lingua franca (along with German and Polish).
- French is used to trade in areas of Africa and Spanish is used similarly in Latin America.
- A high proportion of businesses (48% across the sample) claimed to offer language training to their staff, with 15 countries exceeding a 50% return and only one falling below

⁷ Source [Ethnologue](#); [Vistawide](#) Ethnologue; Vistawide

20%. However, both small and large companies say they prefer to recruit staff that already has language skills rather than having to invest in training.

This last remark might be because, until now, it is time consuming and expensive to have someone going through the traditional way of learning languages. Perhaps there will be a solution soon to solve this problem - a solution that allows employees to get regular private online lessons from the comfort of their home or even their office.⁸

The Language Learning Market

The worldwide language learning industry represented more than \$83 billion in consumer spending according to a December 2007 industry analysis from the Nielsen Company⁹. The language learning market is highly fragmented and consists of the following primary models:

- Classroom instruction utilizing the traditional approach of memorization, grammar and translation
- Immersion-based classroom instruction
- Self-study books, audio tapes and software that rely primarily on grammar and translation
- Free online offerings that provide basic content and opportunities to practice writing and speaking

Key Drivers on the Demand in the Language Learning Market:

- Professionals conducting business in a global economy
- Schools seeking to educate their students in local and foreign languages
- Companies training their employees
- Leisure travellers seeking language proficiency for independent international travel
- Immigrants and expatriates seeking to successfully function in their new environments
- Individuals connecting with their ethnic and family roots
- Parents supplementing their children's education

The Need for a High-Quality, Trusted Solution - Consumers and institutions face a confusing array of alternatives when choosing a language course due to the fragmented nature of the language learning market. Most providers of language learning offer little information to potential customers about their teaching methods and do not have to be well known brands.

Use of Interactive Technologies - There has been a rapid adoption of interactive technologies and software tools to help learning in both consumer and institutional markets, supported by the rapid increase in computing technologies and Internet use. Given busy lifestyles, adult language learners seek solutions that work flexibly and do not require physical classroom attendance. Educators are interested in deploying learning tools that are relevant to their students, who have had extensive exposure to computer software and interactive games.

The worldwide market for Self-paced eLearning products and services reached \$32.1 billion in 2010. The five-year compound annual growth rate (CAGR) is 9.2% and revenues will grow to \$49.9 billion by 2015.

⁸ Source "[Economy effects due to shortages of foreign language skills](#)" compare

⁹ The information of this section is based on the "[Ambient - Global Self-paced eLearning Market Research](#)" and the "[Rosetta Stone Annual Report](#)"

This report forecasts the revenues for Self-paced eLearning products and services across seven regions: North America, Latin America, Western Europe, Eastern Europe, Asia, Middle East, and Africa. This report also identifies the top buying countries in each region and provides a five-year forecast for each of those countries.

Market for second language learning:

Ranking of languages:

- Mandarin: 1.052 Mil.; English: 508 Mil.; Hindi: 487 Mil.; Spanish: 417 Mil.; Russian: 277 Mil.; Bengali 211 Mil.; Portuguese 191 Mil.; German 128 Mil.; French 128 Mil.; Japanese 126 Mil.
- Foreign language acquisition: number of people learning English is likely to peak at around 2 billion in the next 10 to 15 years, with a significant increase coming from Chinese undergraduates.
- English for Chinese students - 250 million learners are currently in China, increasing of 20 million per year, with a need for 1 million English teachers
- Mandarin Worldwide - currently estimated around 30 million learners, plan to increase it to 100 million by 2010; 4-5 million teachers will be required by 2010 (hanban and chinese authorities estimate)
- Spanish - US & Brazil, rapidly growing and challenging English in some parts of US
- Arabic, Hindi, Russian, Farsi

2.3.2 Market Survey

A customer survey has been done in order to determine possible customers and their needs to learn a foreign language

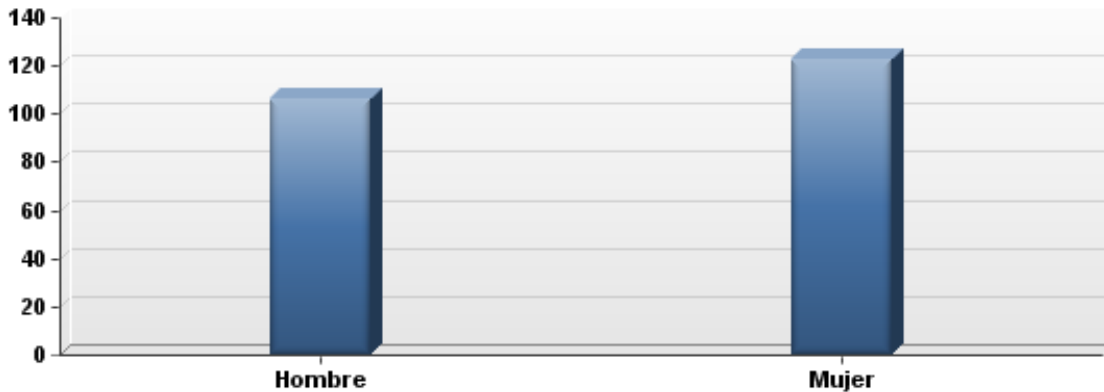
For the survey a mixed methodology was used, mainly measuring quantitative aspects of the sample but including some qualitative questions too. Quantitative methodology provides a distributive image of the situation by counting, weighting and measuring reality and the data obtained from it is the sum of all the elements (all the surveys). These elements are independent from one another and from the pollster, granting the asepsis of the information gathered.

The studied universe was language learners, being the population studied those in between 16 and 39 who also had a profile in Facebook. The measurement unit was answering individuals no matter if they had received directly the survey or the survey reached them through their contacts through a snow ball effect. All the measured variables were discontinuous (except for the question where the polled should set a price for the service) independent and either they could be measured in units or were the Yes/No type.

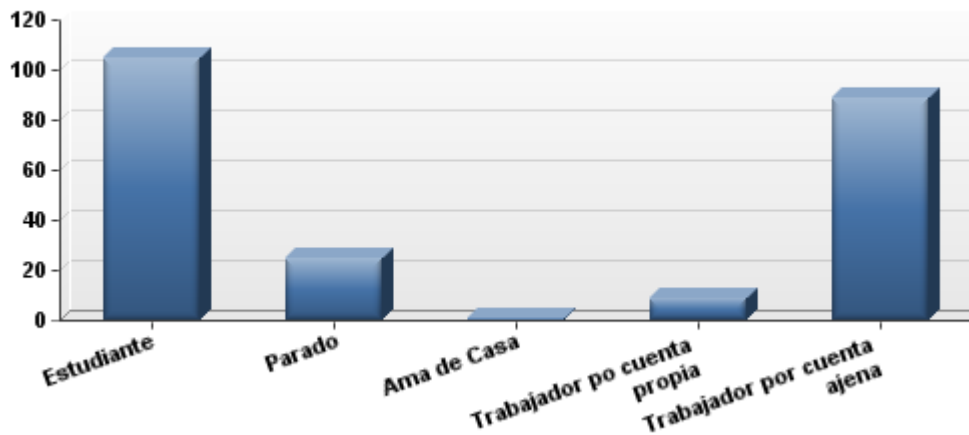
The questionnaire itself was a Postal type questionnaire built with an online tool and spread through the internet using social network's virality as leverage for speed of answer and reach. This granted no influence from the pollster on the polled and made easier the gathering and analysis of data afterwards. On the first six hours the audience ratio of the survey was nearly 50% out of a total of 250.

As the reader can see, the two main measuring scales with what the information was harvested were Nominal scales (naming elements or attributes out of a list) and Interval scales (i.e.: rearranging provided information into a ranking or stating how precise was certain statement according to their personal situation/preferences). Along with the above, three types of questions where the basis the questionnaire was built upon: Dichotomy, Multiple answer and Likert Scale. Last but not least is worth mentioning that the sample was reduced to 250 due to budget constraints: when the number of answers exceeded 250, the online tool ceased providing free coverage of the questionnaire, charging an amount for obtaining the data.

The first section of the questionnaire was constructed to gain demographics of the possible customers. Women and men aged between 19 and 50 participated in the survey.



The biggest groups have been students with 46% and employees with 39%.

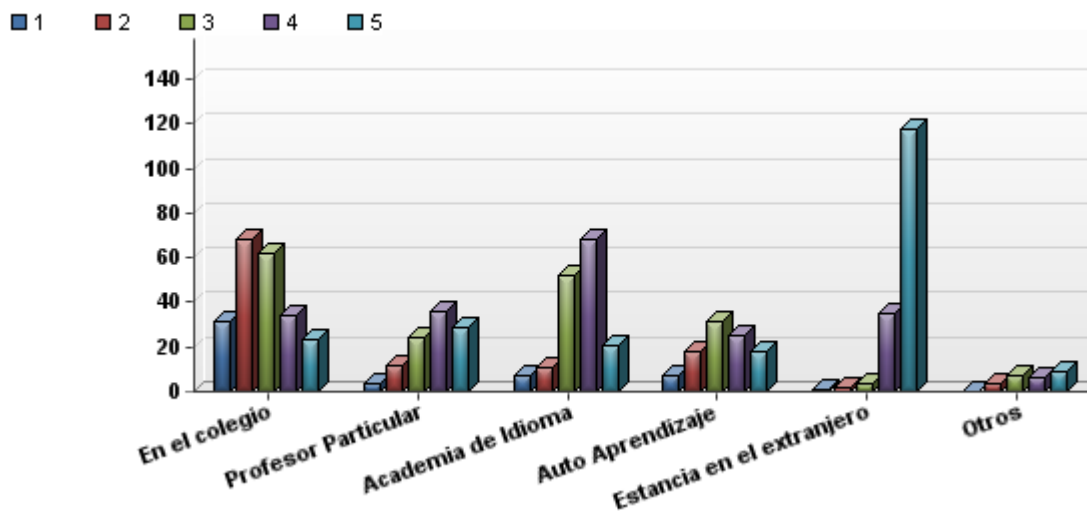


The second part of the questionnaire concerned the possible need to learn a language, how the participants already have successfully learnt foreign languages and how valid those learning options were for them.

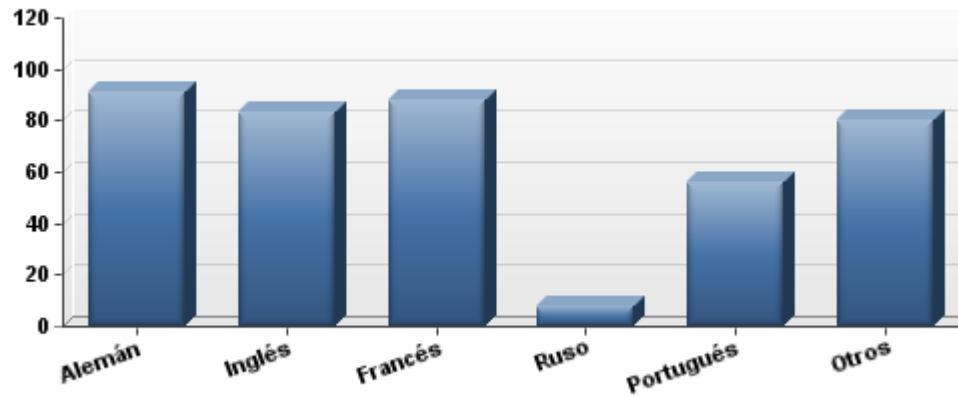


According to the survey the most popular ways to learn a foreign language are: in school where a foreign language is an obligatory part of the schedule, language schools on a voluntary basis and going abroad in order to be fully immersed into the language and culture. The language most learnt turned out to be English.

The next question was concerning the evaluation of these learning methods on a scale from 1 being not effective and 5 being very effective. Even though many of the participants have learnt a language in school, they don't consider it as a very effective method due to the learning content and how classes are constructed. Language schools and going abroad got the highest marks as it is usually a voluntary choice and provides a valid immersion for proper learning as well as better structured classes.



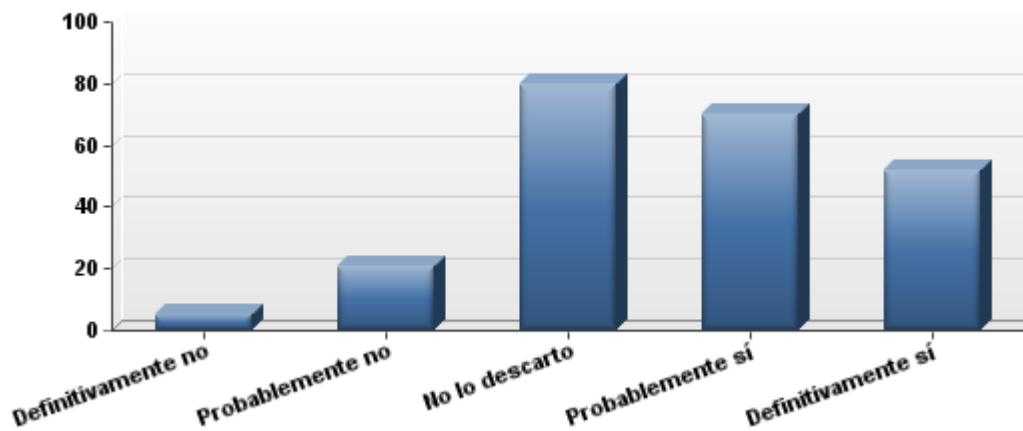
The next question was meant to determine what other languages prospect customers will be interested in. As it can be seen in the graph below German, English and French are nearly equal on the scale. Regarding the rest, mandarin was mostly indicated to be interesting.



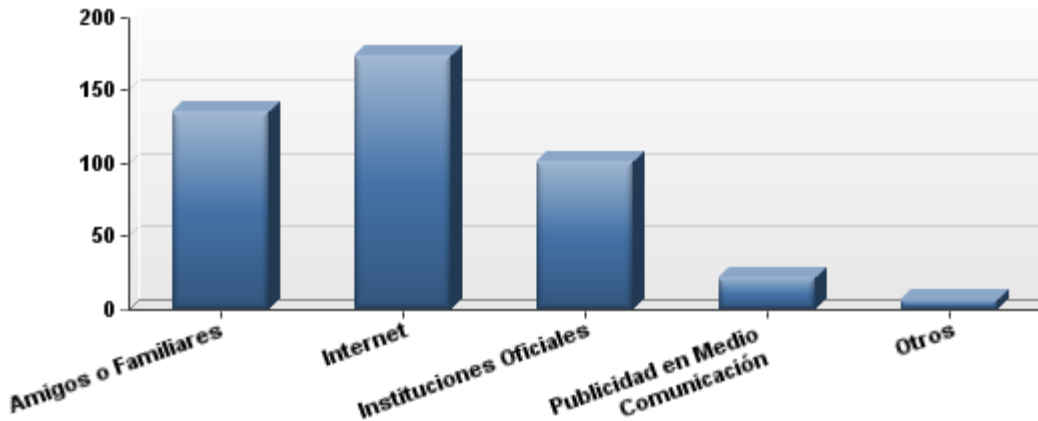
The main reasons for learning these languages were to improve the CV, new challenges and professional reasons.

#	Answer	Response	%
1	Mejorar Curriculum	164	72%
2	Necesidades Laborales	92	41%
3	Motivos Familiares	9	4%
4	Nuevos Retos	121	53%
5	Ocio	66	29%
6	Otros	10	4%

Most of the participants would consider moving abroad in order to learn the foreign language as well as living and working abroad for a certain time.



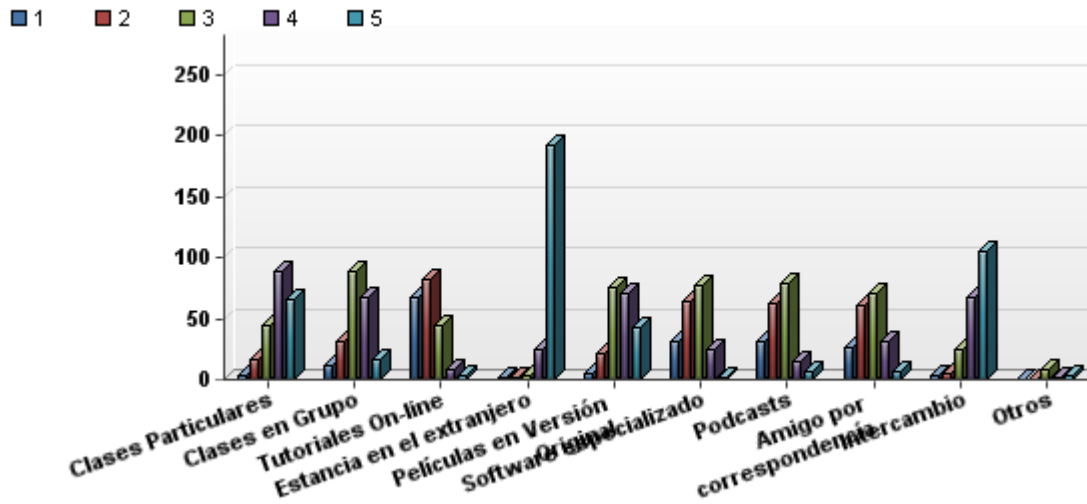
The following graph shows where the participants mainly seek for information regarding possible language learning options. Internet plays a great role as well as recommendations from friends and family and often information is gathered from public institutions.



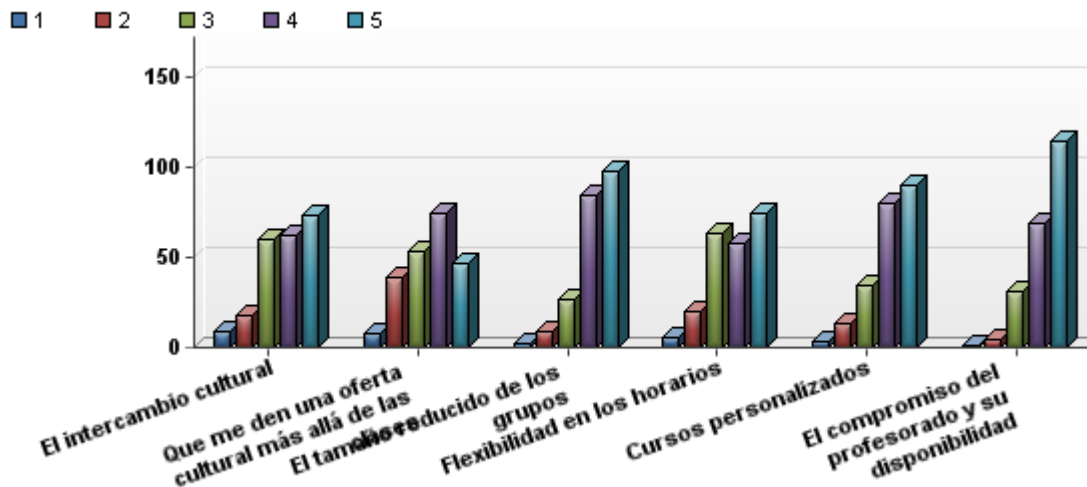
Half of the participants have been indicating that they would be willing to spend between 3 and 5 hours a week on learning a new language while one third would spend less than three hours and only a small percentage would spend more than 5 hours.



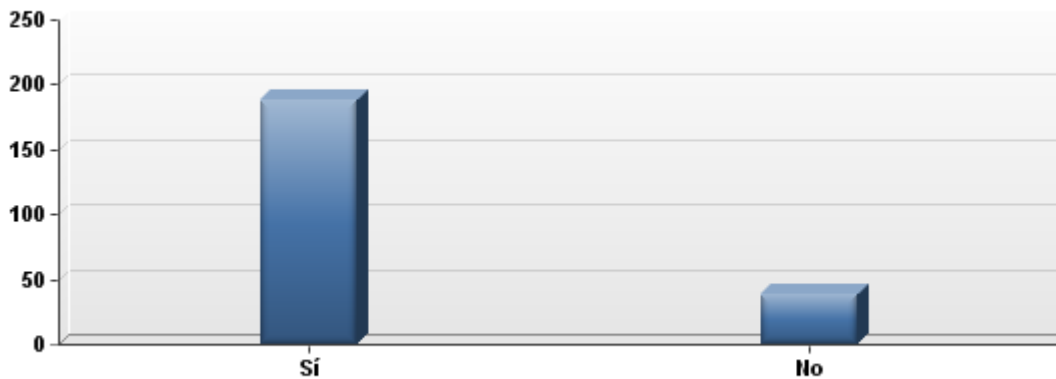
The next question made was to determine valid offers to optimize the language learning process and to make it more interesting as well as efficient for the learner. Several options have been given which the participant was supposed to rate on a scale from 1 being not efficient and 5 being very efficient. According to the survey the most effective method was again the stay abroad. Furthermore language exchanges, films in original languages and private lessons have been considered effective as well. Classes in groups got positive and negative feedback on its efficiency for the learning process.



The following graph shows the accordance with the statements made on a scale from 1 don't agree at all to 5 total agreements. These statements were made in order to determine the importance for the language learning process of cultural exchange, small groups, and flexibility of schedule, personalized courses and the availability of the professor/teacher. All of the statements were considered important while the teacher's availability got highest ranks jointly followed by small groups and personalized courses.



In the third part of the survey the additional services (Language Plus + Online Language Classes) and its value proposition were explained and the participants voted if they would be interested in such a language learning approach. 4/5th is interested and would use the provided service. The second question concerned how much money they would spend for such a service. The mean expenditure is considered around 70€ per month.



To summarise the main findings of the questionnaire it can be pointed out that there is a great interest in learning foreign languages especially for young professionals who see a further language as a distinguisher in their curriculums. Most valued languages are German, English, Portuguese and Mandarin. According to the survey the most effective way to learn is the full immersion by a stay abroad in a native speaking country, followed by the classic language school, private tutorial and language exchange. Most of the probands consider moving abroad for their professional career and in order to learn a language effectively and efficiently they would spend around three hours weekly and a monetary amount of 70€ in average.

2.3.3 Conclusion

The analysis of the environment shows that the market of language learning provides a variety of opportunities and threats to consider. It is a big market which is strong and still growing as languages are getting more important than ever and a big need to catch up exists especially in the Mediterranean countries. Learning a language is not an easy task and the perfect solution has not been found yet. Therefore there are plenty of opportunities for innovation which WanaYu would like to leverage.

3 Sector Analysis

Competition Survey

As it could be experience throughout the competitor finding process, that within the language learning market there is not only a high demand on the ability to learn a foreign language as well as a great supply on various language learning solutions. The language learning industry is highly fragmented and subject to rapid changing consumer preferences and industry trends.

The principal competitive factors in the industry are product differentiation, including: teaching method, effectiveness, accessibility and convenience, availability and quality of speech recognition, as well as fun and likelihood of continued engagement. Further company factors include brand recognition and reputation; price and effective advertising.

Due to its diverse character it is impossible to analyse all the different options within the market. Example profiles of three close competitors regarding strategy and methodology were taken and analysed profoundly and in detail.

3.1 Busuu

Positioning - Busuu is one of the leading online social language learning communities. The main language learning content which they provide is individual exercises with the option to form study groups and to do language exchange through chat and correcting exercises from each other. Their main revenue stream is based on a premium subscription model which provides additional learning content.

Strength

- *Strong User base* - Busuu reached a user base of over 10.000.000 after four years of operation. It is unknown how many of these users are active and how many are paying for their premium service.
- *Exercises* - The exercises are based on a very successful interactive model of combining visual, audio and text elements as they are used by market leaders of language learning software like Rosetta Stone.
- *Corporation* - Have corporations with business schools like IE

Weaknesses

- *Community Element* - The elements which foster the building of a community are limited to for instance chat and correcting exercises from each other. With this, the focus of the portal is more on individual learning then learning together.
- *Real World* - Busuu is a pure online platform and does not support their members to socialize as well in the real world.
- *Revenue Stream* - They recently introduced advertisement “Google AdSense” for non-premium members which might be an indication that they are not able to attract sufficient members to pay for their premium services.

3.2 Acadomia

Created 20 years ago, its purpose was to offer an educational support to students for every subject covered at school. In its early start focused on students between 6 to 25 years, nowadays Acadomia is offering its services to everyone, ranging from kids to adults.

The educational support offers individual classes at home. Apart from these individual classes, Acadomia also provides group activities at their offices, conversation class and help in the preparation for official exams.¹⁰

Nowadays, Acadomia is present in France (where it originally started) and in Spain. It is number one in both countries in what could be called “tutoring at home”. The company is actually listed on the stock market. For the year 2010 Acadomia France had a turnover of 36,2 million Euros. Regarding Spain, where it only exists for 6 years, the 2011 turnover was around 7 million Euros.

¹⁰ Source 4-traders.com

Academia adapted itself to the environment and diversified its range of products. The reputation is quite high as well as the recognition level. The company is supported by schools, professors and the government which contribute to give it a certain importance and trust level.

Regarding the language classes proposed the following are included: English, French, German, Portuguese, Italian, Russian, Arabic, Chinese and Japanese.

All the teachers are native speakers and adapt their class to each one of their students according to their needs and their demands. This is part of the high personalized service Academia provides.

Academia offers one of the highest personalized service existing in that branch by their diversification on the products. Indeed, apart from the learning support, Academia offers personal services such as house cleaning, laundry and child care.

As already observed throughout the analysis, Academia is offering a wide range of products and services. However, regarding the language learning part, it seems that something is missing. Indeed, they have native teachers, there is conversation class offered plus a lot of material provided and personalization in the service. But out of this, the main question remaining is: How does Academia make sure that their students are really working on it? Nowadays all the institutions and learning support center existing provide loads of material, but no one is really focused on the students implications. As a language learner, it would definitely rely on your commitment and your motivation in order to work on what we could call the “immersion part” of learning the language.

3.3 Lingo Media

The Canadian company Lingo Media Corporation, operating since more than a decade ago, is a leader in developing and marketing English language learning products and services to support learners of English throughout various life stages — from classroom to boardroom. They deliver English language learning solutions that address every stage in the learning spectrum from the elementary school student learning to count, to college co-eds studying online up to young professionals.¹¹

Pedagogy along with innovative learning technologies to deliver a comprehensive offering that includes:

- Publishing ([Lingo Learning Inc.](#)) - Textbooks
- Interactive Learning ([Speak2Me Inc.](#))
- Training & Assessment ([Parlo Corporation](#)), ([Q Group](#))

Speak2Me is an innovative online service that combines advanced speech recognition technology, a virtual teacher and social networking for learning and practicing spoken English. It is a unique web portal which allows individuals from around the world to learn English quickly and enjoyably as part of an enthusiastic virtual community - with instruction from engaging avatar teachers.

¹¹ Source [Lingo Media Corporation Home](#)

Speak2Me community is free of charge and counts as a revolution in online English learning. In addition to fully-immersing, multimedia learning, the site enables real-time peer interaction, making it a captivating English instruction and social environment for everyone.

Parlo's training and assessment offering provides a series of targeted lesson modules to help employees, civil servants and professionals develop their spoken English skills as needed to remain competitive in the workplace and global economy which can be highly personalized for the special needs of the customer and regarding the industry. Parlo gives management and employers the possibility to follow the learning progress and achievements of each participant. Certificates can be printed out after successfully admitting the lectures in order to motivate customers.

Their main focus is on the Chinese market where they figured out that even though Chinese are very good on language learning regarding discipline, memory learning, spelling and writing, they are lacking the pronunciation due to non-native English teachers. Within the primary school segment Lingo Media along with their partner, People's Education Press, command a 60% market share.

At the end of September Lingo Media published their third quarter report for 2011 with a revenue of 851,384€ but leaving them with a high loss of 2,618,091€ due to their extraordinary expenses and operating costs of software and web development which plays a leading role in their strong positioning within the market as a leading technology-based learning solution supplier. Unfortunately there are no specific customer numbers, but according to press releases they have a great share of the 300 Mio Chinese English language learners.¹²

As future projections Lingo Media plans to continue to broaden their presence in China and plan to enter other major English language learning markets, to provide access to world-class English learning solutions on a global scale. Key is according to Lingo the commitment to innovation and quality throughout every aspect of the business. Building strong relationships with leading government and industry organizations, as well as corporations that recognize the value and importance of helping their respective constituencies learn English, the global language of business, shall help their future expands.

Lingo Media's strength shows in their complete commitment to software and web development to provide their customer ease of access and the best possible online learning solution. The technical solution with avatar online teaching, the speech-recognition and the created social network environment is well elaborated within the English e-learning. Furthermore their own content publishing with Lingo Learning Inc. supports their business strategy and doesn't make them reliant on other content providers. So far they have been only concentrating on the Asian market with a special focus on China which makes them expert and gives them a great trial market for further global growth. As a disadvantage the global offer of Speak2Me to learn English in an immersing and social environment is only available in Chinese and therefore not accessible for non-Chinese speakers.

¹² Source Sedar.com

3.4 Rosetta Stone

Positioning - Rosetta Stone is one of the leading provider of technology-based language learning solutions. They develop market and sell language learning solutions consisting of software, online services and audio practice tools. Their teaching method, which they call Dynamic Immersion, is designed to leverage the innate, natural language learning ability that children use to learn their native language. The courses are based on proprietary interactive technologies and pedagogical content, and utilize a sophisticated sequencing (delayed recall) of images, text and sounds to teach a new language without translation or grammar explanation. They currently offer their self-study language learning solutions in 34 languages.¹³

They use a multi-channel marketing and distribution strategy that directly targets customers, utilizing print, online, television and radio advertising, public relations initiatives and branded kiosks. In 2010, their revenue accounted for 191M Euros with an average growth of 26% over the last five years. Approximately 82% of revenue in 2010 was generated through direct sales channels, which include call centres, websites, institutional sales force and kiosks. They also distribute their solutions through select retailers such as Amazon.com, Apple, Barnes & Noble, Borders, Best Buy, Staples, Costco and Office Depot. According to an August 2008 survey, Rosetta Stone is the most recognized language learning brand in the United States and the brand is associated with high quality and effective products and services for teaching foreign languages.

Strength

- *Methodology* - Their methodology works practically with all languages of which they already cover 34 languages and the course works independently of the native language of the learner.
- *Portfolio* - Broad portfolio which besides their self-study courses also includes interaction with native speakers, tutoring, mobile application for SmartPhones, special solutions for companies and schools and a sophisticated community portal for online language exchange. They also developed an English remediation solution targeting advanced learners in Asia. This solution will provide learners with foundational phonetic skills needed to properly hear and produce distinctions that are present in English, but absent in Asian languages.
- *R&D* - They have a lot of experience, operating in the market since 18 years and on an annual basis investing about 9% of revenue into product development.

Weaknesses

- *Internationalization* - They try to position them self internationally but the US is still their main market and only 18% of revenue accounts for international sales.
- *Margin* - They are relying heavily on advertisement and spend about 50% of revenue on Sales and Marketing expenses which results in a profit of only 5% of revenue.
- *Language Proficiency* - Their main course works especially well for beginners to quickly establish a broad vocabulary. However the course will not provide a full understanding on grammar and the language proficiency will not exceed the level B1¹⁴.

¹³ The information of this section is based on the "[Rosetta Stone Annual Report](#)" of 2010

¹⁴ [Common European Framework of Reference for Languages](#)

3.5 Vaughan Systems

Vaughan Systems was founded in 1977 with the objective of teaching English to the Spanish subsidiary of a North American Multinational company. 30 years later Vaughan Systems has grown into one of the biggest players in the language learning sector in Spain.¹⁵

Focused just on teaching English, Vaughan Systems offers a wide variety of products (ranging from “in-company” training to summer camps) based on two premises: no one will succeed in learning a language if they lack the will to learn (expressed through the commitment to do so) and if they lack the motivation, being the teacher and his ability to make them advance the source of this motivation. No student will excel in learning the language if the teacher is not able to alloy both the ability to communicate the in-house developed didactic content with a human approach motivating its pupils. They claim that every single one out of their 330 teachers has been put through a tough selection process and intensive training to be able to do so at an outstanding level.

Combining the expertise with their own teaching material, this company is able to tackle all of the segments. Tailored teaching programs for companies, junior study programs for kids and different length courses for adults, summer camps or English masters are some examples of the offered products. These courses can be followed face-to-face or online (they even send free English courses via email).

One of the biggest advantages Vaughan Systems has regarding its competitors is the experience provided around the learning process. The most relevant point in this experience is the “immersion effect”:

- They have both a TV channel and a radio station devoted to the teaching of English, allowing the student to be listening to native speakers (teachers) while they converse on any kind of topics (providing the needed vocabulary or translation to follow the conversation) or they correct other pupil’s exercises on-air, this is, they give you the opportunity to be a TV/radio star and have your 15 minutes of glory!
- Vaughan also has a full immersion six day program called “Vaughan Town”: during this six days, students are mixed with native speakers and are forbidden to use any other language than English. Different touristic locations in Soria, Segovia, Avila, Madrid and Toledo partner with the project depending on the time of the year where the program takes place.
- Summer camps abroad for kids and youngsters up to 18 years old. Abroad courses for adults.
- Mobile phone/tablet applications at the disposal of the students, allowing them to carry their language course wherever they are and providing this service through strong partners (Vodafone, Orange)

Strengths

- Reputation
- Experience
- In house training of teachers
- Experience (own material, TV/Radio, online,...)
- Partners

¹⁵ Source [Vaughan](#)

Weaknesses

Only focused on teaching English- Given that they have such a good methodology and can provide a wide immersion experience, concentrating in one language leaves a big part of the market unattended (and the “learning English” market is quite saturated)

Only present in Spain - Vaughan Systems has not expanded elsewhere. Their way of providing the service implies putting into action some expensive ideas but, as a model, can be easily taken into other countries.

4 SWOT Analysis and strategic aims

4.1 Internal Analysis

The internal analysis is focusing on the personal abilities which will be important for the success of the newly created company.

Personal abilities

- Strength
 - Languages - every team member speaks 3-4 languages including English, German, Spanish, French and Portuguese on a high proficiency level as well as other languages at a basic level like Russian
 - Language learning capabilities - every team member learned their languages using different methodologies which represents a significant experience on language learning and its impact
 - Cultural Background - Team members are from three different cultural backgrounds including German, Spanish and French. In addition, the majorities lived for many years abroad and have gained extensive experiences living and working abroad as an expatriate.
 - Team diversity and engagement - The team is very diverse on their personal abilities and skills and is fully engaged in their plan to be an entrepreneur.
- Weaknesses
 - Professional Network - no existing contacts in the sector

Specialist abilities

- Strength
 - Expert knowledge and experience exist in the areas of IT Engineering, International Tourism Management, Translation and International Trade and Business Administration
- Weaknesses
 - No expert knowledge exists in teaching a language
 - Reputation and Awareness - the business model of creating variety through the participation of the community is new for language learning and needs to be proven to raise awareness and gain reputation
 - Sector Experience - no existing knowledge and experience in the sector

Managerial abilities

- Strength
 - Managerial Skills - Two team members have management experience from their previous working positions. In addition, all team members are currently engaged in a Global MBA program.
 - Work experience within related market (educational trips) which is based on the immersion into languages, one of the key factors
- Weaknesses
 - Team members have no experiences in starting-up company

Financial abilities

- Weaknesses
 - No own funds

4.2 Porters 5 Forces

Barriers to entry and exit - *Medium*

- **Threat** - The Spanish market is especially reliant on personal contacts and trusted relationships. Therefore, establishing direct personal relationships with clients and influencers will gain market share. These relationships do take time to establish, but are then long lasting and, in the end, cost effective.
- **Opportunity** – German and English are most likely to adapt quickly to new offers and solutions.
- **Opportunity** - The product portfolio is covering all required areas and unlike our competition creating a full and end-user oriented experience.
- **Opportunity** - The Internet is used worldwide as a media for communication and connecting with people. It is a cost effective channel for distribution. Many different cultures in very different geographical can be reached easily.
- **Opportunity** - Service can be easily transferred and established in any language or region of the world. This will lead to great economies of scale as the research is already provided and lessons are learnt.
- **Threat** - Great initial investment for research and network establishment are required.

Customer Power of negotiation - *High*

- Language Learners have often been disappointed when trying to learn a language. We are offering them a new and revolutionary method of learning, which is a big differentiator. Customer has a high power of negotiation because there is a need to convince them that they should trust in the provided language community, to believe that they are not going to lose neither their money nor their time. Their high power comes from the fact that the best option is not to spend the money under the following premise “I might not learn the language (as usual) but at least I don’t waste the money” or the time.
- Along with that, they are the white-collar, high earning segment. Many companies are targeting them because, given the current economic situation, they are the ones willing to spend their money, but wisely. Once again it all comes down to trust and confidence: they can afford themselves to pay for this service, there only needs to be enough proof the WanaYu portal is a valid solution.

Suppliers Power of negotiation - *Medium*

- **Opportunity** - The Market of Language Learning Solutions is highly diversified and at parts saturated. Language solution suppliers should have an interest to work with WanaYu as it generates additional sales and awareness of their product.
- **Threat** - Suppliers of Language Solution, which we will use to enhance our offer, are **Threat** - Highly dependent on the network (online teachers + restaurant + online free content + ...) to deliver the experience - This could increase the bargaining power of some key partners.

Substitutes Products or services - *Exist*

- **Threat** - The provided all-round language learning service based on an on- and offline language community consists of a variety of different language learning services. The line between competition and substitute products is therefore very thin as every single language product which is not an all-round solution can be seen as a substitute. Such substitutes are:
 - language learning center operators (class room learning)
 - audio CD and MP3 download providers
 - pre-packaged software producers
 - textbook publishers
 - online tutoring service providers
 - online peer-to-peer practice providers
 - private language exchange
 - Tandem Services
 - Free online content (such as free lessons on YouTube)
 - Pen pal
 - Key differentiators are
 - teaching method (experience and immersion)
 - effectiveness
 - accessibility and convenience
 - fun and likelihood of continued engagement
 - brand recognition and reputation
 - price
- **Threat** - Other methods exist which can help to learn a language which are no explicit language learning products. These include for instance:
 - Movies in a foreign language with sub-title
 - Books, documentaries, Music and Audio-books in a foreign language
 - Travel to foreign countries
- **Opportunity** – The Evaluation and incorporation of substitute products into the service are beneficial for customers to learn a language
- **Threat** - The target group of individual professional from 24-39 years is an attractive target group for all kind of products and services, and finding ways to be ‘front of mind’ when they take decisions is a major challenge for any provider.

Industry Rivalry / Competition

- **Threat** - The market, especially in terms of the English language market, is quite saturated with high competition. Many providers are fighting for market shares.
- **Opportunity** - Possibilities for synergies and alliances as the WanaYu service won’t “re-invent” single elements of language learning products.

4.3 SWOT Analysis

Strength <ul style="list-style-type: none"> • Language Capabilities & Learning Experience • Cultural Background • Team diversity and engagement • Professional Experiences • Price of Product • Interaction and Collaboration • Accessibility 	Weaknesses <ul style="list-style-type: none"> • Requirement of high initial R&D and capital to establish the initial service • No expert knowledge on language learning • No own funds • No brand awareness/reputation • Lack of professional Network • No Entrepreneurship experience
Opportunities <ul style="list-style-type: none"> • Usage of Social Networks & preference for social language learning environment • Need to learn languages in a global world • Demand for specialised and personalized learning content • Digital Generation 	Threats <ul style="list-style-type: none"> • Strong competition and free substitutes especially in the English Market • Internet - stand out of the crowd and other Social Networks • Reaching of Critical Mass

4.4 EFI-EFE Matrix

EFI-EFE Matrix			
Internal Factor Evaluation	Weight	Calification 1-4	Considered Weight
Strength			
Price	0,2	4	0,8
Accessibility	0,1	3	0,3
Interaction - Open Innovation	0,2	4	0,8
Tailored Content	0,1	4	0,4
Weakness			
lack of experience	0,1	2	0,2
Investment risk	0,15	1	0,15
No brand/Reputation	0,15	2	0,3
Σ	1		2,95
External Factor Evaluation	Weight	Calification 1-4	Considered Weight
Opportunities			
Usage of social Networks - be connected	0,15	4	0,6
Need to learn language	0,2	4	0,8
Digital Generation	0,2	4	0,8
Threats			
Many substitutes	0,15	2	0,3
Competition of other Social Networks	0,1	2	0,2
Reach Critical Mass	0,2	2	0,4
Σ	1		3,1

Figure 10: EFI-EFE Matrix

The outcome of the weighting is demonstrated graphically in the McKinsey Matrix.

4.5 McKinsey Matrix

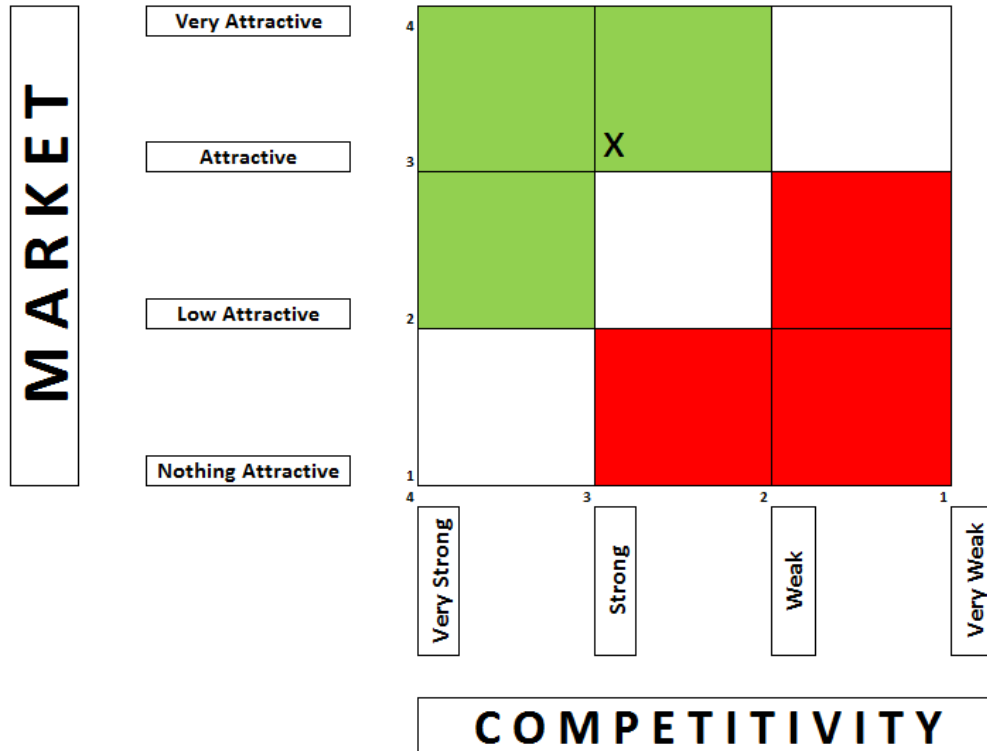


Figure 11: McKinsey Matrix

The analysis shows the link between the project and its possible market share and provides an acceptable result in order to continue with the idea and the project as such.

5 Strategic Planning

5.1 Strategic Capabilities & Competitive Advantage

The strategic aim of WanaYu, as a startup company, is to build up the following strategic capabilities in order to establish a sustainable competitive advantage.

Scarcity - The scarcity of language learning is to create a Learning Environment which is enjoyable and motivating for different types of language learner while stimulating and supporting the learning process.

Demand - The age of globalization needs global communication, and the currency of communication is language. Therefore globalization will sustain a constant growing demand on language learning.

Appropriability - Competitive Advantage through Strategic Capabilities

Adapt to personal interests through variety - A continuous research will capture feedback and analyse how the existing solutions are used by the community. With this, the development can adapt dynamically and create solutions which are directly linked to the individual needs of the community members.

Create variety through the interaction in the community - The focus will be on solutions and tools which enable the community members to participate in order to foster a free exchange of knowledge and cultural experience. This in turn, will create a variety of content which is directly linked to the personal interests of the community members. The community management will take over a crucial role to initiate the community creation process and when needed guide it and manage conflicts which could cause the community to break apart.

Make Profit by enabling others to make profit - WanaYu will form strategic partnerships and develop tools which will enable third parties to offer value added services which enhance the experience of the community members. The objective is to offer only services which add a true value. Examples of such services are Guidance on Language Learning, Language classes by a professional teacher and study material.

5.2 Goals & Objectives (Balance Score Card)

The following balance score card shows the main company objectives for year one. Specific targets in form of numbers have to be defined and require a more detailed forecasting which will be part of the operational and financial plan.

	Strategic Objectives	Outcome or “lag” indicators	Performance Drivers or “lead” indicators
Financial / Results	Revenue Growth Positive Cash flow	Premium Members out of Total Members >5% Real Life Events are financially self-sustaining	
External / Customer	Community Member Satisfaction and Collaboration	New Sign-Ups Community Happiness (Feedback)	Retention - New Active Users out of Sign-Ups Number of Group Activities ¹⁶ Content Creator out of Active User ¹⁷
Process	Research Development Community Management	Organized Real Life Events	Realized Project vs. Ideas ¹⁸ Success Ratio of Realized Projects Avg. Attendance per Event Received Complaints
Internal / People	Employee Satisfaction Cultural Diversity	% of working hours spent on creative innovation projects Diversity Index ¹⁹	Employee Satisfaction Rate

¹⁶ Activities in the section of “Learn together” where two or more members do exercises together

¹⁷ Activities in the section of “Create together” as well as “Cultural Community Info” where members contribute content based on their own knowledge and experiences

¹⁸ Ideas generated from feedback and research “Creative Innovation Process” and then later realized in a project

¹⁹ The Diversity Index will be calculated based on the employee ratio of male/female, country of origin as well as spoken languages

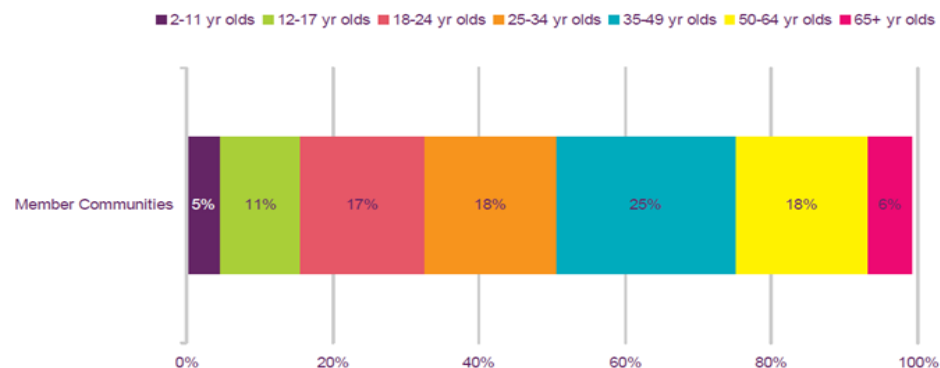
6 Marketing Plan

6.1 Segmentation, Targeting, Positioning (STP)

In order to build an accurate idea of how Social Online Language Learners consume and interact with the product and how different their approaches are, they must be considered from a dual perspective. Firstly as active social network users (whatever their degree of implication with the network is), secondly as language learners. Furthermore professionals who consider moving abroad and living as expatriates have shown great interest in learning languages quickly and as effective as possible.

6.1.1 Social Network Users

According to Ofcom’s (Office of Communications) report on Social Network users, people most likely to create a profile range between the ages of 16 and 24 (54%), decreasing with age, having an average of 1.6 profiles in this networks, visiting it to add, modify or delete information at least every other day. Users upload big amounts of personal information on these profiles (most of the times, beyond what they are requested for) complementing it with posted photos of friends and family or watching videos, playing online games and interacting via chat. The younger the user, most likely it is to communicate with strangers (17%).



Source: Nielsen Online, August 2007 (based on home use only)²⁴

Figure 12: Social Network Users by age groups

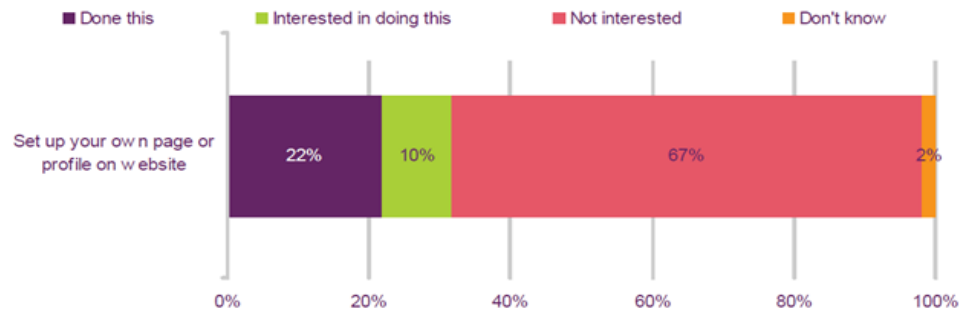


Figure 13: Participations of adults in social networking sites

In this same report²⁰, an outline of the different types of users is described and the following groups were identified:

Alpha Socializers

An average Alpha Socializer is a man under 25 that uses social networks to “hunt” for contacts: he screens through the profiles of his friends, looking for new people to add (usually of the opposite sex). They focus on entertainment and casual communication with others, creating wide networks and finding safer meeting “friends of friends” rather than complete strangers. They represent a minority amongst the rest of the segments however play an important role in the formation of a community as they also get in contact and communicate with strangers.

Attention Seekers

This group comprised social networking users who are desperate to interact with others, often Alpha Socializers. They are heavy content creators and constantly seek for the approval and admiration of the rest of users, “collecting” friends all over the network, but not having real online interaction with most of them. They use social networks for entertainment and nurturing their ego. They represent a small group however play an important role in the distribution of new information.

Both, Alpha Socializer and Attention Seekers are considered as tribe leaders and will be the first to enter a new social network out of curiosity and will bring the followers to join their tribes.

Followers

Being one of the widest groups comprising people of all ages, they use social networks to search for acceptance amongst the tribe, behaving and looking like their online friends to have the feeling of “in-crowd”. Initially they are very active users, diluting the intensity of their activity over time and only interacting with those they know, been less keen on establishing new relationships than the previous groups.

Faithful

Being in their twenties and beyond, this group does not need the social affirmation as the groups mentioned above. They tend to use social networking as a mean to strengthen offline networks, keeping in touch with friends and relatives as well as searching for old friendships.

²⁰ Source Ofcom Report [“Social Networking - A quantitative and qualitative research report into attitudes, behaviours and use”](#)

This group is considered as the tribe and will join the new social network in order to not miss an opportunity to communicate with their friends and new contacts.

Functional

Being the smallest number in the sample, this group dislikes small talk, flirting or commenting on anybody else's life online. They prefer to look for information on, for example, their favorite bands. The average functional is a man, over its twenties who have been persistently encouraged by their friends to create a profile and who believe that social networking has a certain purpose at a certain time. This group is not considered a target group for WanaYu.

Non-users

Non-users of social networks are not considered a target group for WanaYu. However it is worth mentioning the fact that, out of the Internet's population, this group represents 78% of adults and is drastically decreasing to 51% for kids who are part of the so called "digital natives": Meaning that already half of the future internet generation is already using social networks. This digital breed will be demanding online services in the coming years, especially content they can interact with. Not only they will be keen on giving their opinion but they will be demanding to create new content and to participate.

6.1.2 Language Learners

Active Language Learners can be divided into three segments:

Children in the age of 6-16 years mainly learn a second language in school.

Students: in the age of 16-24 years, being the biggest group of active language learners. The price of a language course is the most discouraging factor for this group.

Professionals: in the age of 24-39 years, being about 20% of the overall active language learners but creating 70% of the revenue in the language learning industry. Time to study is the most discouraging factor for this group.

For the language learning environment to work (see point 3.1 Products for further details) a basic knowledge of the language of interaction is required, to participate and collaborate as requested as well as to gain the best learning results. Therefore language learners are not only going to be segmented by age, but by their level of the foreign languages too. We will use the Common European Framework of Reference (CEF) to do so. There are six levels considered by the European Council which can be an interpretation of the classic division into basic, intermediate and advanced. The scheme proposed in the "Common European Framework of Reference: Learning, Teaching, Assessment" adopts a "Hypertext" branching principle, starting from an initial division into three broad levels: Basic User: A1 and A2, Independent User: B1 and B2, Proficient User: C1 and C2. In the following table²¹ these 6 levels are explained in a deeper extent. A minimum level of A2 will be required to fully participate in WanaYu.

²¹ Source [European Language Portfolio, Council of Europe](#)

Proficient User	C2	Can understand with ease virtually everything heard or read. Can summarize information from different spoken and written sources, reconstructing arguments and accounts in a coherent presentation. Can express him/herself spontaneously, very fluently and precisely, differentiating finer shades of meaning even in more complex situations.
Proficient User	C1	Can understand a wide range of demanding, longer texts, and recognize implicit meaning. Can express him/her fluently and spontaneously without much obvious searching for expressions. Can use language flexibly and effectively for social, academic and professional purposes. Can produce clear, well-structured, detailed text on complex subjects, showing controlled use of organizational patterns, connectors and cohesive devices.
Independent User	B2	Can understand the main ideas of complex text on both concrete and abstract topics, including technical discussions in his/her field of specialization. Can interact with a degree of fluency and spontaneity that makes regular interaction with native speakers quite possible without strain for either party. Can produce clear, detailed text on a wide range of subjects and explain a viewpoint on a topical issue giving the advantages and disadvantages of various options.
Independent User	B1	Can understand the main points of clear standard input on familiar matters regularly encountered in work, school, leisure, etc. Can deal with most situations likely to arise whilst travelling in an area where the language is spoken. Can produce simple connected text on topics which are familiar or of personal interest. Can describe experiences and events, dreams, hopes & ambitions and briefly give reasons and explanations for opinions and plans.
Basic User	A2	Can understand sentences and frequently used expressions related to areas of most immediate relevance (e.g. very basic personal and family information, shopping, local geography, employment). Can communicate in simple and routine tasks requiring a simple and direct exchange of information on familiar and routine matters. Can describe in simple terms aspects of his/her background, immediate environment and matters in areas of immediate need.
Basic User	A1	Can understand and use familiar everyday expressions and very basic phrases aimed at the satisfaction of needs of a concrete type. Can introduce him/her and others and can ask and answer questions about personal details such as where he/she lives, people he/she knows and things he/she has. Can interact in a simple way provided the other person talks slowly and clearly and is prepared to help.

6.1.3 Geographic segmentation

The European Union is a truly multilingual institution, being this one of its main differentiators when compared to other regions of high economic importance like North America, China and the majority of South American countries, which share a common mother tongue inside their boundaries. This is the reason why we have chosen to focus on Europe for entering into the market.

Why do individuals learn languages?

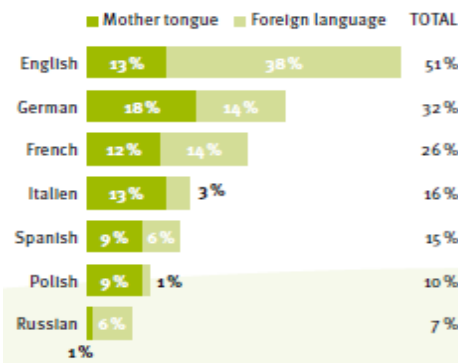


Figure 14: Reasons for Learning Languages

Regarding their knowledge of foreign languages, Mediterranean countries such as Italy or Spain have the lowest level in Europe. Out of the Spanish population, only a 27% speaks English (even though there is a huge demand for this language in the professional world) and 56% of the Spanish population does not speak a foreign language what so ever.

The starting point

Languages most commonly used in the EU



Languages European companies need in the next 3 years

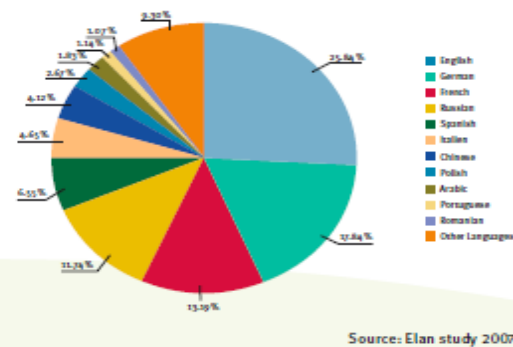


Figure 15: Languages most commonly used and required in the EU

However 80% consider that knowing a foreign language is useful, out of which 73% consider English as the most important language. Moreover, 33% of the citizens would be willing to learn it if the language centre would be close enough.

Two other languages are considered as being important: French (33%) as the second most useful language and German (11%) as being the third.

Changes in the economic and political situation especially related to the labor market have historically influenced the migration of humans from one country to another. Given the current situation, immigration is increasing into countries of high economic strength. For instance the overall immigration into Germany increased by 21% in the first half of 2011, especially from countries which particularly suffered the economic crisis like Spain (from where immigration into Germany increased by 49%)

From the perspective of the teams' internal strength, it can be said that team members are from three different cultural backgrounds including German, Spanish and French. In addition, the majority lived for many years abroad and has gained extensive experiences living and working abroad as an expatriate.

6.1.4 Conclusion

Combining the results on the research on social network users and WanaYu's survey on language learners, it can be concluded that the biggest group of active language learners is at the same time the most active group in social network interaction: Students, in the age of 16-24 years and Professionals, in the age of 24-39 years. Therefore the most important customer segment for **WanaYu** is the combination of Social Networkers with Language Learners the so-called **Social Language Learners**. These are students and professionals with the need to learn a language efficiently in order to migrate, and who fulfil the profile of the Alpha Socialiser, Attention Seeker, Follower and Faithfuls.

Europe's Social Language Learners as a customer segment for **WanaYu** will grow over time as the future internet generations are already digital natives and using social networks heavily. This digital breed will be demanding online services where they can create content and interact.

For the market entry, the conclusion of focusing on Spain, the United Kingdom, Germany and their respective languages will provide the most prosperous opportunity. Focusing on these countries will also allow WanaYu to leverage on other Spanish, German and English speaking markets worldwide (secondary markets) which will be the base for the global expansion.

6.2 Positioning and Differentiation

WanaYu will be a language learning community connecting people all around the globe to learn a foreign language. The following graph shows the positioning in comparison to the major language learning categories such as Language School and Online Learning Solution. In Terms of: Price, Product/Content Variety, Motivation & Retention, Real World Experience, Collaboration & Interaction, Accessibility & Flexibility and Open Innovation.

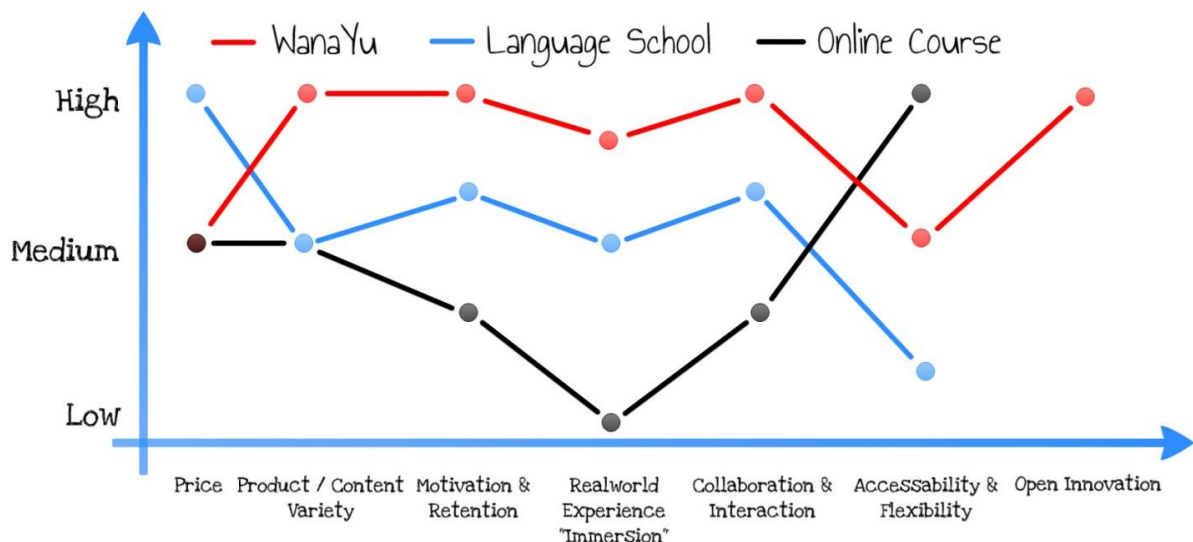


Figure 16: Positioning & Differentiation

The price is one of WanaYu's advantages over the other commercial language learning platforms. Customers are used to pay when it comes to language learning, but the community, which is believed to be sufficient to learn a language sufficiently is completely free. It is constructed in such a way that in general terms no further extra/premium service is needed to provide an effective learning process. Nevertheless to fulfil completely customer needs a Premium Service will be developed which charges a monthly subscription fee for those who require additional learning support by a coach/tutor. In comparison to the language school and a normal online course which usually charge their customers a medium/high price for their service this is a key differentiator for WanaYu.

Product and Content variety is very high with WanaYu as the users/customers are asked to collaborate and share their learning, interests and ideas to generate a great learning experience for everybody. Content is therefore not limited to what the solution owner is providing as it is the case with the other two options which are mostly limited by schedules, books or the creativity of a teacher.

In WanaYu motivation and retention are an important factor for the platform's success. It will be very high for users as like mentioned before they can directly participate and create their own language learning environment shared in a social environment where people with same interests are waiting to share the experience. This leads to very engaging content for the customer and motivates them to a great extent.

An important part of the business model is to bring the learning experience from the online platform into the real world with so-called "experiences" which will be different events created by Community Managers in accordance with Event Managers to improve and support the learning process. The online course doesn't provide this extra service and language schools neither.

Collaboration and interaction is very high within the WanaYu platform as it is a basic request in order to guarantee a proper language learning process for the customer. Finally users get a real chance not to only find the right answer or fill in the blanks with the correct word as usually in language courses provided. In WanaYu they get the chance to truly participate and make the platform to the language environment they were always hoping for.

Last but not least accessibility and flexibility is given within WanaYu but as the web portal relies on the participation of its members it will be restricted in its joint parts due to lack of other members to participate and collaborate during e.g. night time.

Open Innovation is the true competitive advantage as members are engaged and motivated to create own content based on their interests. Furthermore feedback is captured on a constant basis to fulfil further needs to provide the required infrastructure and tools within the community to guarantee a true language learning experience.

The graph shows clearly that WanaYu won't enter a blue ocean, even though the positioning shows clearly that there are some key advantages which should make the difference for our segment and future customers.

6.3 Products

WanaYu will be a language learning community connecting people all around the globe to learn a foreign language. It will provide a social environment for language learning combining three basic human desires, firstly: the desire to connect and communicate as part of a community, secondly: the desire to contribute by creating something together which is an approach of "creative construction" and encourages participation, thirdly: the desire to socialize in real life. Two core elements construct and support the language learning solution. The first element will be an "Online" language community where the user can meet, form global communities based on their personal interests and together learn the language online. The second element will be an "Offline" language community where people can meet and socialize in real life to further enhance their language learning experience and foster cultural understanding.

Using this approach, WanaYu will empower user to learn a second language through other members of the community. As such the company wants to challenge the status quo of language learning and would like to show that a language teacher and a lesson plan is not a necessity to learn a language.

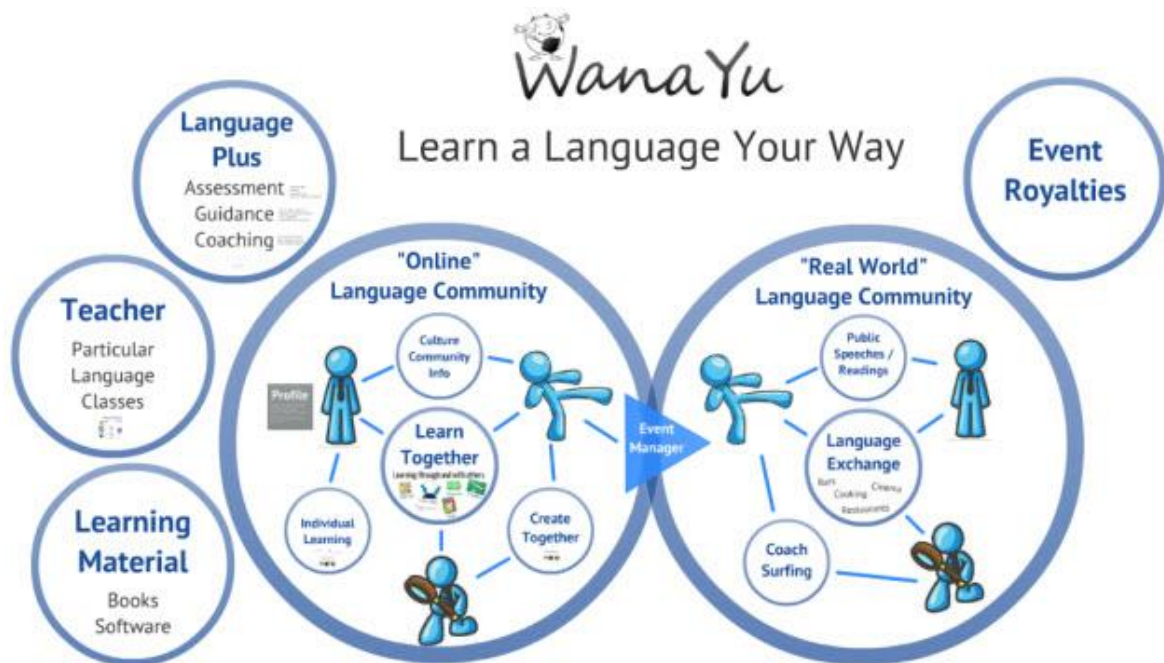


Figure 17: WanaYu Language Community

6.3.1 The WanaYu "Online" Language Community

Existing examples of online communities like Wikipedia, YouTube and Tripadvisor have shown successfully that if a portal empowers people with the right tools to collaborate then they will do the rest. WanaYu would like to leverage these principles of human interaction called Wikinomics to enable open collaboration for language learning as follows:

- *Openness* - free access to the main content and functionalities
- *Peering* - enable people who speak different languages to connect and form communities

- *Sharing* - of information also across other social networks like Facebook and Twitter
- *Acting Global* - being accessible for everybody all around the world. The WanaYu “Online” language learning community will be available as a web portal accessible via a common web browser as well as a mobile App accessible via smart-phones and tablets.

Another important factor will be the user experience which language learner will gain through WanaYu which shall be:

- *Deep* - Provide real value through deep functionality which will be personalized based on the interests of the user to learn a language from a level of A2 to C2 and to gain all necessary language skills including listening, speaking, reading, writing and grammar.
- *Intelligent* - The portal shall understand the pain of the user and take away all the complexity which language learning brings with it. So for instance the concepts of cognitive science on how the brain works are extremely important when learning a language. The system shall be intelligent to take these concepts into account without the necessity for the user to be aware of it or even to understand it.
- *Complete* - A complete experience through the entire value-chain which concentrates not only on a couple of cool features and exercises but also on guidance and support.
- *Empowering* - WanaYu shall empower its users to make them feel that they have achieved something as part of a community. Such experiences shall for instance be made through collaboration with other language learner by sharing knowledge and experience to help others to learn a language e.g. by creating content like exercises, share cultural information about its own country and language, challenge and accept challenges, share information inside the WanaYu ecosystem but also through other social networks.
- *Elegant* - A user interface which is easy to use and customizable based on personal needs

Core Elements “Online”

The WanaYu language community will be based on the following core elements which go hand in hand and are integrated into each other.

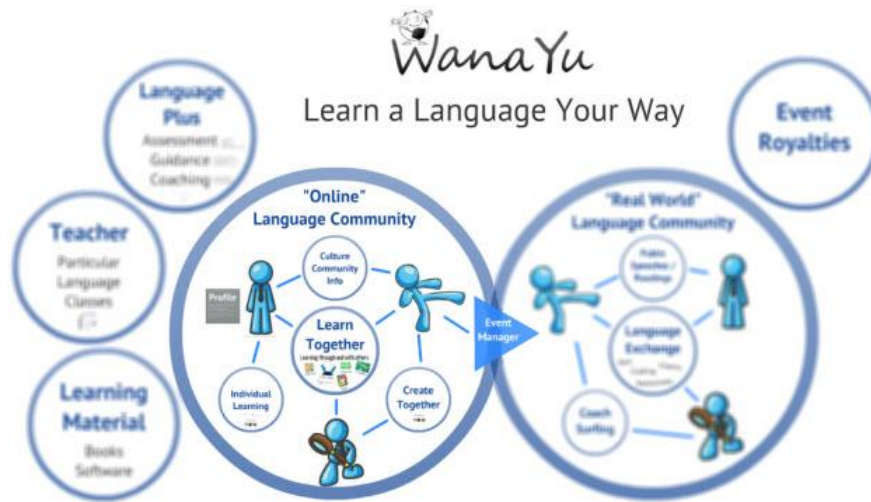


Figure 18: WanaYu Online Language Community

Profile - The profile will be the user's personal space where he can review its progress, set himself goals, see the status of his activities and see the list of friends he is already connected to. It will also be a kind of stage for the user to present himself to the community and to connect to others. Such functionalities, which support the personal reputation, are especially important for Alpha Socialiser or Attention Seekers and will be customized for their needs and preferences. So for instance they will be able to write a personal blog, show their publications like a personal "Culture Community Info" or their participation in the creation of language exercises "Create Together". The profile will however be fully customizable so that the user can decide on what information he would like to make public, show only to friends or will not show at all. Users will be able to gain rewards based on their activity and achievement which will be designed to support their self-esteem.

Collaboration "Learn Together" - WanaYu will enable language learners who speak different languages to connect and collaborate to learn together. So for instance a Spaniard and a German who both learn English and are at similar level could connect and do different exercises like language games (Tabu, Memory, Scrabble etc.) together. In the same way, a British user who learns Spanish and a Spaniard who learns English could do language exchange by talking and reviewing each other's exercises.

Although exceptions exist, the available research suggests that most online social networks mainly support existing offline social relations. Therefore one of the main challenges will be to connect people of different cultures, speaking different languages and who do not have existing offline social relations. Language games like memory or hangman are a good catalyst to lower the communication barrier and to break the ice. User who did once an exercise together is automatically connected via their profiles and it will be displayed what they have done together in the past. Users will also be able to rate each other based on the collaboration which they have shown.

Individual Learning - This section will include all the language exercises which mainly focus on Visual Context, Core Vocabulary, Listening, Reading and Writing. The following picture illustrates an example of one exercise. The language learner will hear and read a word or sentence which he has to associate with an object in the picture to learn in context.



Figure 19: Language Exercise Example

Grammar will also be covered however more in an unconscious manner without teaching grammar rules. The same will apply for the learning system which will adapt the vocabulary of the exercises based on the user's areas of interest as well as his language level. The activities will be tracked to determine the current learning progress in order to adapt the vocabulary in a way that it will support learning. With this, it will be possible to guide users without that they have to know and understand how the learning process and the principles of cognitive science work in the human brain.

Participation “Create Together” - In addition of doing exercises, users will also be able to participate in the creation of exercises. This part of the concept is aimed for the growing number of users who would like to not just receive information but also create content. Platforms like Wikipedia and Trip advisor are the leading examples for group collaboration where people are empowered by tools to collaborate and then do the rest in a self-organized group. With this, WanaYu will establish a big ecosystem which will support more raw intelligence and variety on language learning.

The exercise described earlier under individual learning would be an example of an exercise which users could create together. So for instance let's say an Alpha Socializer learns Spanish and has already a good level of B2. He is very interested in wine and therefore would like to create an exercise using wine as the main topic. He creates a project on WanaYu and sends it to all his friends to form a team and to create the exercise together. The idea spreads quite quickly as a lot of his attention seeker friends distribute it to their friends also on other social networks. The team comes together and everyone contributes with for instance vocabulary, pictures, forming sentences, creating a storyline and some native speakers doing the final correction. The exercise is then published on WanaYu and its creators can see how many users were doing the exercise and how they rated it.



Figure 20: Participation - "Create Together"

Cultural & Community Information - One of the main reasons to learn a language is to communicate with people of different cultures and as such one very important element which is often not considered is the culture behind the language. WanaYu intends to change this by combining language learning with cultural exchange.

In the "Culture Community Info" section, community members will be able to find and share information about their own as well as experiences they made with other cultures. One group which has a special interest in this area are Expatriates who are or planning to live in a foreign country. WanaYu will especially focus on the needs of Expats for instance by letting them raise questions with the community on their destination country or providing a section like "Working and Living in ABC-Country".

Event Manager - The event manager will be the interface between the online and offline community which WanaYu will organize in real life. With this, users will have the ability to socialize in the real world based on the relationships which they already established online.

Supporting Elements

Beside the Online language community, WanaYu will provide a variety of supporting elements which will help community members in their objective to learn a language. These supporting elements will be at the same time the main sources of revenue.

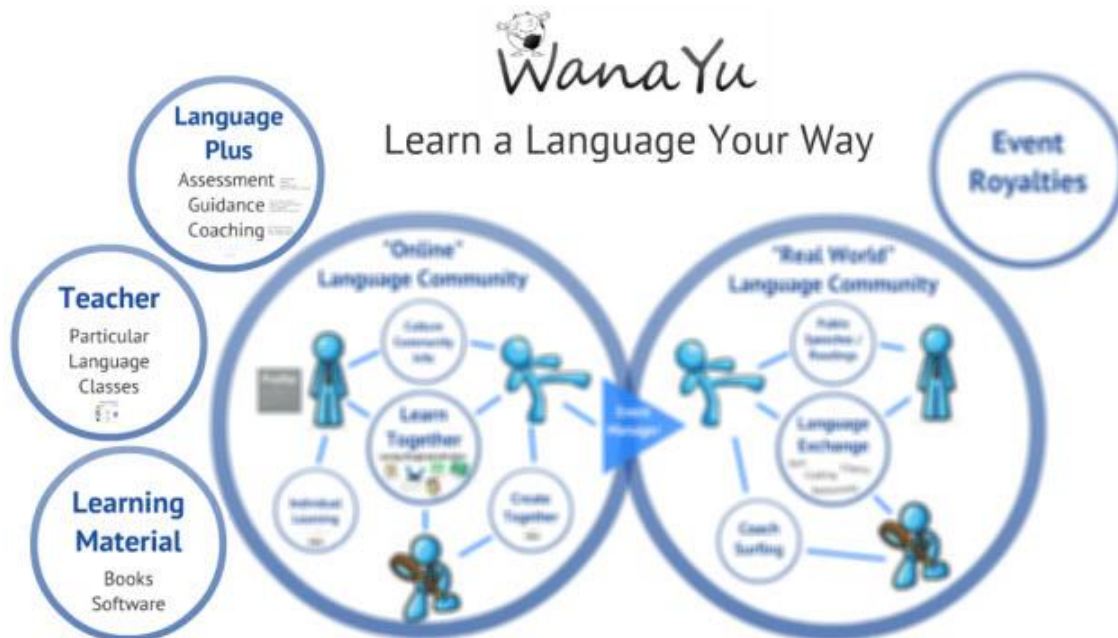


Figure 21: WanaYu Supporting Elements

Language Plus - The language plus service helps members to make the most out of their language learning efforts by learning in the way which suits best their personal interests, language level and type of learner they are. It is designed for users who would like to get more individual and professional guidance on language learning. With this, the service is especially focusing on the needs of professionals whose main limited resource is time and therefore need to make the best use of it.

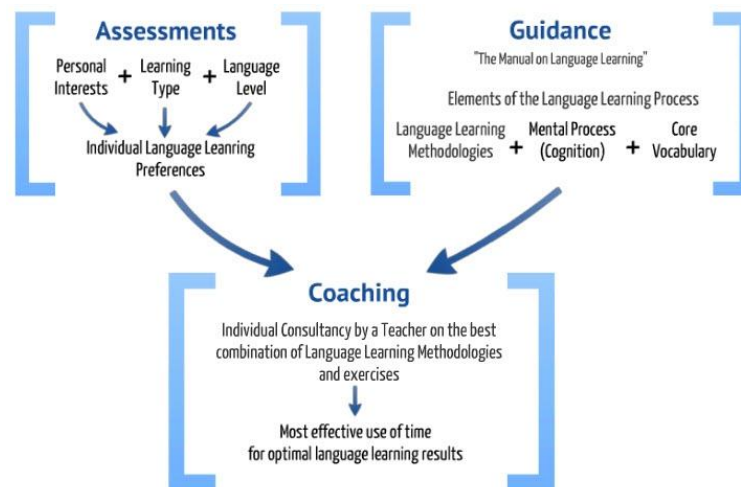


Figure 22: WanaYu Language Plus

Assessment - The assessment will evaluate three characteristics of the language learner which are the basis of his individual language learning preferences. These are his personal interests, learning capabilities as well as his language level. The assessment consists of a once-off

assessment at the beginning and a continuous progress tracking and statistical analysis. The progress tracking is based on data captured and analysed by the system during exercises. With this, WanaYu will be able to track for instance the core vocabulary which the member has learned already and at the same time can make suggestions on areas which need improvement.

Guidance - The guidance can be seen as a general guide or manual on language learning. The learning process of a human depends on different elements like the learning methodology which is often directly linked to the mental process of learning (cognition) and others elements like the core vocabulary of a language. This section will provide the language learner with some general information on how to learn a language and what elements or environment does affect the learning process.

Coaching - The coaching is an individual consultancy service by a professional teacher which, based on the results of the assessment, helps the language learner to define the best combination of Language Learning Methodologies and exercises. As a result, he will be able to make the most effective use of time for optimal language learning result.

The language plus service works on a monthly subscription basis and includes two hours of coaching per month with a teacher. The teacher can be individually chosen by the student himself while teacher have to fulfil a certain set of minimum requirements in order to be able to offer the coaching service.

Online Teacher - This service will help community members who would like to take extra language classes by a professional teacher. This is an online service which will enable teacher to provide a live online class over the Internet using professional web collaboration and other tools like file sharing. The teachers will be freelancers who work for their own account. With this, WanaYu will create an open market with an open competition between the teachers. This will assure quality and transparency as students are able to choose and switch teachers based on their performance. The teachers will be able to differentiate them self by the service they offer like the language they teach, language level, classes for individuals or groups and specializations on certain topics like business, traveling or even sector specific like for instance medical terms for nurses. Another important differentiator will be the price, which they are able to define themselves. Beside the individual information, the teachers profile will also include a calendar function over which students can schedule classes as well as review the ratings from previous students.

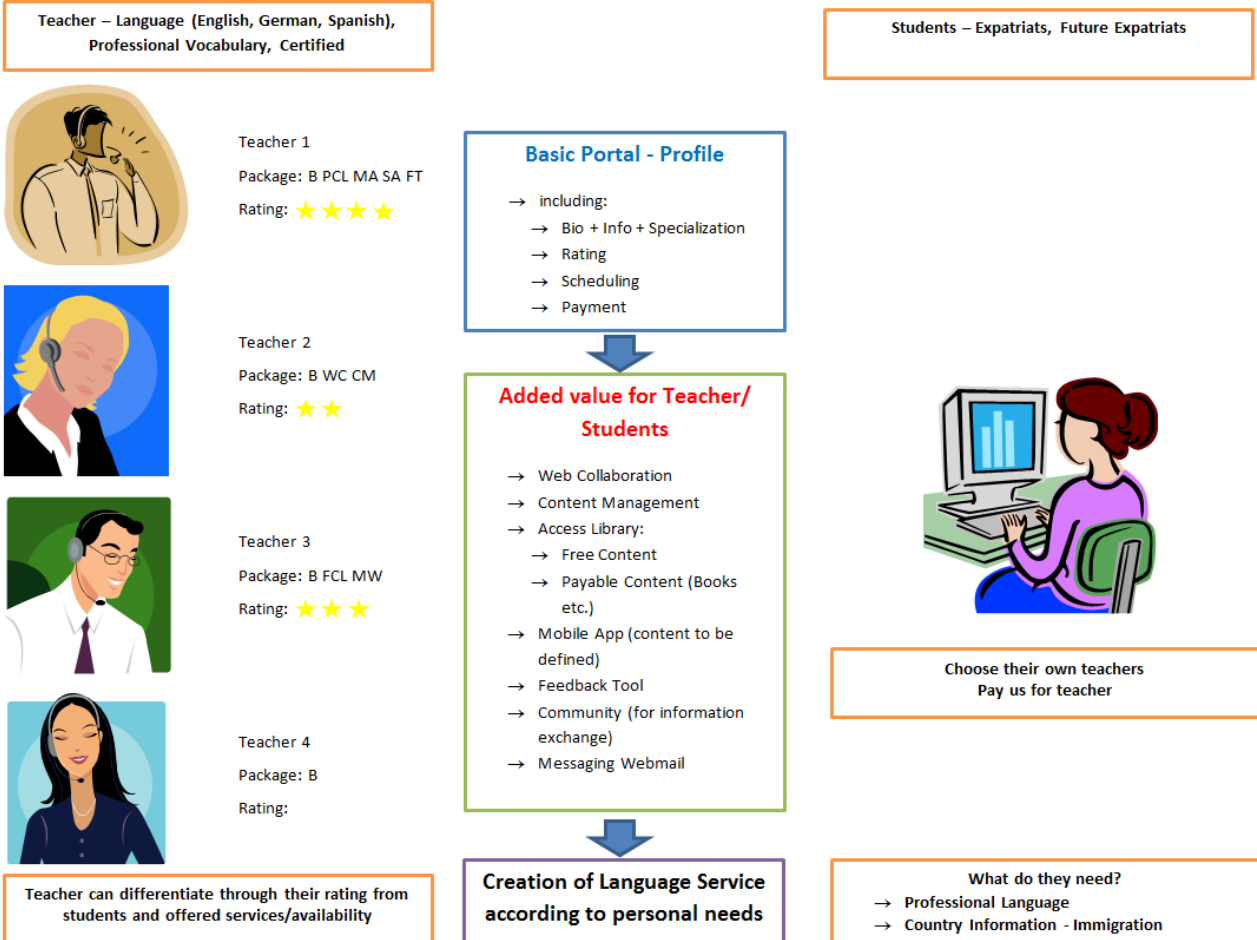


Figure 23: WanaYu Teacher Portal

Learning Material - This section will include a variety of different payable learning materials reaching from books to software or even references for language trips. WanaYu will provide a pure listing or referral service without selling any goods them self.

6.3.2 The WanaYu - Real World “Offline” Language Community

The WanaYu - Real World “Offline” language community will provide a similar social environment for language learning then the online version but just in real life. It will consist of a series of events which will be organized by WanaYu around the interests of the community members. The events will be executed by Bars and Restaurants who will form a Franchise agreement with WanaYu to hold such events under its brand. Examples for such events include Speakers Corner, Speed Dating, and Cooking and can even reach to Traveling and Couch Surfing.

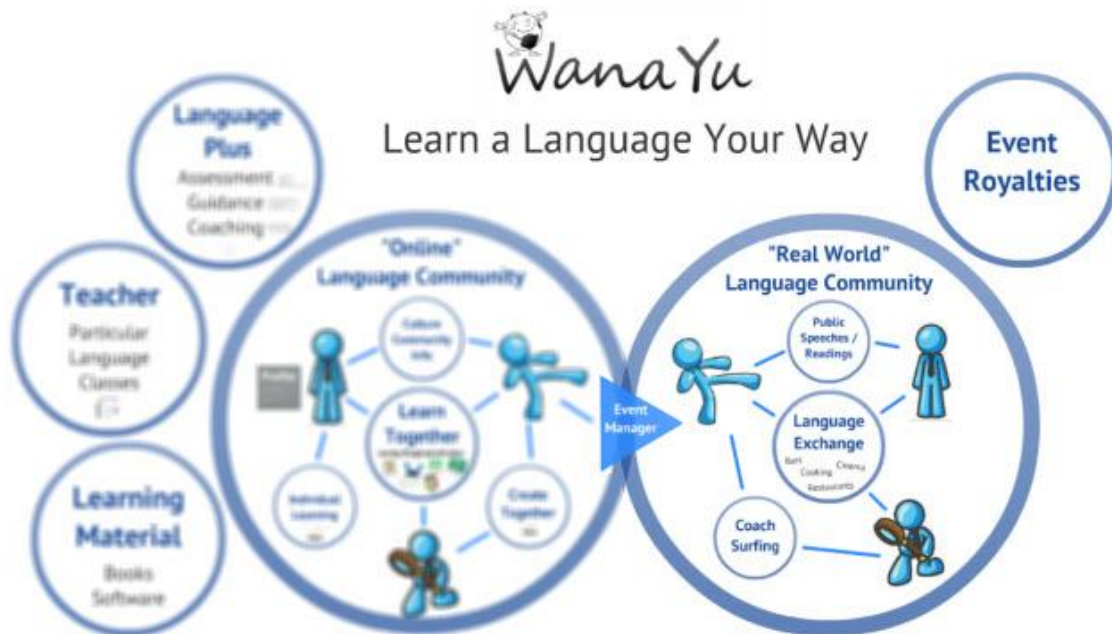


Figure 24: WanaYu Offline Community

6.4 Pricing

The business model is based on open collaboration which will provide all core elements of the language community both online and offline free of charge to the community. Revenue streams will be generated by different forms which support the language learning process. However effective language learning in the community shall not depend on the supporting elements nor shall they negatively influence the learning in the community.

The supporting elements will consist of the Language Plus service, Teacher providing language classes and the sale of additional learning material. The pricing model shall be as simple as possible both for the community members as well as the teachers who provide language classes over WanaYu.

Pricing Overview

- Language Plus - monthly subscription model
 - 15 € per month
 - 10% discount on 6 month subscription with payment up-front
 - 15% discount on 1 year subscription with payment up-front
- Online Teacher - combination of fee, subscription and revenue share model
 - Student pays
 - an hourly rate set by the teacher
 - minimum rate is set to 5 € per hour
 - Teacher pay
 - 10 € per month subscription fee to offer his services plus
 - 10% service fee of the sales revenue
- Learning Material - revenue share model
- Event Royalties

Language Plus - The Language Plus service uses a monthly subscription model for which the student pays 15€ per month. Discounts apply for long term subscriptions of 6 month (10% discount) or 1 year (15% discount). All payments are up-front.

WanaYu will pay the teacher a reduced commission of 5€ per hour for providing the coaching service as it will also be an opportunity for them to promote their teaching services and to increase their student rating.

Online Teacher - Teachers define the hourly fee for the language classes by them self in order to compete with other teacher which will create a fair market price. They will also be able to offer packages at a discount rate for individual or group classes. The only restriction is a minimum fee of 5€ per hour. The payment will be handled over the portal were WanaYu will act as a secure intermediate who makes sure that students have paid before scheduling a class and teacher do not get paid until they delivered a class. The service fee will be directly deducted before paying the teacher in order to reduce the total about of transactions and to secure payments. Teachers have to subscribe in order to offer their services on WanaYu for a monthly fee of 10€. The intention here is to make sure those only teachers who are fully committed to provide their services are active and all teachers who do not plan to provide any services are temporarily suspended.

Learning Material - WanaYu will sign up to affiliate programs where it will receive a commission for the referral of sales leads. An example would be the Amazon associates program were WanaYu would receive a commission of 4-8,5% of sales price for the referral of qualified leads depending on the volume per month.

Event Royalties - WanaYu will receive royalties from for instance bars or restaurants who hold events under its brand. Such royalties have to be negotiated on an individual basis.

6.5 Promotion

To make a product or service known to customers who would be willing to pay for it, usually requires a high investment into promotion. Instead of a high advertisement budget, WanaYu will focus on R&D in order to create value for its users at such a high level that they will spread the word. The initiation still requires a broad seeding, through for instance digital marketing, to create a self-sustainable ecosystem of customer attraction using the community to spread the word as shown in the graph below.

The WanaYu Ecosystem of Customer Attraction

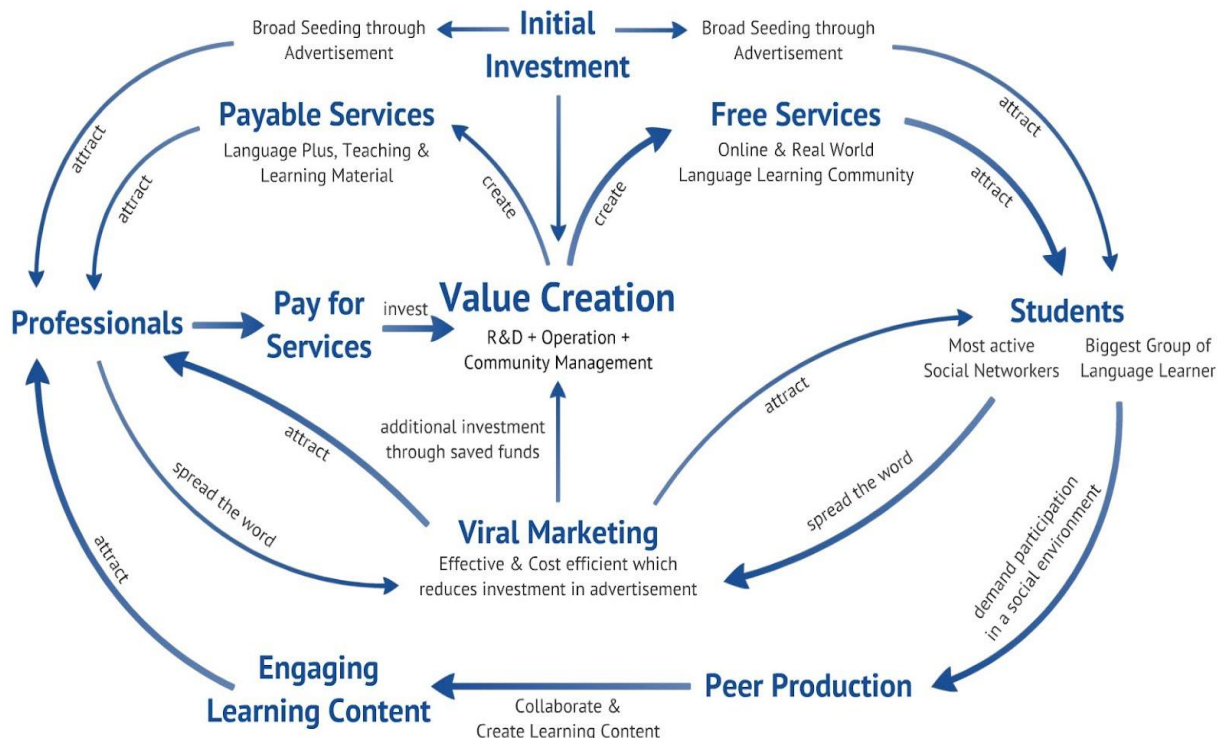


Figure 25: WanaYu Ecosystem of Customer Attraction

Communication Strategy

The communication strategy relies on the fact that the biggest group and most active language learners are also social networks and as such heavy internet users. They have full access to Internet either from their smart phones, laptops or tablets. Hence, the question how could they be reached? WanaYu's strategy is to put the seeds at the right place within the World Wide Web. This means that customers are going to be reached in their daily environment.

The main objective is to be known by spreading the idea of WanaYu as a generally free language learning community, by using advertisement only as an initial seeding mechanism. If WanaYu gets recognition and the idea starts to spread by itself, then this will be the feedback that the service provides the right value to its customers which inspires them to spread the idea. In order to reach this objective, WanaYu needs to go through a constant process of improvement.

Media Plan

Social-Media Marketing

The first action regards the social-media marketing to target customers in their usual environment every day. The objective is to be present on networks such as Facebook, Twitter, LinkedIn, Viadeo, Xing and Trip Advisors. This is one of the most popular ways used today to promote a company, because of the impact produced by these social environments. This will be a good way to make people aware that WanaYu is there. Normal banners will be used on these pages in order to start building the company's brand recognition.

Community Management

Community Management will play a key role to promote WanaYu on other social networks (external) as well as to manage the WanaYu language learning community both online and in the real world (internal).

Community Management is a new concept which exists since about 5 years and it is becoming more and more popular. This mainly consists in promoting your company via private pages on the already existing social networks, blogs and forums. The aim is to interest the customers, engage them, involve them and as a consequence, create a community - create a movement.

Regarding the promotion of WanaYu, its community managers will update on a daily base the social networks and do advertisement at the beginning for WanaYu, by creating groups of interests on these pages. The aim is to let people express themselves, capture their impression, feedback and start spreading the word regarding the existence of WanaYu.

Guerrilla Marketing

Guerrilla Marketing is an advertising strategy, cheaper than any other type of Marketing. It consists in promoting a company or a product in an unconventional way, usually by targeting people in an unexpected place. This is a good and cheap way for WanaYu to promote the language learning community. Moreover, with all the advertising existing nowadays and present everywhere, there is a need to differentiate WanaYu from the mass. Thanks to the Guerrilla Marketing, WanaYu will be able to create a movement, attract people, and make them interact, surprise them, and as a consequence, remind them.

Common examples of Guerrilla Marketing could be the speaker's corner in the United Kingdom or the Flying people in New-York.

WanaYu is going to organize events in the different main cities and countries where it is present. It is planned to organize one event per month during the first year, and for the following years, one event each two or three times a months. The objective is to organize these events by hiring someone of particular interest for the customers and gather them at a metro station or a typical place of the city and do something extraordinary to quicken interest.

Event Sponsorships

Organize some event sponsorship is a good way to make WanaYu known without costing a lot of money. They will be important particularly at the beginning of WanaYu. Some networking cocktails will be organized with integrated language exchange for example in order to gather the customers and promote at the same time the offline part of the company. Event sponsorship will really be useful in order to create WanaYu's goodwill as well as help to build its brand reputation and recognition since the beginning.

The event sponsorships will help to promote the portal as well as its real world experience, by organizing at least one per month with a special theme.

Digital Marketing

Digital Marketing will be one of the main instruments for the initial seeding of the idea and as such is one of the biggest elements of the initial marketing budget. It allows WanaYu to be present on social networks like Facebook as well as special interest pages like Trip advisor, which are the most known and used daily nowadays.

6.6 Distribution

WanaYu's main distribution channel will be globally over the Internet via a web portal and mobile app. Spain, Germany and the United Kingdom with their respective languages will be the first markets which will be incorporated into the go-to-market strategy.

7 Organisation and HR plan

7.1 Roles and Functions

7.1.1 The Management Team

The management team is very diverse on their personal skills and is fully engaged in their plan to be an entrepreneur. WanaYu strives forward to empower a diverse global community and as such the most important experience which the team brings into the company is its diversity of coming from three different cultural backgrounds including German, Spanish and French. In addition, the majority lived for many years abroad and has gained extensive experiences living and working abroad as an expatriate. All members speak 3-4 languages including English, German, Spanish, French and Portuguese on a high proficiency level. In addition, every team member learned their languages using different methodologies which represent a significant experience on language learning and its impact.

All gained extensive knowledge on entrepreneurship during their International MBA study and bring in a diverse expert knowledge plus experience in the areas of IT Engineering, International Tourism Management, Translation and International Trade as well as Business Administration which are key for the business model of WanaYu.

WanaYu will be governed by a Chief Community Officer which will have the overall company responsibility and will act as CEO from a legal perspective. This function will be filled by one of the directors on a yearly roll-over basis.

Director of Marketing / Chief Marketing Officer (CMO) - Anne Kleinsorge

Anne is a MBA with a background as a Bachelor in International Tourism Management. She has an international background from working as a Product Developer in the United Kingdom for an Incoming Tour Operator and being a Management trainee in the Ground Handling Department at International Comodoro Arturo Merino Benítez Santiago de Chile for ServisAir S.A. Her interest for the Language Learning sector arose due to her work in Great Britain where she was in charge for organization, development and execution of educational trips for German, Spanish and Dutch students as well as adults. Anne has a C2 in English and Spanish while German is her native language. Furthermore she has basic knowledge in Dutch and Russian.

Director of Development / Chief Technology Officer (CTO) - Lars Meyer

Lars is a MBA with over twelve years of experience in the IT Sector. He has an international background from working as a Solution Architect for multinational companies like IBM in Germany and Siemens in Ireland where he also gained management experience as Manager of the Presales department. He has an advanced level of English and is fluent in Spanish while German is his native language.

Director of Operations / Chief Operations Officer (COO) - Aurelia Emond

Aurelia is a MBA with three years of experience as Team Leader in the IT sector. She has an international background from having worked for companies such as Oracle and Airbus, in Spain, and she gained her management experience as team leader in both companies in the customer department who was working directly with the Operations Department. She also has experience in International trade by having worked in the Procurement department in a French distillery. She has an advanced level of English and Spanish and is fluent in Portuguese whereas her mother tongue is French.

Director of Finance / Chief Financial Officer (CFO) - Rogelio Márquez García

Rogelio is a MBA with strong background in Language Learning and a Degree in Business Administration. Being proficient (C2) in English and having Spanish as his mother tongue, he is also fluent in French (B2) and is used to working in international teams, having done so during his MBA program and his abroad study period in Sweden.

Chief Community Officer (CCO)

WanaYu will not have a CEO but a CCO. Indeed, with the importance of the community within the company as well as the open innovation and the teamwork in the Creative Innovation part, the members of the company decided to create a new position. Hence, the Chief Community Officer will be a yearly rotative position held by each one of the director of the different departments.

7.1.2 Organisation Chart

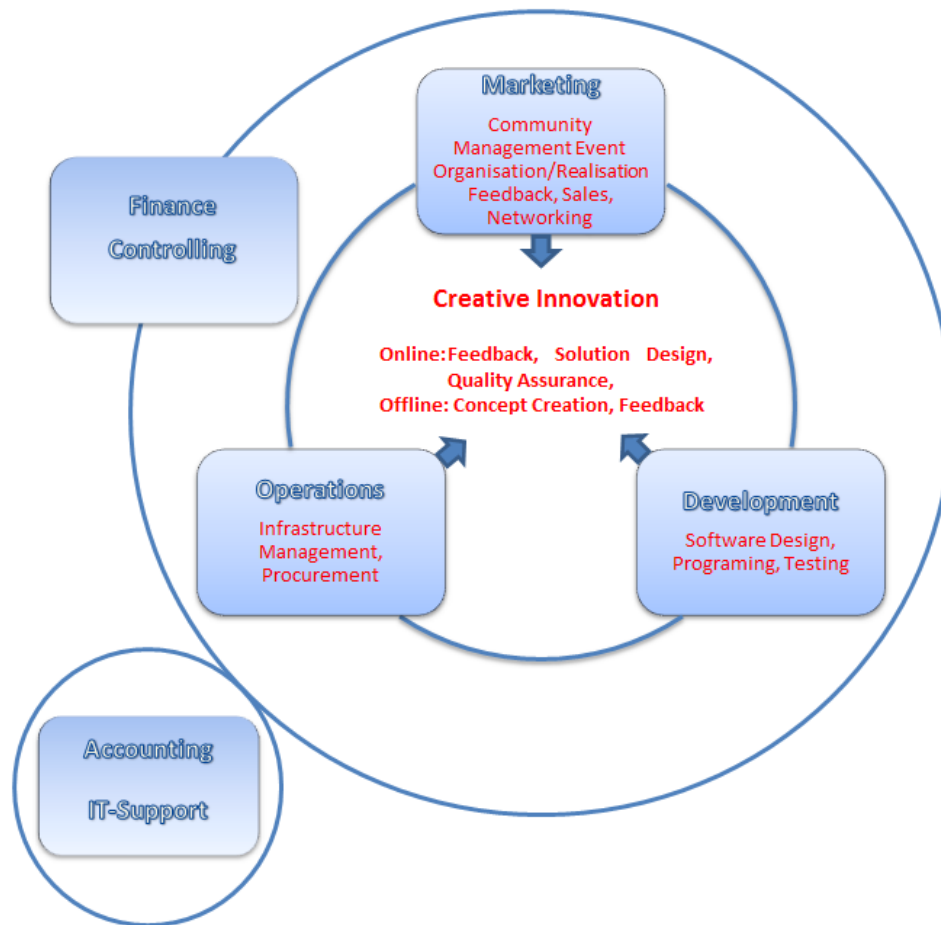


Figure 26: Organization Matrix

The company WanaYu has four separate departments which consist in Marketing, Development, Operations and Finance Controlling. The Marketing function is the main interface to the customer and responsible for the community management, event planning, organization and execution, sales, feedback gathering and evaluation as well as networking. The Development department takes care of software design, programming and further testing regarding applications and features of the web portal. Operations in houses the infrastructure management and does all the procurements regarding the IT-Support needed for project realization. The Finance Controlling department incorporates the whole business support including Finance, Human Resources and is also the linkage between the outsourced departments such as Accounting and Business IT-Support.

All departments cooperate in the Creative Innovation Function where delegates from each department will work together similar to project teams on new input and customer feedback to develop WanaYu and its community in the online and offline world. Decisions on ideas, solutions, and design and quality assurance are made mutually in this cross-function.

7.1.3 Marketing

Cultural Manager

Reporting Line: Director of Marketing (CMO)

Purpose of the Role: The Cultural Manager will be responsible for the interaction and alignment between the different Community Managers, their actions and community initiatives within his regional and linguistic capacity. The Cultural Manager is the last instance for decisions regarding Event Conceptualizing, Organization and Execution as well as any Marketing Campaign within the Community regarding the languages and regions under his responsibilities. The Cultural Manager will work with one of his colleagues the Community Managers in a cross-function creative initiative in order to gain, research, design and evaluate new applications and web portal functionalities.

- Areas of Responsibility

<i>What - How - Why?</i>	Weight (%)
Coordination of Marketing Campaigns and activities along responsible area	30%
Support due direct customer inside and contact of cross-functional creative initiative from Marketing point of view	25%
Networking and negotiating with subcontractors in local areas for Event support and execution	25%
Sales	20%

- Experience and Knowledge required

- Bachelor of Arts in Marketing and Communication with focus on Online-Marketing
- 3+ years of experience in Online-Marketing and Strategic Marketing
- Great experience in Guerrilla Marketing, Communication and PR, Event Management, Project Management
- ideally 2+ years' experience in Sales
- Strong communication, strategic and analytical skills
- Leader with the confidence to take the responsibility and guide other departments when necessary
- C2 language Level required: English and two others (written and verbal)

- Competencies

Competency	Level	Description
Verbal Communication	4	Able to challenge others' thinking or decisions through constructive and supportive questioning; able to simplify or adapt complex information to meet the needs of the audience
Analytical Thinking	3	Thinks creatively in generating new solutions to problems; looks beyond the immediate information and sees the bigger picture and broader implications.
Drive for Results	4	Proactively identifies and pursues new goals, inspires others to achieve and overcomes adversity in a positive manner
Planning & Prioritizing	3	Plans ahead to ensure resources are available and adapts plans according to changing priorities
Customer Focus	4	Actively enhances the customer's experience through anticipating needs, developing relevant processes and procedures and good internal networking
Team working & Relationship Development	4	Promotes team working across functions, proactively developing beneficial relationships for self and others
Impact & Influence	4	Delivers persuasive presentations/arguments at senior level, dealing confidently with challenges and disagreements; conveys powerful and complex messages with clarity and impact

Community Manager

Reporting Line: Cultural Manager

Purpose of the Role: The Community Manager is the direct interface to the customer and is WanaYu's representative within the community. In a first instance the role mainly concerns customer attraction within the world wide web, creating an interest and enable discussions regarding the topic of language learning. Further on the responsibilities will switch to a more community inside participation by initiating the forums, web portal usage and user collaboration in order to monitor trends in online community tools, trends and applications. The Community Manager will be responsible for a certain geographical area and its required languages. Apart from the online web portal the community Manager is responsible for the Event Conceptualization, Organisation and Execution within his geographical area. Within turns the participation in the cross-functional creative initiative is required to gain, research, design and evaluate new applications and functionalities of the portal.

- Areas of Responsibility

What - How - Why?	Weight (%)
Cross-function creative initiative support with direct customer interaction and insides	20%
Event concept, organization, realization in region	20%
Community initiation - attract customers from the outside due Internet presence and interaction	30%
Social interaction within online community (Moderation)	30%

- Experience and Knowledge required

- Bachelor of Arts or equivalent in Journalism or Communication and PR
- 2+ years of experience in Editorial, Marketing, Customer Service
- Strong project management or organisational skills
- In-depth knowledge and understanding of online community platforms and their respective participants (Forums, Blogs, Photo Uploads, Profiling etc.) and how they can be deployed in different scenarios
- Good knowledge of Online Learning Solutions
- C2 language level required: English and two others (written and verbal) passion, attitude and personality with great communication skills in written and spoken form

- Competencies

Competency	Level	Description
Communication	4	Able to challenge others' thinking or decisions through constructive and supportive questioning; able to simplify or adapt complex information to meet the needs of the audience
Analytical Thinking	3	Thinks creatively in generating new solutions to problems; looks beyond the immediate information and sees the bigger picture and broader implications.
Drive for Results	3	Displays high energy, commitment and assertiveness in motivating self and others into action
Customer Focus	4	Actively enhances the customer's experience through anticipating needs, developing relevant processes and procedures and good internal networking
Team working & Relationship Development	3	Initiates the development of strong working relationships across the business, proactively sharing information and ideas with others

Community Analyst

Reporting Line: Director of Marketing (CMO)

Purpose of the Role: The Community Analyst manages and helps the Community Managers to create marketing content to socialize and use for social media purposes (e.g. customer videos briefs, customer case studies, blog posts, posts from analysts and customers). Providing analysis and recommendations regarding the web portal and its community is one of the key functions. The Analyst researches and administers social media tools on a daily basis in support of clients' social media strategy. Furthermore he has to monitor and evaluate social media results on a daily basis in order to gain valuable market inside used for idea generation in the cross-functional creative initiative.

- Areas of Responsibility

What - How - Why?	Weight (%)
Support of cross-functional initiative with valuable customer feedback and insides	30%
Research and evaluation of customer surveys and hidden requests within the community	40%
Extraction of useful and relevant customer feedback and inside	30%

- Experience and Knowledge required
 - 1 – 2 years' experience in social media marketing with demonstrated successes
 - Proficiency in MS Excel, PowerPoint, and Word
 - Experience working with popular social media monitoring tools (Google, Radian 6, Twitter Search, Social Mention, Traackr, etc) and popular social media management tools (Tweet Deck, Hoot Suite, etc)
 - Experience with website analysis using a variety of analytics tools including Google Analytics as well as internal reporting tools
 - Desired: Knowledge of HTML/CSS, Word Press, and website administrations
- BS/BA degree preferred or in progress

- Competencies

Competency	Level	Description
Communication	3	Adapts communication methods and style to manage contact with a wide range of customers and internal parties; has the ability to diffuse conflict effectively
Analytical Thinking	3	Thinks creatively in generating new solutions to problems; looks beyond the immediate information and sees the bigger picture and broader implications.
Drive for Results	2	Demonstrates consistency and a high level of self motivation
Team working & Relationship Development	2	Demonstrates the ability to work well with others, building strong working relationships and balancing own goals with those of others
Customer Focus	2	Develops good relations with internal and external customers and balances varying requirements in a professional and timely manner

7.1.4 Development

Web & Mobile Application Designer

Reporting Line: Director of Development (CTO)

Purpose of the Role: Web & Mobile Application Designer will be responsible for designing innovative Web-based & mobile tools for community building and collaboration. The web designer will work in a cross-company creative innovation team to research new applications and enhance the existing community infrastructure by making recommendations on the use of new and emerging technologies. Based on the outcome, he will design detailed specifications for the programming and will be responsible for the realization and implementation of new applications and functionalities.

- Areas of Responsibility

What - How - Why?	Weight (%)
Support the research and innovation process for the creation of new web & mobile applications from a development point of view	20%
Detailed Design of the layout, logic and characteristics of the new web & mobile applications	40%
Coordination of the programming and development with external subcontractors	10%
Review, Testing and Quality Assurance of the code programmed by external subcontractors	10%
Application Support on the development level	20%

- Experience and Knowledge required

- BS in computer science or a related field, or significant equivalent experience
- 3+ years of experience in Web Design, Working on Dreamweaver, sound knowledge on HTML & CSS
- Good experience in E- Commerce, website, portals, gaming software, Corel, Flash, Silverlight & latest application
- 2+ years of Action Script software development experience using Flex Builder
- Phenomenal debugging principles (and perseverance)

- Competencies

Competency	Level	Description
Verbal Communication	3	Adapts communication methods and style to manage contact with a wide range of customers and internal parties; has the ability to diffuse conflict effectively
Analytical Thinking	3	Thinks creatively in generating new solutions to problems; looks beyond the immediate information and sees the bigger picture and broader implications
Drive for Results	4	Proactively identifies and pursues new goals, inspires others to achieve and overcomes adversity in a positive manner
Planning & Prioritizing	3	Plans ahead to ensure resources are available and adapts plans according to changing priorities
Team working & Relationship Development	4	Promotes team working across functions, proactively developing beneficial relationships for self and others
Adaptability	3	Proactively seeks change in order to improve working practices

Graphic Designer

Reporting Line: Director of Development (CTO)

Purpose of the Role: The graphic designer will be responsible for the creation of all online visual design, including typography, visual concept, logo and icon design for the interactive community platforms. The graphic designer will work in a cross-company creative innovation team to research new applications and enhance the existing community infrastructure by brainstorming and mocking up design ideas. Based on the outcome, he will be working with the application designer to determine visual requirements and to complete the final web or mobile application using computer software to execute designs.

- Areas of Responsibility

What - How - Why?	Weight (%)
Support the research and innovation process for the creation of new web & mobile applications from a graphic design point of view	20%
Detailed Design of the layout and visual characteristics of the new web & mobile applications	40%
Review and Quality Assurance of visual elements in applications programmed by external subcontractors	10%
Establish a common graphic design standard which supports WanaYu's brand awareness and support other departments on graphic design	30%

- Experience and Knowledge required

- Minimum of two years of experience in Web design
- Fluency in current graphic design practices and web production software, such as Adobe Photoshop, Adobe Illustrator, Adobe After Effects
- Strong design style, including creative design solutions within the constraints of the Internet
- Strong conceptual skills, including online software concepts and online experience concepts
- Strong technical knowledge of how web-based technologies apply to web design such as HTML, Flash, CSS, and AJAX

- Competencies

Competency	Level	Description
Verbal Communication	3	Adapts communication methods and style to manage contact with a wide range of customers and internal parties; has the ability to diffuse conflict effectively
Analytical Thinking	3	Thinks creatively in generating new solutions to problems; looks beyond the immediate information and sees the bigger picture and broader implications
Drive for Results	3	Displays high energy, commitment and assertiveness in motivating self and others into action
Creativity & Innovation	4	Demonstrate initiative, creativity and innovation. Able to lead a creative process
Team working & Relationship Development	4	Promotes team working across functions, proactively developing beneficial relationships for self and others
Adaptability	3	Proactively seeks change in order to improve working practices

Language Learning Solution Developer

Reporting Line: Director of Development (CTO)

Purpose of the Role: The Language Learning Solution Developer will be responsible for the design of new and the improvement of existing language learning solutions and material which will provide an added value to the language learning process of the Community Members. These solutions are an add-on to the core elements of the online community portal and as the main source of revenue are chargeable. Examples of such solutions are the planned premium service, the teacher portal and additional language learning material.

- Areas of Responsibility

What - How - Why?	Weight (%)
Lead the research and innovation process for the creation of new web & mobile applications for add-on chargeable services on language learning	40%
Work with the application and graphic designer to define the detailed functionality, logic and characteristics of the new web & mobile applications	20%
Create or research the content which is required for the new web & mobile applications as well as maintain the content of existing applications	40%

- Experience and Knowledge required
 - At least 5 years of experience on language learning
 - Knowledge in Speech and Language Science related to the learning process of a language
 - Strong skills in research and investigation
 - A high level (min. C1) of English, German, Spanish and Portuguese

- Competencies

Competency	Level	Description
Verbal Communication	3	Adapts communication methods and style to manage contact with a wide range of customers and internal parties; has the ability to diffuse conflict effectively
Analytical Thinking	4	Develops new or radical approaches that move the business forward; actively encourages creative thinking in others
Drive for Results	4	Proactively identifies and pursues new goals, inspires others to achieve and overcomes adversity in a positive manner
Planning & Prioritizing	3	Plans ahead to ensure resources are available and adapts plans according to changing priorities
Team working & Relationship Development	4	Promotes team working across functions, proactively developing beneficial relationships for self and others
Adaptability	3	Proactively seeks change in order to improve working practices

7.1.5 Operation

Portal Manager

Reporting Line: Director of Operation (COO)

Purpose of the Role: The portal manager will be responsible for portal strategy and infrastructure management by exploiting the WanaYu portal as an ISP sales acquisition channel and ensure a consistent high quality online rich media experience. The portal manager will work in a cross-company creative innovation team. He will also work directly with the Web & Mobile developer as well as with the graphic designer.

- Areas of Responsibility:

What - How - Why?	Weight (%)
Manage the implementation and support of Content Management Systems as part of the Portal infrastructure	40%
Maintain and enhance existing websites and applications	10%
Ensure high availability of the Portal environment through the implementation and application of release management processes and procedures.	20%
Teamwork with the graphic designer as well as the web & mobile developer	30%

- Experience and Knowledge required

- A relevant tertiary qualification
- +3 years of experience in Project Management
- Knowledge of Microsoft web development technologies
- Knowledge of Content Management Systems
- Knowledge of rich-media and social media integration techniques.
- Expert knowledge of HTML and JavaScript
- Advanced level of English

- Competencies

Competency	Level	Description
Verbal Communication	3	Able to challenge others' thinking or decisions through constructive and supportive questioning; able to simplify or adapt complex information to meet the needs of the audience
Impact & Influence	4	Deliver persuasive arguments to senior levels, dealing confidently with challenges and disagreements, convey powerful and complex messages with clarity and impact
Analytical thinking	3	Thinks creatively in generating new solutions to problems
Drive for results	4	Proactively identify and pursue goals, inspire others to achieve and overcome adversity in a positive manner
Planning & Prioritizing	3	Plans ahead to ensure resources are available and adapt plan according to changing priorities
Team working & Relationship Development	3	Initiate the development of strong working relationships across the business, proactively sharing information and ideas with others
Adaptability	3	Proactively seeks change in order to improve working practices

Purchase Manager

Reporting Line: Director of Operation (COO)

Purpose of the Role: The Purchasing manager will be responsible for the procurement of commodities through the development and implementation of commodities strategies plan and the management of supplier relationship. He will also be responsible for price negotiation, planning, production and quality control.

- Areas of Responsibility

What - How - Why?	Weight (%)
Implement procurement strategy and policies	40%
Liaise with Finance controlling manager to ensure accurate and timely payment of invoices, as necessary for the business with the supplier	20%
Build and develop relationships with key suppliers and customers	20%
Forecast procurement needs	20%

- Experience and Knowledge required

- +3 years of experience as Purchasing Manager
- Knowledge of business and management principles involved in strategic planning, resource allocation, human resources modeling, leadership technique, production methods, and coordination of people and resources.
- Knowledge of raw materials, production processes, quality control, costs, and other techniques for maximizing the effective manufacture and distribution of goods.
- Knowledge of laws, legal codes, court procedures, precedents, government regulations, executive orders, agency rules, and the democratic political process.
- Knowledge of principles and processes for providing customer and personal services. This includes customer needs assessment, meeting quality standards for services, and evaluation of customer satisfaction.
- Knowledge of economic and accounting principles and practices, the financial markets, banking and the analysis and reporting of financial data.
- Advanced level of English and other languages would be a plus

- Competencies

Competency	Level	Description
Verbal Communication	3	Able to challenge others' thinking or decisions through constructive and supportive questioning; able to simplify or adapt complex information to meet the needs of the audience.
Impact & Influence	3	Calculates the impact of approach on others and presents well balanced arguments to influence others.
Analytical thinking	2	Uses information available to develop solutions, adopting a logical approach/using experience to solve problems.
Drive for results	4	Proactively identifies and pursues new goals, inspires others to achieve and overcomes adversity in a positive manner
Planning & Prioritizing	2	Takes a proactive approach towards planning, realizing the importance of own activities on others.
Customer focus	4	Actively enhances the customers' experience through anticipating needs developing relevant processes and procedures and good internal networking.
Team working & Relationship Development	3	Initiate the development of strong work relationships across the business, proactively sharing information and ideas with others.
Adaptability	3	Proactively seeks change in order to improve working practices

7.1.6 Finance

Finance Controller

Reporting Line: Director of Finance (CFO)

Purpose of the Role: Direct and coordinate company's financial planning and budget management functions along with the everyday activity and overseeing the financial and operating performance of divisions and departments. The role will encompass analyzing monthly operating results against budget and coordinate debt financing and debt service payments with external agencies. He/she will also be responsible for, financial forecasting and financial analysis of the impact of business decisions and new projects, being a member of working teams.

- Areas of Responsibility

<i>What - How - Why?</i>	Weight (%)
Budgeting and Planning	30%
Analysis and Forecasting	40%
Project work (Teams)	30%

- Experience and Knowledge required

- Knowledge of finance, accounting, budgeting, and cost control principles.
- Knowledge of automated financial and accounting reporting systems.
- Ability to analyze financial data and prepare financial reports, statements and projections.
- Working knowledge of short and long term budgeting and forecasting, rolling budgets, and product-line profitability analysis.
- Fluency in English and at least another of the company's languages.
- An accounting or finance degree.
- Minimum of 5 years of experience in a high-performing accounting team.
- Excellent communication skills, both written and verbal.
- Analytical and problem solving skills.
- Very high attention to detail

- Competencies

Competency	Level	Description
Verbal Communication	3	Adapts communication methods and style to manage contact with a wide range of internal parties, having the ability to diffuse conflict effectively
Impact & Influence	3	Calculates the impact of approach on others and presents well balanced arguments to influence others
Analytical thinking	3	Thinks creatively in generating new solutions to problems; looks beyond the immediate information and sees the bigger picture and broader implications.
Drive for results	4	Proactively identifies and pursues new goals, inspires others to achieve and overcomes adversity in a positive manner
Planning & Prioritizing	3	Plans ahead to ensure resources are available and adapt plans according to changing priorities.
Customer focus	1	Responds well to customer requests/requirements and demonstrates a clear understanding of the importance of customer satisfaction.
Team working & Relationship Development	4	Promotes team working across functions, proactively developing beneficial relationships for self and others.
Adaptability	2	Identifies where change is needed and implements change for self and others, remaining consistent and positive throughout.

HR Manager

Reporting Line: Director of Finance (CFO)

Purpose of the Role: The Human Resources Manager originates and leads Human Resources practices and objectives that underpin the business culture and will provide an employee-oriented, high performance culture that emphasizes empowerment, quality, productivity and standards, goal attainment, and the recruitment and ongoing development of a superior workforce.

- Areas of Responsibility

What - How - Why?	Weight (%)
Source & Select	10%
Training & Development	40%
Performance Evaluation	30%
Counseling, Guidance and Motivation	20%

- Experience and Knowledge required

- Knowledge and experience in employment law, compensation, organizational planning, organization development, employee relations, safety, and training and development.
- Excellent interpersonal and coaching skills.
- Excellent communication skills, both written and verbal.
- Demonstrated ability to serve as a successful participant on the executive management team that provides company leadership and direction.
- Excellent computer skills that must include database management and record keeping.
- Experience in the administration of benefits and compensation programs and other Human Resources programs (Balanced Scorecard & Management by Objectives)
- Excellent organizational skills
- Fluency in English and at least another of the company's languages.
- Minimum of a Bachelor's degree or equivalent in Human Resources, Business, Organization Development.
- 5 years' experience in Human Resources positions.
- Active affiliation with appropriate Human Resources networks and organizations and on-going community involvement.
- Very high attention to detail

- Competencies

Competency	Level	Description
Verbal Communication	4	Able to challenge others' thinking or decisions through constructive and supportive questioning; able to simplify or adapt complex information to meet the needs of the audience
Impact & Influence	3	Calculates the impact of approach on others and presents well balanced arguments in order to influence others.
Analytical Thinking	3	Thinks creatively in generating new solutions to problems; looks beyond the immediate information and sees the bigger picture and broader implications.
Drive for results	3	Displays high energy, commitment and assertiveness in motivating self and others into action
Planning & Prioritizing	3	Plans ahead to ensure resources are available and adapt plans according to changing priorities.
Team working & Relationship Development	3	Initiates development of strong working relationships across the business; proactively sharing information and ideas with others

7.2 Employee Value Proposition

WanaYu is a dynamic start-up which creates value to a growing Internet community and with this wants to attract and keep a young, dynamic and diverse workforce which understands today's Internet community and social networks as part of their life. They are named “The Millenials”, “Generation Y”, “The Internet Generation” or “Digital Natives” and are part of a future generation of workforce which is significantly different in their needs and expectations on their employer. As such, WanaYu aims to be a future generation company which not just meets, but drives these needs and expectations.

People

- *Talent* - WanaYu looks for young and dynamic talent and people who would like to develop their talent together with us.
- *Teamwork* - Teamwork is the base for creative innovation which in turn will be one of WanaYu's strategic capabilities to gain a competitive advantage. As such, teamwork is not a nice to have – this is the WanaYu Company Culture.

Peace

- *Flexibility* - WanaYu understands flexibility as a result of the trust. Every employee has the freedom to define their own flexible working environment by owning the trust of his co-workers and the overall company.

- *Work / Life Balance* - To find the right work/life balance is a challenge for everyone who has a very strong passion for what he is doing. Still, everyone knows that it is essential for a sustainable health and engagement of every employee. In WanaYu, there is a very strong passion for what the company is doing and it takes on the challenge for every member of its team to get the right balance in order to sustain this passion for a long time.

Property

- *Technology* - Technology is at the centre of everything which is done and the company is always on the search for new technologies to engage a global community.
- *Facilities* - WanaYu's office shall be a "Community Think Tank" where people come together to share ideas. An inspiring environment instead of a raster shaped office space.

Participation

- *Involvement* - Give every employee the chance to talk openly, honestly and regularly about what matters to them and how their role can be made more fulfilling, purposeful and connected to their career aspirations.
- *Reward & Recognition* - WanaYu is a global company which gains its competitive advantage from the diversity of its workforce. Job mobility and overseas assignments are not an option, they are a must as we believe that a community should not only connect online but also socialize in the Real World. Employees shall engage the WanaYu community and with this the company wants them to experience different culture and languages also in real life. *Learning & Development* - WanaYu is devoted to empower people to learn by the exchange of knowledge and experiences in the community. The same shall be applied to WanaYu's workforce were a continuous training and development especially on social and soft-skills is a priority focus.

Purpose

- *Mission & Values* - One of WanaYu's main objectives is to give something back to the community which makes corporate responsibility a key value. Its business model is based on the idea that everyone should be able to learn a language without paying for it. People share their own knowledge and cultural experience with the community in exchange to what they have learned. While WanaYu gain the necessary revenue to operate the company out of a small portion of the community who are willing and able to pay to accelerate their learning process.
- *Diversity* - Nowadays talent looks for diversity which is one of the reasons why employees often change their employer. WanaYu wants to provide diversity to its workforce without them needing to leave. Therefore WanaYu will encourage especially their top talents to take some time off to do something different like for instance to travel for a longer period or to join international community/charity work projects.

7.2.1 Performance Evaluation

One of the most significant factors affecting an individual employee's productivity and the length of time they stay with an organization is the working relationship they have with their immediate line manager. The manager has the greatest influence on their individual team members' level of engagement.

WanaYu thinks that employee engagement is not just a nice thing to do; it is inextricably linked to the levels of service the community members receive. WanaYu will follow a well established process of performance management process called Management by Objectives “MbO” which defines a list of best practice to form the basis of the ‘People management fundamentals’ which WanaYu will aspire to work ahead.

The list is a minimum; it does not preclude managers from doing additional activities that are relevant to their areas of the business, or for a particular individual who needs additional coaching. The management fundamentals do not aim to replace a manager’s natural management style, but are intended to build on the many examples of best practice management in operation across the business.

The core responsibilities of every manager will be:

- to identify aims and vision for the individual group based on the overall company strategy
- to establish responsibilities, objectives, accountabilities and measures, by agreement and delegation
- to monitor and maintain overall performance against plan
- to establish, agree and communicate standards of performance and behaviour
- to develop team-working, cooperation, morale and team-spirit
- to identify and meet group development needs
- to give recognition and praise to individuals - acknowledge effort and good work

Principles of the Management by Objectives Cycle

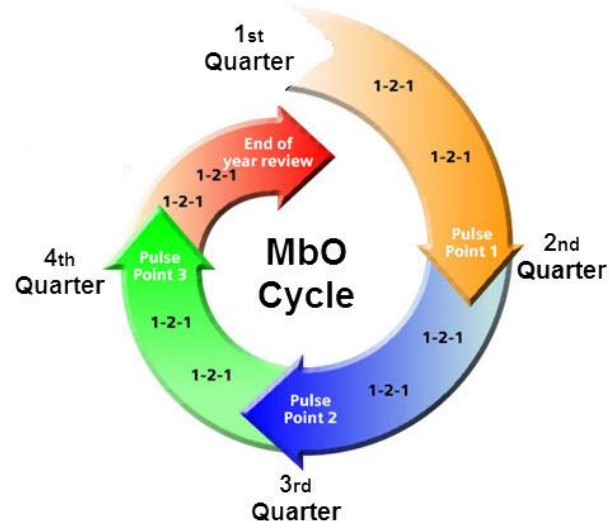


Figure 27: Principles of the Mbo-Cycle

Initiation - beginning of 1st Quarter

- Managers define the Balance Score Card for their department based on the overall company objectives
- Agreement of SMART performance objectives and metrics between the manager and every employee

One to Ones

- Manager will hold One to Ones with every employee on a monthly basis to track the set objectives

Pulse Points

- The detailed progress against the objectives as well as individual competency gaps and development needs will be discussed more in at the quarterly pulse points
- Pulse Points should also be used to update the employee's role profile which should be kept relevant

End of year review

- Review of the overall performance of the year against the metrics, objectives and competencies which will result in a performance rating for the individual employee's performance for the year

7.2.2 Remuneration Model

Maximizing company performance is not achieved by getting every employee to perfectly perform the activities outlined in their job description. It is achieved by getting every employee to do all that they can to contribute to the success of the business. The objective of WanaYu's remuneration is to create a model of partnering with its employees to achieve create performance and to share the success of the company with its employees. The remuneration model comprises both fixed and performance-related components which will be based on the following principles:

The variable element of the remuneration will depend on the performance of the individual employee, its team as well as the overall company performance.

The performance will be measured through the process of Management by Objective resulting in the performance factor.

Base pay increases are reserved for growth in skills, competencies and responsibilities.

A reward program will be setup to recognize outstanding individual and team performance with promotions, special assignments, training, etc.

Executive pay will be capped at a multiple of average employee pay in order to maintain a balance between what the executives contribute to the organization and what the average employees contribute. Sharing the wealth is a healthy team approach that properly values the contribution of every employee, and can give every employee a role and a stake in the success of the organization

The variable payment will be calculated based on the following formula:

$$\begin{aligned} \text{Variable Payment / Bonus} &= \text{Gross Salary} * \text{MCB "Market Competitive Bonus"} \\ &* \text{Company Result Factor} * \text{Team Performance Factor} \\ &* \text{Individual Performance Factor} \end{aligned}$$

The company will also evaluate the option of an additional element which is based on share options to create an additional incentive for employees to stay with the company and at the

same time to share the company's success with all employees. Such an element will depend on the legal form of the company and type of initial investment to fund the start-up.

7.2.3 Organizational Development

For WanaYu training and development play an important role to retain the most important and valuable asset, our employees. On a yearly basis new training and development plans will be worked out with each employee in order to thrive for the best results in interest for the employees. A catalogue with possible training and development options free of choice for the employees is available which include classes on individual and team presentation skills, content development, business writing, executive speaking, delivering feedback, and management/leadership. Free foreign language lessons, including French, Spanish, Japanese, and Mandarin are available.

Particular attention is paid to providing unique development opportunities for Developers such as orientation and training classes, mentoring, career development, and tutorial services. Leadership development programs help to develop and support WanaYu's future leaders. WanaYu will invest in its employees to keep them abreast of the professional and technological advancements as well as soft skills.

7.3 Growth Plan

The actual growth plan of WanaYu is based on a specific strategy including market penetration and constant innovation.

2013-2014:

The objective for the first two years of the organization is to establish the business in a sustainable way. WanaYu wants to triple its market share between year one and two.

To achieve this, the company will have to build its platform, recruit a competent workforce and invest a lot in research and development. One of the competitive advantages will be to promote collaboration as well as content creation within its community in order to allow the customers to learn through each other. In order to make it possible, WanaYu will create the same way of thinking within its company by creating project "Creative Innovation Teams" that include members of each of its key departments: Marketing, Development, Finance controlling and Operations.

Its main focus during the first two years will be "spreading the word" through marketing while focusing on Development, regarding the different activities which are going to be created for the portal; and on Community Managers, who will have to work hard on creating the network as well as the relation between the offline and the online world.

Along these two first years the company will work hard on correcting its weakest points and improving the services offered to the customers having sustainability in mind.

As a consequence, at the end of the year 2013, the results will be reviewed in accordance with the objectives and the strategy of the company.

First scenario:

The results are not satisfactory enough and it will be necessary to work on correcting the weaknesses as well as rethink the strategy and objectives of the company, in order to achieve its goal of establishing a sustainable business.

Second scenario:

The results are satisfactory. Hence, the strategy and objectives will be reviewed in order to make sure strategy is aligned correctly to business and reduce the investment on advertising. Indeed, if the results are satisfactory, this will mean that it would have been managed to “spread the word” and achieve its objective of sustainable business in its market.

2015-2016:

These two years will be crucial for the company as the objective is to triple the number of active members from 2014-2015 and to double it from 2015-2016, reaching the number of 359.579. In order to achieve this goal, the scenario two will be taken into account, where WanaYu reaches and successfully establishes a sustainable business within its first market. The following goal is actually to find and satisfy the needs of our current language learners. As a consequence, WanaYu has to find out what could be called potential indirect markets.

Nowadays, the potential indirect markets are: The United States, Canada, Australia, India, Latin America and Brazil.

Indeed, the US with Canada and Australia are an indirect market regarding the language which is common to all of them and their interest in learning foreign languages. They will also represent what could be called a prestige market if it is decided to expand the business there.

Regarding Latin America, this is actually the same model than in the previous point regarding the language which in that case would be Spanish. This will represent a huge market as well as potential customers. However, it should not forget about the cultural differences and development in each country of Latin America.

India is one of the BRIC countries and has actually a huge numbers of English learners/speakers and a high interest in learning foreign languages because of the country’s development. However, India will mean to know Hindu, be able to adapt the portal to its country and have a deep knowledge of the culture which is quite different from the European one or the Latin one for instance.

Finally, Brazil is as well as India part of the BRIC countries and registering an impressive growth for the last several years now. Brazil will actually be our decision regarding our market expansion for the year 2015.

Here below, the evolution of its GDP from 2008 until 2012 can be observed:

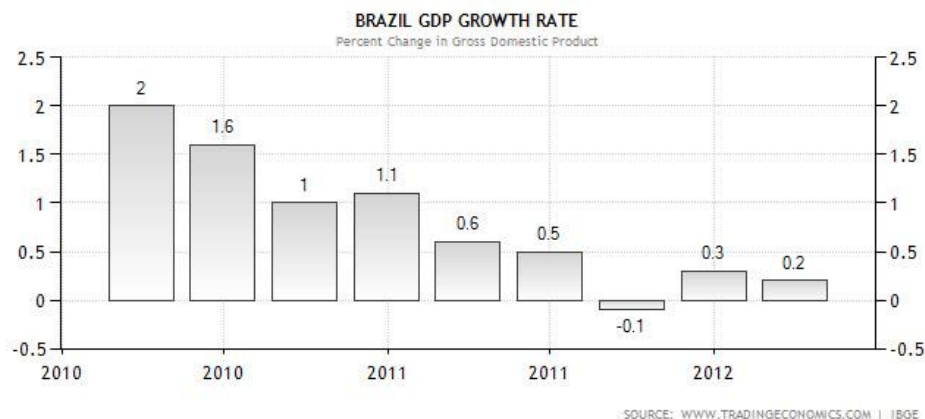


Figure 28: Brazil GDP Growth Rate

As it could be observed, even if the country has been affected in 2009 by the financial crisis, it has been increasing in an impressive way throughout the last four years. Between 2010 and 2011, the GDP grew by 2.7% and the forecast regarding 2012 is an increase of the GDP by 4.7%.

One of the main points of interest in order to make the decision about Brazil was, apart from its growing GD and its Internet access.

Internet has been introduced publicly in Brazil in 1995, less than 10 years ago. However, since its privatization in 1998, it became, thanks to the government policies and the competition, more available to the Brazilians with a better quality as well as a lower cost. Even if high-speed Internet was introduced in 2000, its limited availability was one of the major problems of the country, mostly in the rural parts. However, thanks to governments' action, the problem has been mostly solved and in 2010, 88% of the Brazilian cities had a broadband access. One relevant piece of information regarding the market as well as its targeted customers is that the government came up with a plan in order to connect 86% of the public schools to the internet with a broadband connection. Moreover, the Internet is a popular medium for regarding citizen government interaction. Indeed, 99% of all income tax forms are delivered online for example. The last point regarding Brazil will be to study the number of Internet users as well as the social learning learners out of it. According to nowadays data, Brazil will represent for WanaYu 4.405.667 social learning learners. It will definitely increase the market presence of the company as well as help it to reach its objectives of 179.583 of active members for the year 2015 and 359.579 for 2016.

Impact on the organization:

Expand to Brazil, will have some impact regarding the functioning of the company.

Indeed, first of all, this expansion will mean including a new language to the portal which will be Portuguese. Hence the development department will have to work on adapting its entire portal according to this new market. However, it will not create the need for more personnel in this department, according to the actual forecast.

Therefore, the Marketing department will have to produce an important work with this expansion. First of all, the company will need to work on the advertising in Brazil in order to make people aware of the company. Advertising may be slightly different from the one used on the existing markets as Latin America as a different way of doing it. However, the social-media marketing will be the same.

Brazil is the fifth largest country of the world; hence, the community managers will need to be really proactive as well as present in the online and offline part of our business. In order to cover this need, the forecast is that a community manager will be needed by 20.000 active users. This number may be willing to change within the following years. However this represents the actual forecast based on the actual numbers.

7.3.1 Hiring & Selection

The goal in selection and recruitment is to attract, hire and retain the most qualified individuals. The Hiring & Selection in WanaYu is made "for fit", not only with the job requirements, but also with the philosophy and values of the company. As a start-up, the company needs for personnel are limited and most of the roles will be covered by the starting team. Once growth calls for new

hires, the main purpose will be to build a strong team that not only is able to obtain results, but that is also capable of creating a great working atmosphere.

If the company counts the amount of people working for the company at this early stage (year 2012 - 2013), it sums up to no more than fourteen. In such a small size, fitting the candidate not only by the skills it provides but also by how it relates to the rest of the group will prove essential for success. Prospect newcomers will be invited for a test period of no more than a month at the end of which its future working colleagues will evaluate 360° if the candidate suits for the position (having the corresponding manager the last say). Given a positive evaluation, he or she will be welcomed “into the family”.

The forecasted growth in the company for 2013 and 2015 demands a greater increase in the workforce. Should the selection process be carried by qualified agencies in Brazil, the same “for fit” policy should apply: no candidate is a suitable candidate if it does not fit both through working skills and socializing.

7.3.2 Recruitment Plan

Department	Position	Number of employees	Date got new employee	Remarks
Marketing	Anne Kleinsorge	1	Start-up	CMO and responsible for Community Management and team
	Cultural Manager	1 1 2	01/01/2016 01/01/2017 01/01/2018	From 2016, responsible for European market Responsible for Brazil Spread reporting of Community Manager
	Community Manager	1 3 3 6 11 16	01/10/2013 01/01/2014 01/01/2015 01/01/2016 01/01/2017 01/01/2018	Each one will be responsible for one country Each one will be responsible for 40,000 users
	Community Analyst	1 1 3 4 7 10	10/01/2013 01/01/2014 01/01/2015 01/01/2016 01/01/2017 01/01/2018	
	Assistent	1 2 3 5 6	01/01/2014 01/01/2015 01/01/2016 01/01/2017 01/01/2018	Support for Community Managers one each
Development	Lars Meyer	1	Start-up	CTO and responsible for technical development and R&D team
	Web Solution Designer	1 1 1 3 4 5	01/01/2013 01/01/2014 01/01/2015 01/01/2016 01/01/2017 01/01/2018	
	Graphic Designer	1 1 1 2 3 4	01/01/2013 01/01/2014 01/01/2015 01/01/2016 01/01/2017 01/01/2018	
	Development Assistant	1 1 3 4 5	01/01/2014 01/01/2015 01/01/2016 01/01/2017 01/01/2018	
Operations	Aurelia Emond	1	Start-up	COO and responsible for the portal operation and Infrastructure
	Portal Manager	1 1 1 2 4 5	01/10/2013 01/01/2014 01/01/2015 01/01/2016 01/01/2017 01/01/2018	
	Purchase Manager	1 1 2	01/01/2016 01/01/2017 01/01/2018	
Business	Rogelio Marquez	1	Start-up	CFO and responsible for all Business support and strategy alignment
	Finance controller	1 2 3 4	01/01/2015 01/01/2016 01/01/2017 01/01/2018	
	HR manager	1 1 1	01/01/2016 01/01/2017 01/01/2018	
	IT support manager	1 2 3	01/01/2016 01/01/2017 01/01/2018	

7.3.3 Sources of recruitment

Position	Channel	Who follow?	Remarks
Cultural Manager	Internet/Headhunters	Marketing Director/HR manager	
Community Manager	Internet/Headhunters/ Word of Mouth	Marketing Director/HR manager	
Community Analyst	Universities/Internet/ Word of mouth	Marketing Director/HR manager	For this position a trainee will be required
Web Solution Designer	Internet/Headhunters/ Word of Mouth/Job Center Plus	Development Director/HR manager	
Graphic Designer	Internet/Headhunters/ Word of Mouth/Job Center Plus	Development Director/HR manager	
Language Learning Developer	Universities/Internet/ Word of mouth	Development Director/HR manager	For this position a trainee will be required
Portal Manager	Internet/Headhunters/ Word of Mouth/Job Center Plus	Operation Director/HR manager	
Purchase Manager	Internet/Headhunters/ Commercial recruitment agencies	Operation Director/HR manager	This person should have a minimum of experience + good communication skills
Finance Controller	Internet/Headhunters/ Word of Mouth/Job Center Plus	Business Director/HR manager	
HR Manager	Internet/Headhunters/ Job Center Plus	Operation Director/Development Director/Marketing Director	
IT Support Manager	Internet/Headhunters/ Word of Mouth	Business Director/Development Director/HR Manager	

7.4 HR Policies

- **Recruitment and selection**

WanaYu strives to be an international, diverse and multi-cultural company without boundaries of age, race or gender.

The aim of the Recruitment and Selection Policy is to ensure that WanaYu selects the most suitable person for the job on the basis of their relevant merits and abilities and that no employee/job applicant is unfairly treated on any grounds including:

- Race
- Colour
- Nationality
- Ethnic or national origins
- Religion
- Gender
- Sexuality
- Actual or perceived Aids/HIV status or perceived association with an HIV positive person
- Marital status
- Age
- Social background
- Disability

Confidentiality

To protect the privacy of candidates and to preserve the integrity of the recruiting process, all search committee members are required to maintain confidentiality throughout and after the conclusion of the recruitment process.

Confidential information includes matters discovered or discussed during the recruiting process.

All information relating to the search may only be discussed with other search committee members, Human Services or administrators in the chain of command of the hiring department.

Employees who violate this requirement for confidentiality will be subject to corrective or disciplinary action.

Compensation and benefits

Working hours

The normal work schedule for all employees is 8 hours a day 5 days a week. The working week goes from Monday to Friday except for the Community Support. Shift schedules will be developed each month. Flexible scheduling, or flexitime, is available to allow employees to vary their starting and ending times each day within established limits as WanaYu believes and trusts in its employee to take own responsibilities for their work schedule.

Weekly Off

As per statutory obligations, that whenever an employee works for six days at a stretch he / she is entitled for a rest day i.e. 7th day otherwise calls weekly of. In case of emergency operations personnel could work continuously however in any case it should not be postponed beyond the 10th day.

Additional Duty

Due to exigencies of work load or to take care of absenteeism, the office or operations might engage employees beyond the scheduled employee hours, whenever employees are advised to

work additional duty due to production schedule or any other valid reasons, such employee shall be given compensatory off in some other working day .

Scope of policy

This policy applies to all regular full-time and part-time employees.

Staff policy

a) Employees get four (4) weeks of paid vacation.

Scheduling of Vacations

a) Vacation may be divided into more than two periods where so requested by the employee, provided the employer consents.

b) Scheduling of vacations shall be the responsibility of the Department Head who will ensure that all employees are given their full vacation entitlement while taking into account the preferences of staff, service and the maintenance of efficient departmental service. An employee is entitled to know the date of his/her annual vacation at least four (4) weeks in advance.

Employee sick leave

Employees shall be allowed to use their accrued sick leave to take time off from work for the following reasons:

If an employee has, or has been exposed to, a contagious disease such that his or her presence on the job might jeopardize the health of others; and

If an employee's medically-related appointment(s) cannot be scheduled during his or her non-work hours.

If medically necessary, during an employee's temporary disability from performing his or her duties, including disability related to pregnancy or childbirth.

Family sick leave

Employees also shall be allowed to use their accrued sick leave to take time off from work for the illness or death of an immediate family member.

Immediate family

An employee's immediate family shall be considered the employee's:

Parents, including step-parents

Spouse

Children, including step-children and foster children

Siblings, including step-siblings

Any relative, either by blood or marriage, living in the employee's household

Process of sick leave

An employee who wishes to use sick leave must comply with a management request for verification of the need to use sick leave.

An employee's use of paid sick leave may be denied if the employee fails to comply with a management request for verification of the need for sick leave.

Forms of verification include, but are not limited to, the following:

- Certification from the employee's physician that the employee currently has or has been exposed to a contagious disease such that his or her presence on the job might jeopardize the health of others;
- Evidence that the employee has a medical appointment that could not have been scheduled during the employee's non-work hours.
- Certification from the employee's treating physician that the employee is temporarily disabled from work.

Health and safety

You can help avoid serious accidents and/or injury to yourself and others by following certain general safety rules. Violation of the safety regulations of the company may subject you to disciplinary action, up to and including termination of employment.

- All control buttons and switches shall be properly identified as to their function and purpose.
- All unsafe work conditions shall be reported to a supervisor or the safety coordinator.
- Report, in writing, all work-related accidents, injuries or illnesses to a supervisor.
- Correct or report any safety device that is missing or inoperative.
- Qualified personnel shall perform maintenance of equipment. Do not attempt to fix it yourself.
- Aisles and emergency exits shall be kept free of debris at all times and maintain a minimum width of 24".
- Floors shall be kept clean and dry.
- Floors and platforms shall be kept free of projections, obstructions, holes and loose boards.
- Exits shall never be blocked or obstructed.
- Fire extinguishers shall not be blocked or obstructed at any time.
- Horseplay and running shall be forbidden.
- Smoking is not allowed in any enclosed space, which is company property.
- Proper hygiene shall be used when leaving or returning to work areas for break and meal periods (i.e., washing hands).
- Employees shall use proper lifting techniques as outlined in the Back Injury Prevention Program, to avoid overextension when lifting.

Employee relations

Social Network

All communication from the management to the employees will be put up via social Network as early as possible by the management or shall happen in a direct manner.

Instant Messenger

The Company uses an Instant Messenger connected through an Intranet, for an internal communication. Employees can also make use of the Messenger facility to communicate within themselves. Employees are restricted to send any obscene or vulgar messages to Co-Employees using the Instant Messenger. Offenders will have to face a disciplinary action suggested by the WanaYu.

Web Mail

The Company will also use the Web Mail to communicate with the employees.

Creative Innovation Meetings

Creative Innovation Meetings are of cross-functional nature and will be announced via Intranet. Personal invitation will follow.

Board Meetings

Board Meetings will be held at frequent intervals and only the Senior Level as authorized by the management are allowed to attend these meetings. Other personnel may be invited to attend on a need basis.

All directors are involved in the decision making process and will have one vote each.

The Managing Director will have the absolute right to decide which subject on the agenda will be put through a voting process and the final decision will be made by the Managing Director or the General Manager in his absence after the vote which will be binding on all Employees.

Minutes of the Previous Board Meeting will be circulated at the subsequent Board Meeting. Staff meetings will be held at least two (2) times a year.

These informative meetings allow Employees to be informed of recent Company activities and changes in the workplace.

Suggestion Box

The Company encourages employees who have suggestions that they do not want to offer orally or in person to write them down and leave them with their Superior or the Management.

Every care will be taken to preserve the Employee's privacy. No action will be taken on anonymous complaints or suggestions and the management has the right to reject such suggestions.

Suggestions may be sent by e- mail to their respective Superior or Departmental Manager.

Procedure for Handling Complaints

Under normal working conditions, Employees who have a job-related problem, question or complaint should first discuss it with their immediate Superior. At this level, Employees usually reach the simplest, quickest, and most satisfactory solution. If the Employee and Superior cannot solve the problem, WanaYu encourages the Employee to escalate the issue upwards in the management hierarchy until the problem is resolved.

Grievances

An employee shall convey grievances to the Management only in writing.

The Management shall respond, in writing and within a reasonable time, as to whether the grievances would be given due consideration or otherwise.

The Management may opt to implement corrective measures immediately or at their discretion, establish a Board of Inquiry to review and consider the grievances.

The Board of Inquiry shall recommend to Management the corrective measures to be undertaken.

8 Operations Plan

The operation of the business is crucial within all companies no matter if product or service driven. Over 80% of the cost and effectiveness is defined at the design phase which also applies to the design of business operation processes and as such can create a strategic advantage.

WanaYu as a company, its idea, mission, organization and web community is questioning the status quo of many common perceptions. As such, WanaYu cannot be considered a “normal” service company and therefore the need for new and challenging ideas for its operation is even greater to make a difference to its established competitors and to create value for its customers.

In the following sections a detailed explanation of the function of a “Lean Business” and its integration into WanaYu’s organization and structure will be given.

8.1 Value Chain and Service Operation

WanaYu will be operated based on the principles of a “Lean Business” which can be summarized as follow:

Value - The first and most important principle of a “Lean” Business is to identify and focus on the value provided to the customer. As a result, all activities which do not add value to the customer “waste” shall be eliminated while all activities which are required for the production or functioning of the business should be made more efficient or outsourced in case they can be done better by someone else.

Demand - Customer demand drives the production of products and services and as a consequence any activity shall be stopped if there is no demand for the value it creates.

Perfection - Continuous improvement to achieve total quality, since quality improvements provide more value to the customer and also play a key role in eliminating waste.

The value chain below demonstrates the key activities which add value to the final service provided by WanaYu community.

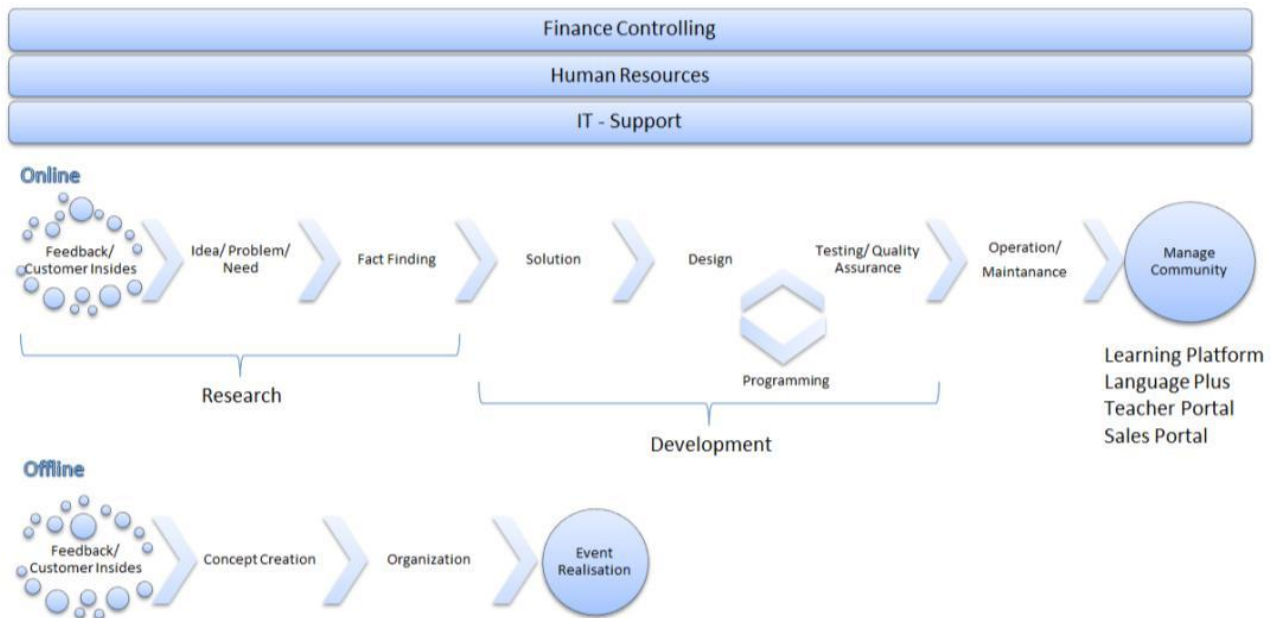


Figure 29: WanaYu Value Chain

The value chain is divided into two parts which create value for the community users: online and offline. The essential value for all WanaYu activities is the collected and evaluated feedback gathered in dialog with the customer across all provided functions. The feedback is the initiator for idea, problem and need definition in order to enhance the innovation process needed to improve the community platform and WanaYu as a company. A Cross-Functional Innovation team will be established with members out of the marketing, development and operations department. This team will discuss new ideas and through the ideation process design new solutions as well as improve existing services which need to be approved by the whole team.

In the online section Research and Development play an important role as they require technical understanding. Once the design for the solution has been developed programming takes place as an outsourced process in India. There is a constant communication flow between programmers and WanaYu Development team to assure all required quality aspects. Testing and a final quality assurance of the delivered product by the Indians is a crucial step in WanaYu before going live with any new concept, application or feature. Operation and maintenance takes care of successful implementation and functionality within the online community during the whole life-cycle. Community Management concerns the four provided services: Learning Community, Language Plus, Teacher Portal and Sales Portal. In the direct interaction with the customer in the online world, important feedback, suggestions, ideas and comments can be gathered for further improvements and development of the whole WanaYu community.

Feedback is also used in the offline value chain as an idea generator for all experiences in order to see which concept could bring the biggest value to community customers. Once the concept has been formulated then the organization, preparation and launching of event can begin. The next instance is the event realization where again is the highest and most direct customer contact in order to collect feedback and opinions from clients. This feedback will automatically be used for new idea generation.

Within WanaYu IT-Support, Finance Controlling and Human Resources are the overall business support for any activity. They represent the final instance in terms of business control and strategy alignment for all out taken activities in the online and offline community.

Created values for customers:

- Social Environment/ Motivation/ Engagement
- Connecting people one would otherwise not meet
- Information/ Knowledge Exchange
- Socialize
- Information/ Community Culture
- Open Communication/ Opinion Exchange
- Collaboration: learn together/ create together
- Study Material (pay/free) - Content
- Personality Growth
- Tailored Language Learning
- Language Class
- Guidance on Language Learning
- Deeper Knowledge about oneself (learning type)

8.2 Online Portal - Value Chain of the Language Services

The following sections illustrate the value chain of every individual service which is provided by WanaYu via the Online Portal. They show the most important value generating activities and functionalities. The flow diagram lists the different elements like Community Members, Online Portal and Community Manager and demonstrates how these elements interact between each other. “Onstage” presents the customer facing area while “Backstage” is the area behind the scene which is not visible to the customer.

The focus of the individual value chains is on the value which is generated during the operation. Section 3 in contrast, was showing the overall value chain including the design and the development of a new service.

Please access the following presentation to read the detailed descriptions of every element. The presentation shows the flow diagrams in the section “Business Processes” in a high resolution.

http://prezi.com/7ogbrw9tvbke/wanayu-operation-processes/?auth_key=64c808da2688ab2ef07b4b6048a40d7a8da7a0b1

8.2.1 Online Language Community

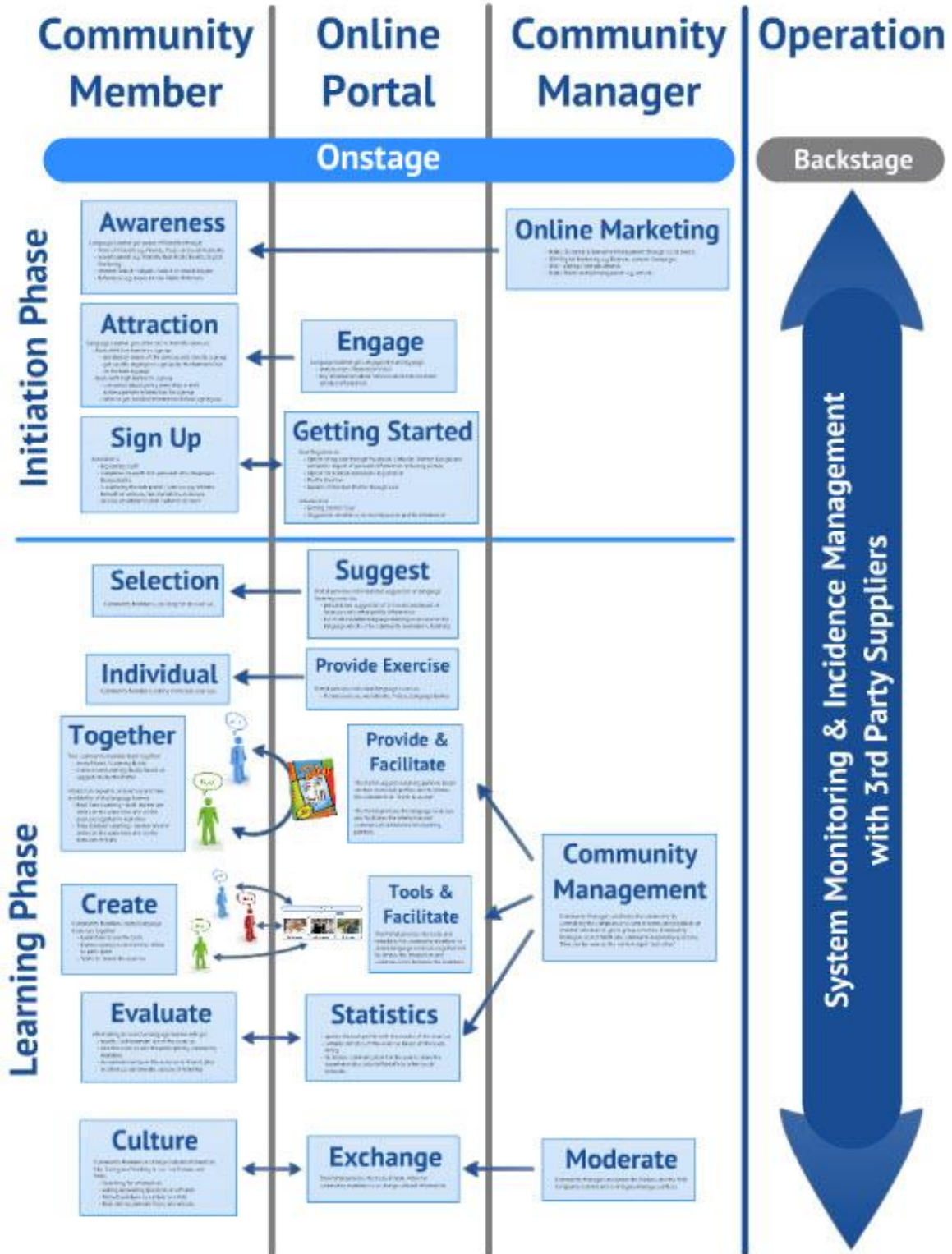


Figure 30: Online Community

The Online Language Community is the central element of the online language community which empowers its members to learn a language through other members of the community. The value chain has been divided into two phase starting with the Initiation which is a once off event related to the initial attraction and sign-up of the user. The following learning phase is a set of different recurring events which the community member chooses to learn a language. Any other special events related to customer service and support are explained later on in section

8.2.2 4.1.5 “Customer Relationship Management”.

The initiation phase starts with the marketing activity of the community managers to spread the word about WanaYu and its services through other social networks, SEO/SEM and other public relationship management. A Language Learner then gets aware of WanaYu through this activity and goes to the web portal where he gets engaged through a promotional video which leads him to sign up. The portal will automatically process the registration and provide the user with initial information as well as a suggestion on where to go next.

At the beginning of the learning phase, the community member will select an exercise based on his own choice or a personalized suggestion by the portal. Three different groups of exercises are available.

Individual - The portal is providing a variety of language exercises which the learner can do on its own.

Together - Two and more community members can do language exercise together by directly inviting a friend or consulting the portal to suggest a learning partner. The interaction between the two community members can be in real time were both learner are online at the same time and do the exercise together or delayed in time were both learner are not online at the same time and do the exercises in turns. In both cases, the portal is providing the exercises and is facilitating the communication as well as the collaboration between the two language learner.

Create - The third option is for multiple community members to create a language exercise together while the portal is again providing the tools to create the exercise and is facilitating the communication as well as collaboration between the community members.

At the end of each exercise, the portal will provide statistics and results while the members have the opportunity to evaluate the exercise as well as other community members with whom they did some language exchange.

The Community Managers coordinate the community by controlling the compliance to certain norms and establish an internal structure to guide group activities. Community Managers do not fulfil any community leadership positions. They can be seen as the control organ "judicative"

Backstage the operations department is constantly monitoring the operation of the online portal and is managing any incidence which may arise.

8.2.3 Language Plus

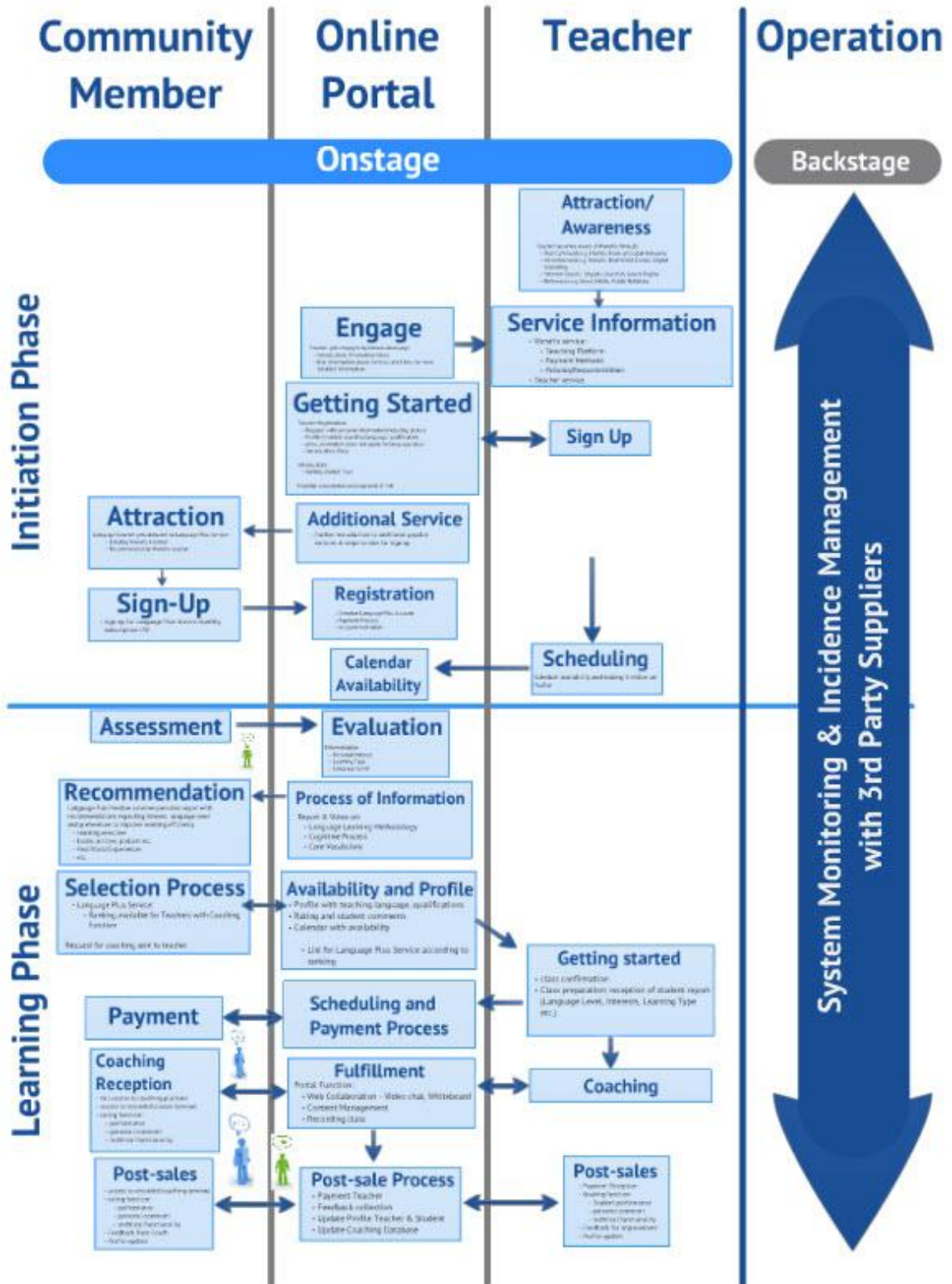


Figure 31: Language Plus

The Language Plus within the WanaYu community represents a payable service which creates a support for customers with little time to spend in language learning but with a special need to improve quickly their level. This service generates a revenue stream for the company as subscribed customers pay a monthly charge of 15€ for a personalized assessment where in a second step they get to know more details about learning preferences, type, style and cognitive brain functions. All gathered data help to improve the language learning process and efficiency as detailed programs can be developed together with the tutors as a third pillar within the extra service. Two hours per month with the tutor enhances a more focused and personalized approach to the challenge of learning a foreign language.

The service design of Language Plus can basically be divided into three sections: the initial, the language learning and the special occasion phase. In the initial phase the most important work has to be realized and taken out by the community managers who are responsible in the first stage for the attraction of potential teachers within the World Wide Web. Intensive online marketing activities in strategic important social networks, blogs, forums and other supporting language learning websites are key to the attraction. Created interest leads in a next instance to the sign-up and the first payment of a 10€ monthly activity charge for provided services by WanaYu to support the coaching and teaching process. A profile is created within the portal where important details are displayed such as photo, name, teaching languages, qualifications, supporting videos, schedule etc. Here will be shown later on, all students' feedback and ranking as an important distinguisher for the teachers. The coach or tutor feeds the schedule in order to make availability visible. On the other side of the portal external students will be attracted to sign-up by recommendations from teachers or due to advertisement within WanaYu community. The initial 15€ monthly subscription fee will be due with the Language Plus Account creation. As a first service the assessment for the development of an individual learning schedule needs to be taken. Out of these gathered data, a report for the student with important data to enhance the learning efficiency is issued to each client. As a next step, potential students can seek the coach ranking and make a free choice with sending a coaching request. The tutor has now the choice to accept the request and confirm time and date for the initial online session. As a support for the preparation phase the tutor receives the issued report. Online and on a proper Content Management platform the session between coach and student takes place via video chat, whiteboard and other support functions for full web collaboration. The whole session is recorded for a later recall possibility for students or as a Marketing tool for the tutor. The wrap-up of the class is the 5€ payment of the teacher per class for its tutoring. Payment is a fixed price and is an obolus for the teachers work. Even though the amount is small in comparison with the normal charge it is a good distinguisher for the teacher and supports the connection to possible clients for further teaching business as opposed to offer a free initial class to students.

As a last step to complete the language learning process and to guarantee the customer satisfaction and assure quality a two way feedback is requested where the student as well as the coach can rank and comment on performance and technical functionality. This feedback helps WanaYu to improve the provided service on a constant basis and guarantee a successful learning experience for the student and the tutor.

Critical moments and risks have been detected within the process of Language Plus function such as insatisfaction of teacher performance or technical problems which will be further discussed in the Customer Service Management section.

8.2.4 Teacher Portal

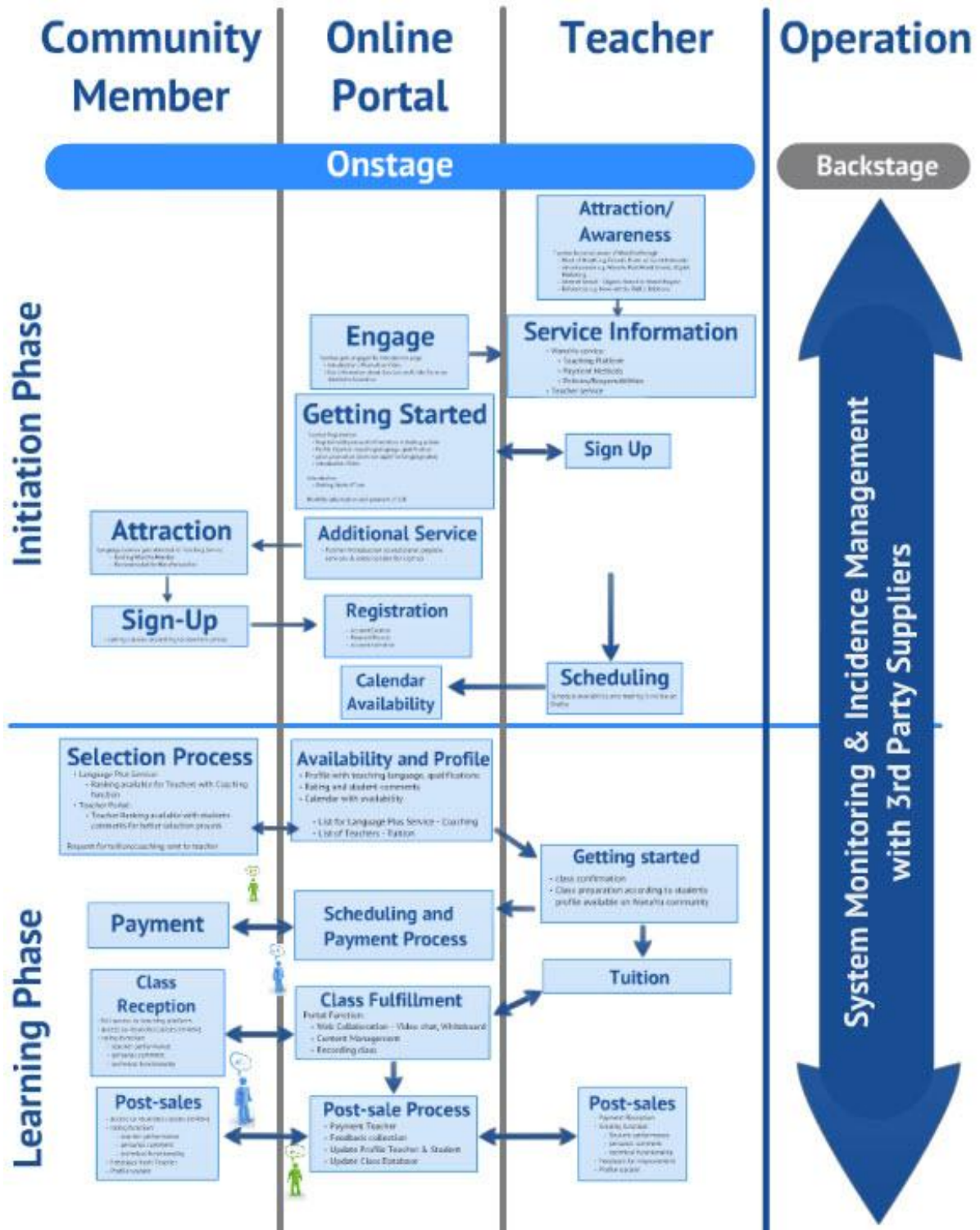


Figure 32: Teacher Portal

As the Language Plus Service already indicates the Teacher Portal is an integrated function within the payable section of the WanaYu community. The teacher in the portal can be hired by WanaYu for coaching within Language Plus or they can work for their own teaching business where they basically set their own competitive prices. A percentage is taken by WanaYu for the provided service in the portal.

The teacher portal has the same phases and interactions as the Language Plus Service. Attraction of teachers is taken out by the community managers by online marketing. The teachers can set up their profile with all necessary data for the students and listings. The monthly charge of 10€ accounts for both services and enables the teacher to use the whole service provided in WanaYu community. By setting teaching availability in the schedule the selection by the students can begin. Ranking and the comments made by previous students facilitate the competition as well as the set prices by the teachers. The student can search the rankings and choose freely the preferred teacher. Confirmation and scheduling is needed from the teacher. In the class fulfilment the same collaboration tools are available as in the Language Plus service. Classes will be recorded for further reference and recall as well as marketing tool for the teachers. As teachers are external, WanaYu doesn't take responsibility for any content during the class, but offers facilitation if any problem occurs. Payments will be done over the portal to WanaYu where the percentage is taken off and payment transferred to the teacher for its class. The two way feedback tool is here also available for students and teachers to grade, rank and comment on each other's performance. Any functionality issues are directly reported to WanaYu for improvement.

Quality assurance is achieved by establishing behaviour guidelines set by WanaYu. If any special occasions occurred WanaYu will be present as a facilitator for the parties. Students can freely choose their teachers and swap anytime if teacher doesn't fulfil expectations. Further critical moments are discussed in the Customer Relationship Management below.

8.2.5 Learning Material

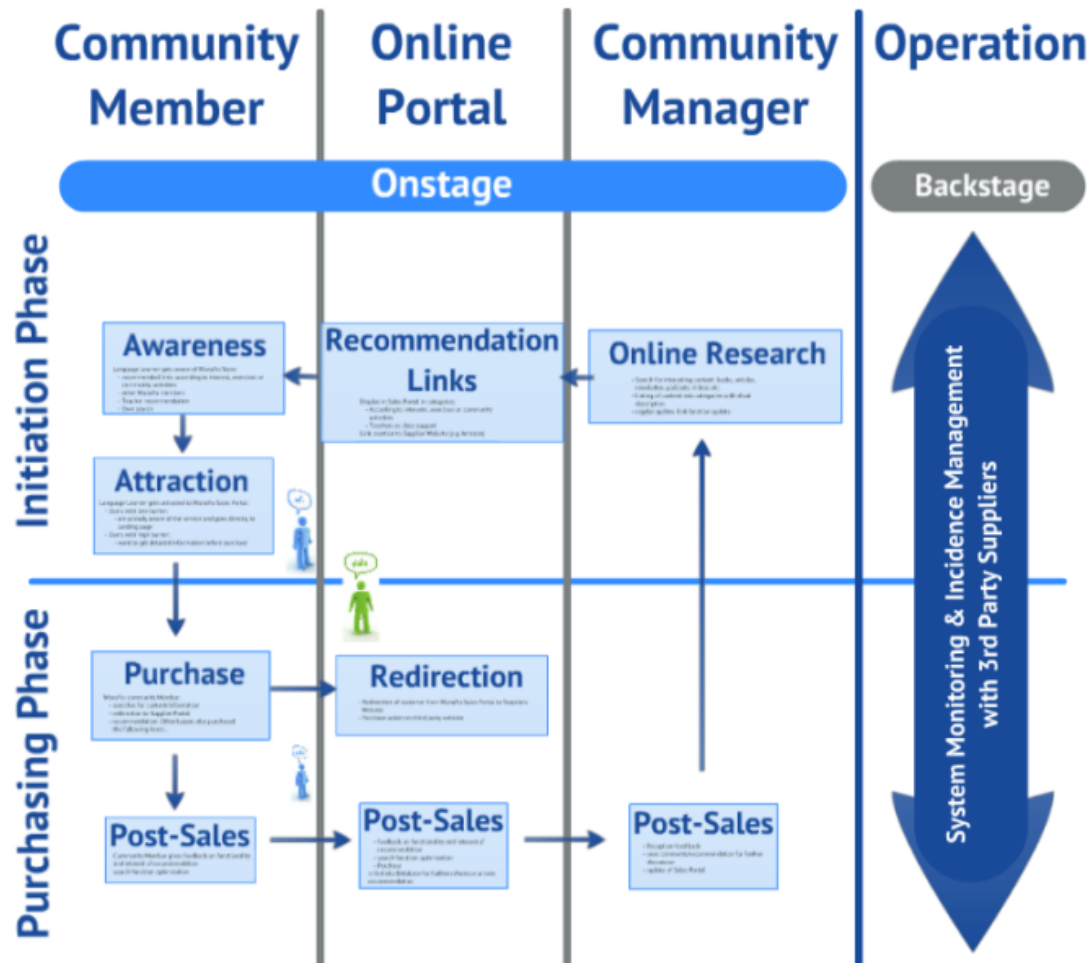


Figure 33: Learning Material

As a complementary service, WanaYu provides its customers with a wide catalogue of learning material to enhance the learning process.

The process starts when the user becomes aware of his/her need of this material. Four ways have been identified on how the search will be triggered: recommendation done by the portal according to the profiling, recommendation via other users of the portal, teacher's suggestions and his/her own initiative. Next step will be moving into the sales portal, where material can be found through a search engine provided by WanaYu's community management. Once the item is found, he/she will click on the link associated to it that will redirect the user to the supplier's web page (i.e.: Amazon), where the payment will be made. Prior to this, the user will be shown what other customers with a similar profile or having done similar purchases have bought.

The portal will record there has been a search/search & purchase action and will send a survey to the customer for him to evaluate the service. This feedback will be used to optimize the search engine, fed into the database for further usage and will help the community managers to update the sales portal or even develop new services.

8.2.6 Customer Relationship Management

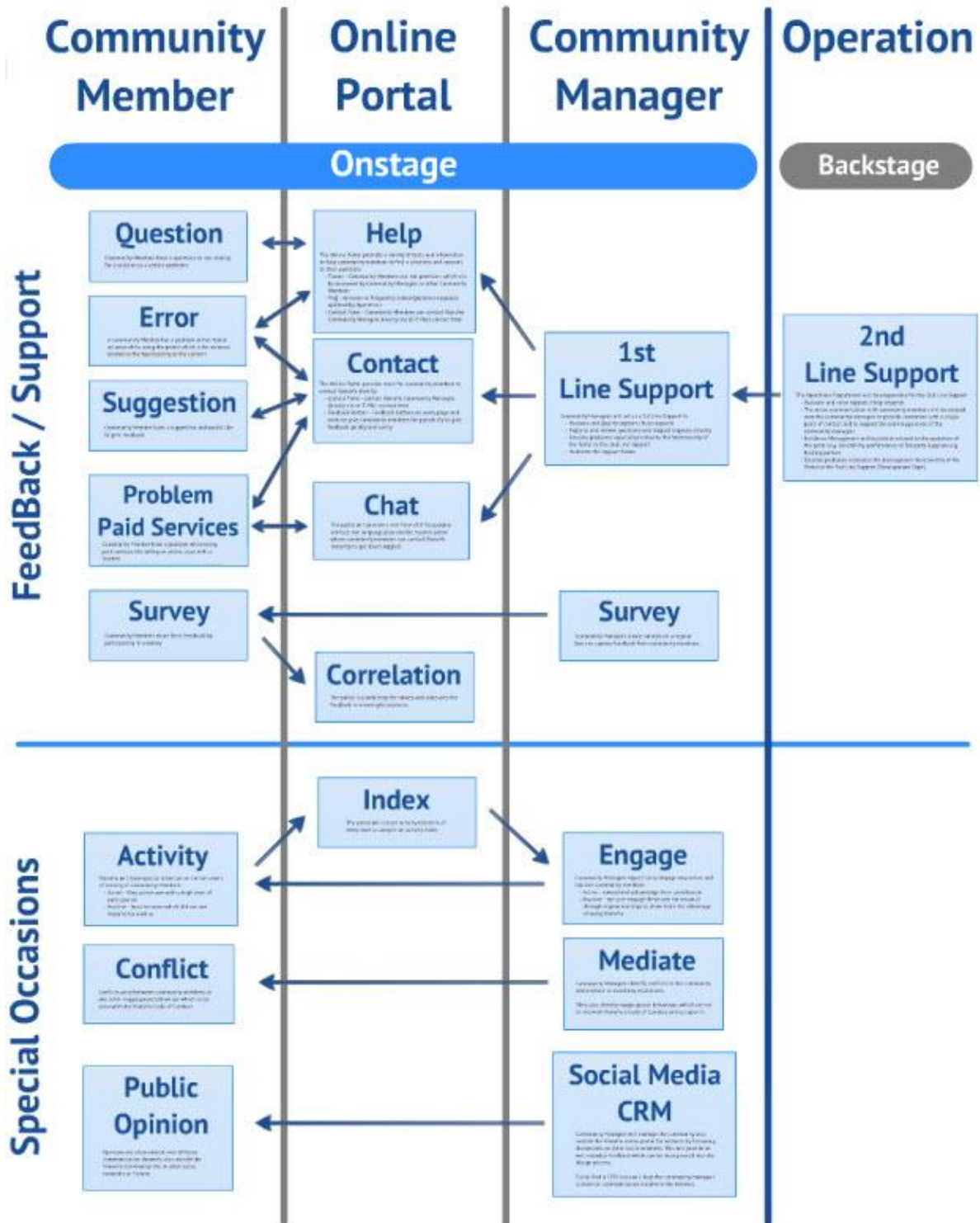


Figure 34: CRM

Customer Relationship Management has been divided into two sections - Feedback/Support and Special Occasions. Should a community member have a question, has a problem, found an error or would like to make a suggestion, then he has a variety of options to receive support.

Forum - Community Members can ask questions which will be answered by Community Managers or other Community Members

FAQ - Answers to Frequently Asked Questions regularly updated by Operations

Contact Form - Community Members can contact WanaYu Community Managers directly via an E-Mail contact form

Feedback Button - Feedback buttons on every page and exercise give community members the possibility to give feedback quickly and easily

An additional service will be available to users of payable services like language plus and the teacher portal. Should a user have a problem during the use of these services then he can contact a community manager directly and in real-time via a chat tool which is provided by the portal.

Community Managers will act as a 1st Line Support to Evaluate and Quality support / help requests, Reply to and answer questions and support requests directly, moderate the support forum as well as escalate problems especially related to the functionality of the Portal to the 2nd Line Support. The Operations Department will be responsible for the 2nd Line Support to evaluate and solve support / help requests. The entire communication with community members will be relayed over the community managers to provide customers with a single point of contact and to support the learning process of the community managers. Another responsibility of operations will be the Incidence Management and escalation related to the operation of the portal e.g. availability, performance to 3rd party suppliers e.g. hosting partner as well as escalate problems related to the development functionality of the portal to the 3rd Line Support which will be the Development Department.

Community Managers will also create surveys on a regular basis to capture feedback from community members which are correlated into meaningful statistics by the portal.

As part of the special occasions, the portal will track the activities of users to give the community manager the opportunity to engage community members which on side were not active since a while as well as to reward community members who are very active and provide a very high and positive contribution to the community.

Another special event are conflicts which will be identified by Community Managers and mediated to avoid any escalations. In addition, they also identify inappropriate behaviours which are not in line with WanaYu's Code of Conduct and act upon it.

The last part is Social Media CRM were Community Managers will manage the community also outside the WanaYu online portal for instance by following discussions on other social networks. This will provide as well valuable feedback which can be incorporated into the design process. Social Media CRM tools will help the community managers to monitor communication streams in the Internet.

8.3 Online Portal - Service Design

The design of new services as well as the improvement of existing services will be a joint effort between all departments in order to leverage the full potential of creativity and feedback captured from the community. A team with members of every department will be join in a Creative Innovation function and will use the well proven methodology of ideation to design new services.

Designing a service is like designing a product in the sense that you create something relevant, attractive and easy to use for your customer and, to do so, you work with materials, restrictions and costs. Regarding services, this translates into information, ideas and infrastructure.

Services are in themselves powerful means of extending the reach of the physical product. Referred to WanaYu, this statement becomes particularly relevant given how the borders between product and service diffuse, to the point where customers can not identify where the former ends and the later starts, merging Online and Offline worlds to create the full experience: is the portal the product? Is it the service? Are the events the product? Are they the service? It is a 360° experience.

When designing the services, what the team is doing is shaping the touch points with the customers. Three are the keys that lead to an outstanding contact with the end user: Care, Importance and Trust. Care refers, for example, to the ease of getting the product functioning properly or whether manuals are clear and well written or anything that will make the end user “flow” through the product (in our case, the example can be that the functionalities work properly and allow the user to flow through the portal, not take ages to load). Importance relates to the time invested in knowing our users: what they do, how they do it and why they do it. To have a clear picture of the what, the how and the why allows the team to pivot around the user when designing and implementing new solutions. Last but not least, the most difficult to develop but the most fatal if you fail: Trust, which relays on the concept of Empathy. If you communicate that you don’t trust your user, he/she is far more likely to find another path to get its needs satisfied (an example of distrust can be hangers in an hotel that have been fixed to the wardrobe to avoid customers taking them home when they leave. This lack of trust creates a pain while using the room, showing a lack of empathy with the user).

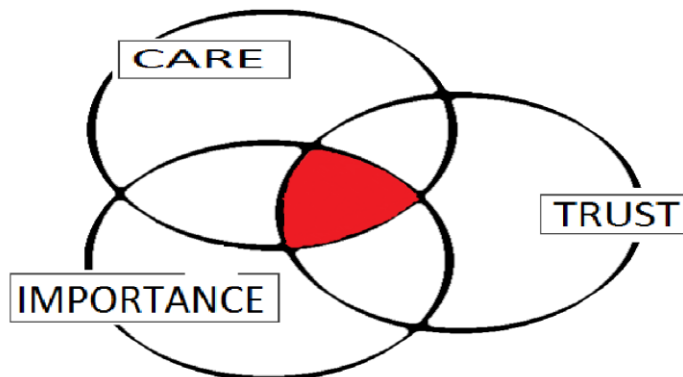


Figure 35: Touching Points

Hand in hand with the above, in order to provide a people-centred experience, attention should also be paid to the Utility of the service (what the service actually offers), Usability of the service (how easy is to interact with it) and pleasurability of the service (how much pleasure the user gets). Efficiency as additional fourth criteria should be taken into account: based on the 80-20 Pareto rule, the team should deliver small innovations with big impact.

The Process

Mager (2002) states that “An experience cannot really be designed, only the conditions that lead to the experience”²². To generate these conditions the following process should be followed:

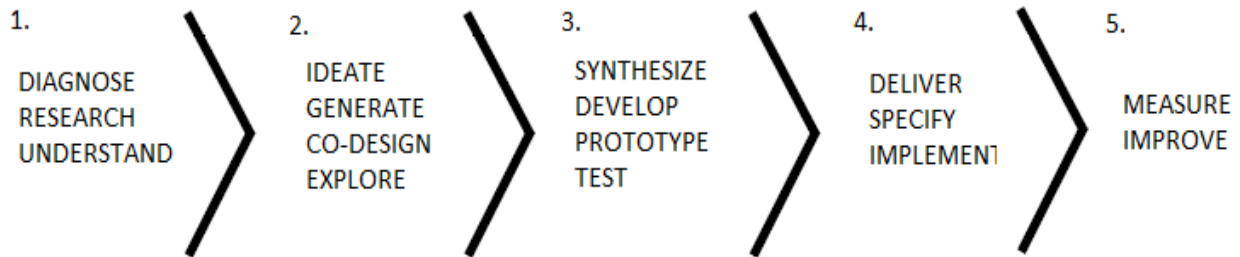


Figure 36: The Process

1. This step requires looking at the experience as a whole and in detail, understanding what the project requires, the environment it will develop in and what challenges will it be facing. Insights of the project are generated here.

2. Next step is creating a radical value proposition based on the research done in the previous stage and the concepts that cascaded from it. Here the investigation “comes alive” thanks to visualization tools (not yet prototypes) and co-creation starts to pivot around the end customer. The aim is to start generating value.

3. Co-creation leads into crafting the service model and testing its value proposition, tuning it through experimentation.

4. Design implementation requires shaping the touch points with the customer, defining the roles of those involved and how the staging should be performed.

5. The last stage of the process is designing a follow up system seeking for future improvement, both for the service and for other services, recycling those lessons learnt in this project for future designs.

Solution Design

The design of solutions will be grounded in Human Centred Innovation, which is not only asking the consumers what they want, but also trying to understand how their lifestyle could be improved by the delivery. It is about creating between the company and the users the dynamics that helps people to unleash their potential both during the creation and use. The process of

²² For further service design reading please visit http://www.dubberly.com/articles/designing_for_service.html

Human Centred Innovation is shifting an idea from desirable to feasible and from abstract to concrete.

Following the company’s philosophy of empowering through co-creation, solutions will be generated out of multidisciplinary teams made up of members of the different departments. When people co-create, they develop a sense of ownership towards the task and a sense of commitment with what they have helped to create. Situating the customer in the middle and making the different departments work towards a common goal, will prove to be the best way to avoid silos within the company: this kind of teamwork brings lots of ideas that have to merge into something “tangible” through consensus, fostering interdepartmental communication.

CO-CREATION				
WHAT?	TEAM BUILDING	FINDINGS & INSPIRAT.	IDEA GENERATION	VISUALIZAT. & SELECTION
HOW?	BASADUR'S TEAM	BASADUR'S SIMPLEX		PROTOTYPE

Figure 37: Co-Creation

Teams will be created based on the Basadur Methodology²³, a method designed to help an individual learn about his/her approach to handling problems. Through a test, we will be able to describe how the team members solve problems (not to evaluate their problem solving ability) and to organize them into four different categories: Generator, Conceptualizer, Optimizer and Implementer (please visit the link for a further insight of each profile). Based on this, the teams will be organized under two premises: departmental heterogeneity and profile heterogeneity. Once sorted out, they will be asked to come up with solutions for the needed improvements that data analysis arises.

The design process will be then carried out based on the eight steps of the Basadur Simplex that can be seen in the wheel below.

²³ <http://pangea.tec.selu.edu/~mhawkins/research/practicum/personality/brasadur.html>



Figure 38: Design Process

The process of designing the solution can be conceptualized as follows:

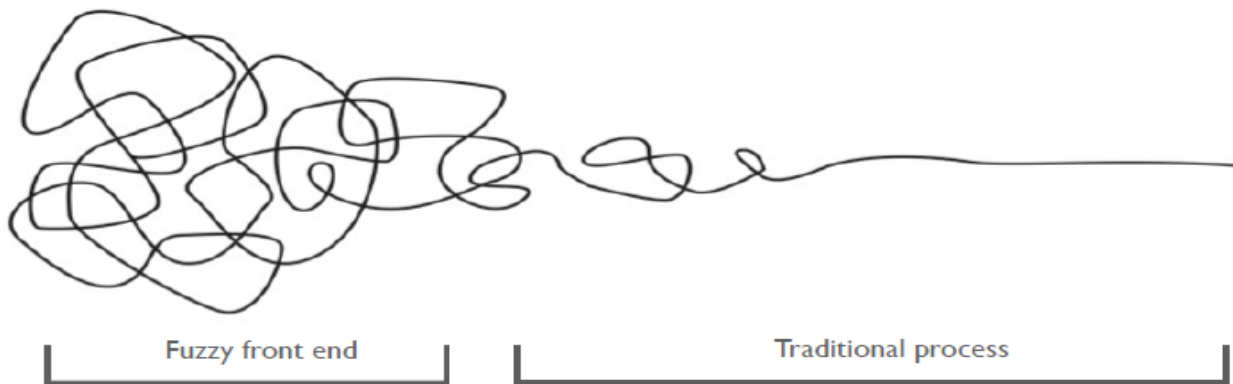


Figure 39: Concept Designing Process

As it is seen in the picture, the process can be divided into two sequential steps. Firstly, what has been identified as “Fuzzy front end” is the result of gathering the information through the Voice of the Customer methodology explained before (the Value Proposition Chain should be recalled at this stage: feedback was the initiator of this process). Secondly, the “Traditional Process” is the idea implementation once the team has gone through the eight steps in the Basadur’s Simplex.

In the picture beneath we can see how the Basadur Simplex matches the design process.

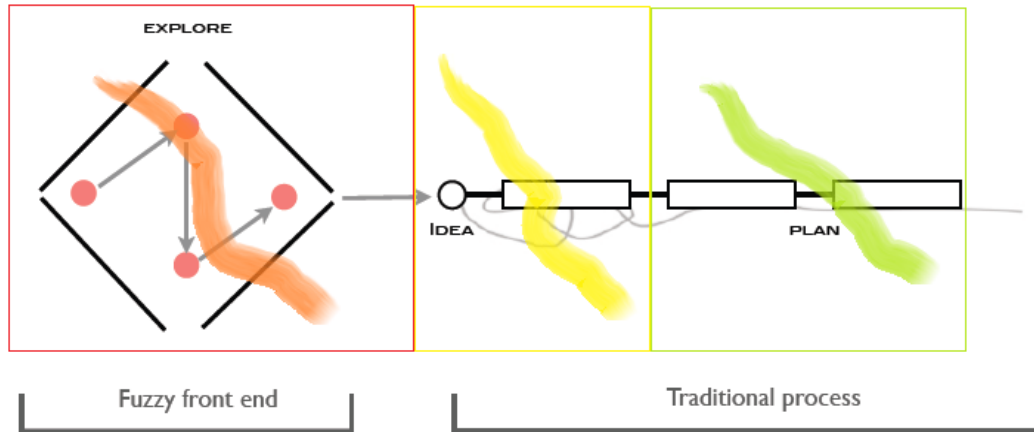


Figure 40: Basadur Simplex

Taking a closer look at the wheel, in each phase we find the symbol $\langle \rangle$. It represents a two-step process on how to face problem solving: \langle stands for DIVERGENCE and \rangle stands for CONVERGENCE.

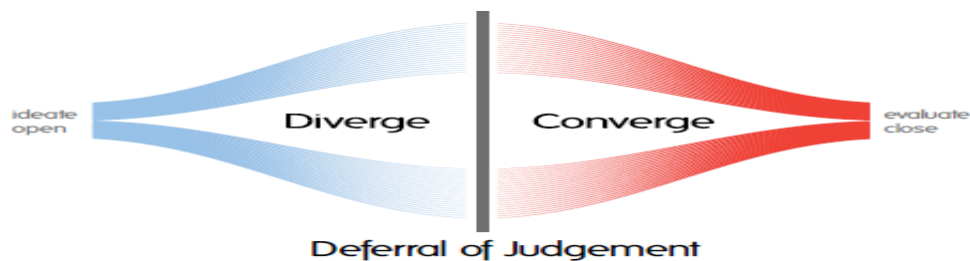


Figure 41: Diverge - Converge

Divergence is the process of brainstorming amongst the team, where the first contact is made with the problem and the teams gets the first insights to it: they are encouraged to “play” with the problem in order to get a deeper understanding of it and to foster the rise of possible solutions. Convergence is the process of analyzing what has come out of the previous process, identifying what solutions proposed will suit best the problem faced. Here is where reaching consensus is key: everybody has been involved in the process of brainstorming, now everybody sees their effort generating engagement. Deferral of Judgment is an intermediate “state of matter” (the idea) that stands as an inflexion point between the other two. It can also be seen as the starting point of the convergence phase.

8.4 Online Portal - Service Development

Service development includes the technical design and development of the services and functionalities of the online portal. WanaYu will use a set of methodologies for the development of the entire services portfolio and therefore no differentiation between the different services has been made.

The service development department will be responsible for the technical design, programming, testing and quality assurance of new services and functionalities in form of web and mobile applications. In addition they will also handle and resolve any service calls related to functional issues (bugs) of the applications.

The development will also follow the “Lean” principles which will be applied based on the guidelines of lean programming²⁴:

Value - The key value which is created by the WanaYu application development for the customer is the design of the functionality as well as the user interface including illustrations and graphics. Any other activity which does not add value to the customer is considered as “waste” and shall be eliminated.

Software development historically follows three sequential phases: Design, Programming as well as Testing and Integration. In theory this is a well-structured process however reality has shown that it is causing a lot of problems. Part of the design phase is the creation of a lot of documents, diagrams and models which define the functionality of the application and are then handed over to the programmer to create the functional application. The design usually takes a long time as the software designer wants to get it right because he will not be able to change anything after handing his documents over to the programmer. As Einstein once said “If I can’t picture it, I can’t understand it” which is exactly the reason why software applications often don’t do what the designer originally had in mind or even worse don’t fulfill the end customers’ needs. As a consequence a lot of software projects fail or require rework.

Lean Programming is addressing these issues by dividing the software development project into multiple smaller cycles of design, programming and testing “Feature Development Cycle”. The requirements or service blueprint will be divided into small groups of features which, from a user perspective, present together one complete functionality. The design team and even end users have then the opportunity during every test phase to give feedback if the application does the right thing for them and as a consequence WanaYu will be able to provide and focus on the value for its customers.



Figure 42: Feature Development Cycle

²⁴ [Lean Programming by Mary Poppendieck](#)

Pull from Demand - Customer demand shall drive the development and improvement of WanaYu's products and services. This means that WanaYu will not follow the big bang approach to design and develop all possible applications and services beforehand to provide everything from day one. Instead, the services which have the highest demand will be developed first followed by a constant improvement and addition of new services. As a consequence, nothing shall be developed without that there is demand for it and any activity shall be stopped if there is no demand anymore for the value it creates. This approach will enable WanaYu to reduce its reliance on forecasting customer demand by reducing the development response time so dramatically that the system could respond to change rather than predict it.

Perfection - One of WanaYu's core values is "Do it right the first time" which also applies to the development and requires continuous improvement to achieve total quality, since quality improvements provide more value to the customer and also play a key role in eliminating waste.

Application Development Cycle - Based on the principles of Lean Programming described above, WanaYu established the following guidelines for the execution of the Application Development Cycle:

Design - Out of the research process, the Creative Innovation Team will provide the development department with the blueprint of a new service. The software design team will then create the application design based on this blueprint. The biggest waste of all is the waste of building the wrong system if the documentation does not correctly and completely capture the user requirements. A software application is dynamic and as such it is very difficult to envision in its functionality out of a static document composed of text and pictures. Therefore WanaYu will use graphical prototyping tools like [iRise](#) which application and graphic designer can use to build usable prototypes without the necessity to start programming and to write any source code. The prototypes can then be reviewed together with the Creative Innovation Team and even be used for usability tests with real users.

Part of the design will also be the evaluation of the best method for the application development which can be the integration of existing solutions (3rd party), reutilization and adaptation of existing Open Source applications or a Green Field Development where the entire application will be designed and programmed from scratch.

Programming - As already mentioned under the lean principles, any activity which does not add value to the customer is considered as "waste" and shall be eliminated. Activities like the programming are required to provide the final service and as such are not considered as waste. However the programming does not directly add value as the customer has no interest in the source code of the application. The customer value lies in the functionality which is the result of the design and the programming is only the conversion of the design into a running application. This is one of the main reasons why the programming will be outsourced while the design will be produced by WanaYu.

As mentioned before, the software development cycle will follow the same flow of work batches of small groups of features as defined at the beginning of the design phase. This will reduce the amount of "Work in Progress" which in turn reduces the software development cycle as a high amount of "Work in Progress" creates a lot of inefficiencies because programmers work on too many things at the same time..

Testing - One of the main reasons for delays and bad quality in software developments are programming errors "bugs". Long-time intervals between programming and testing are especially

problematic as the effort required to fix a problem exponentially grows from the time the error was introduced into the source code. Therefore testing is a very important element of every “Feature Development Cycle” to detect and correct any problems as early as possible.

Integration - Similarly a lot of issues arise during the integration phase because traditionally the different elements Front-End, Domain Logic and Back-End are first fully build including all the features and then integrated into each other which creates a high potential for problems as every feature is build first without testing it end-to-end. In order to avoid such issues, Lean Programming suggests scheduling the work based on features and not on infrastructure elements. With this every feature will be tested end-to-end before moving ahead with the development to the next feature.

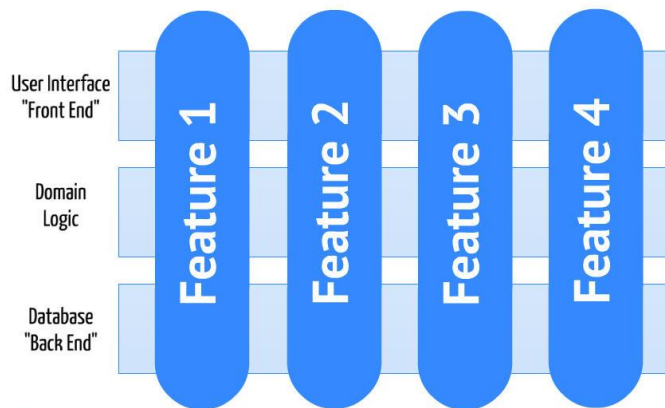


Figure 43: Integration

Infrastructure Requirements - WanaYu’s online services will be based on web and mobile applications which follow common industry standards. The requirements on the infrastructure do usually not change significantly with the development of new services as this is for instance the case for mobile carrier services. Nevertheless, infrastructure requirements will be verified as part of the development cycle including the load and stress testing as well as penetration testing to identify possible security issues. The development and especially the system testing will be executed in a dedicated development infrastructure which is a mirror of the live system (sandbox).

8.5 Online Portal - Service Delivery

The service delivery consists in all activities and resources which are required to deliver the WanaYu service via the Online Portal. The activities include the community management as well as the infrastructure operation. The operation elements of these two topics have already been covered in section 3.1 with the descriptions of the overall value chain as well as the individual value chains of each service. The resources include the office, the IT infrastructure on which the portal is running as well as human resources which is covered in the resource plan in section 7.

The services itself which WanaYu provides to its customers does not depend on any physical locations which are operated by WanaYu. Therefore the entire IT infrastructure will be outsourced mainly by contracting Cloud Services. This concept will make WanaYu not reliant on

any physical location to operate its services and at the same time provides flexibility, security and resilience at a cost level which WanaYu could not achieve on its own.

IT-Infrastructure (Online Portal)

The hosting of the online portal will be outsourced to a cloud service which will provide the following advantages:

- Open and Flexible - The required resources like operating system, development platform, and CMS can be chosen dynamically and on demand.
- Performance - Easy to add and remove resources on demand for more performance without any changes on applications level.
- Highly Availability - Highly reliable services and multiple fault-tolerant Availability Zones (World Wide Distribution)
- Security - Secure and durable technology platform with industry-recognized certifications and audits.
- Cost Effective - Only Payment of the used resources.

The operations department will be responsible for the operation of all cloud services which includes capacity monitoring and planning, verification of SLAs as well as the incidence management with the 3rd party supplier in case of any problems.

Office

WanaYu's office shall be a "Community Think Tank" where people come together to share ideas. An inspiring environment made for our employees instead of a raster shaped office space. WanaYu's office IT infrastructure does not add any direct value to our customers and such will be outsourced while the day-to-day operations as well as incidence management with the supplier will be in the responsibility of the Operations department. The following are the main services required for the office operation:

Desktops - Instead of operating its own Client/Server infrastructure, WanaYu will leverage the advantages of a Virtual Desktop Infrastructure - VDI in form of a cloud service called "DaaS - Desktop as a Service". The main advantage of DaaS is that it only requires thin clients (small low costs PCs) and an internet connection in the office while all other services (Windows OS incl. storage) will reside in the cloud. Such a solution is more cost effective as it has a very low initial investment (thin clients), is very flexible (Virtual Desktops can be added/removed on an ad-hoc basis) and is more secure as all data resides systems fully controlled by WanaYu in the cloud and data loss due to for instance a stolen laptop cannot occur.²⁵

²⁵ see [Deskone Desk Cloud](#) for more information



Figure 44: Desktop Cloud

Collaboration & Communication - Additional Cloud Services will be used for collaboration and communication like:

- Google Apps for Business - Mail, Calendar, Tasks, Office Application, Document Management,
- WebEx - Web Conferencing and Remote Support
- Skype - Telephony and Conferencing

Business Applications - Business Applications for Finance, Accounting, HR, CRM and etc.

8.6 Real World Language Community

8.6.1 Value Chain of the Language Community Events

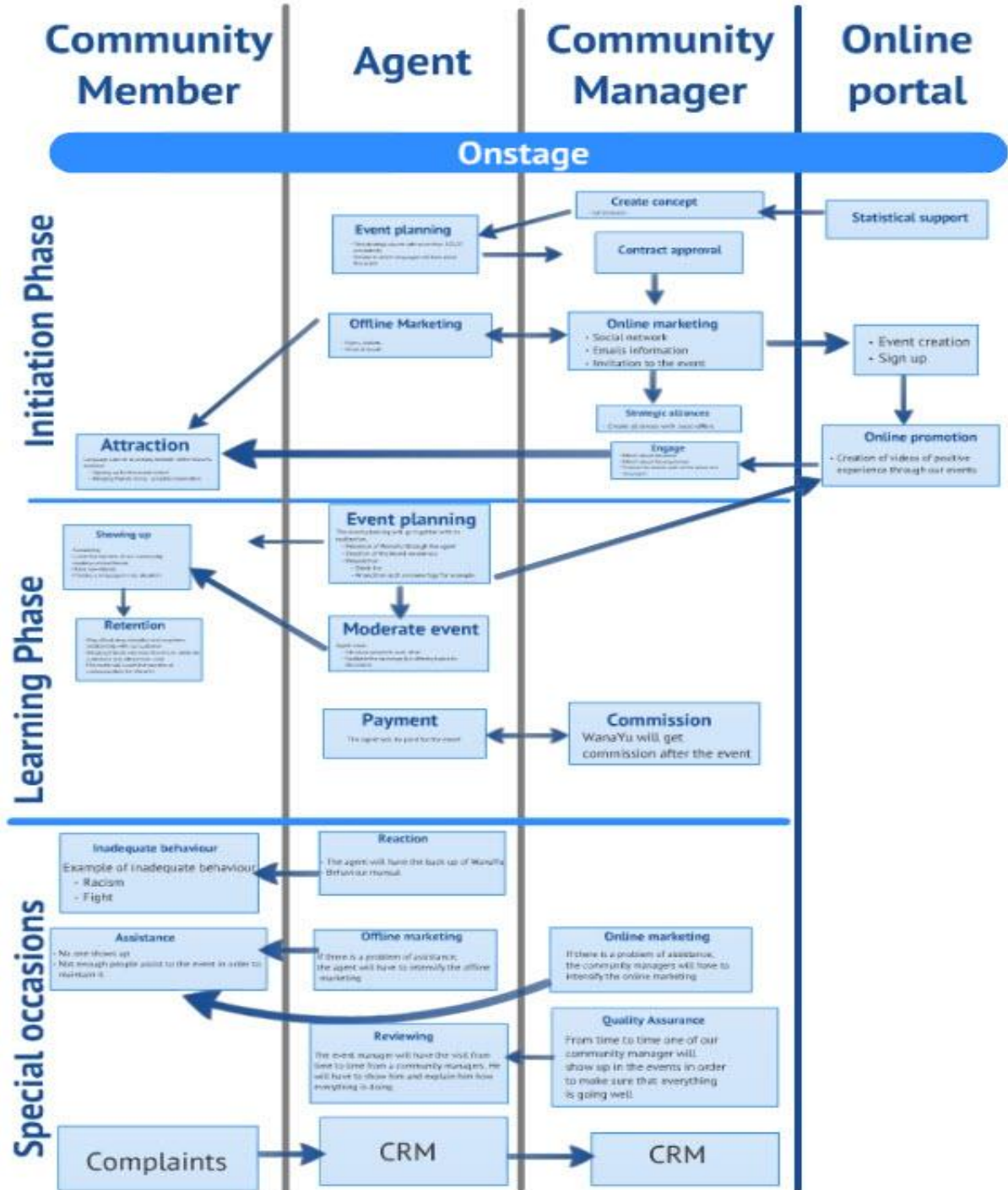


Figure 45: Real World Language Community

The WanaYu - Real World “Offline” language community will provide a similar social environment for language learning than the online version but in real life. It will consist of a series of events which are organized by WanaYu around the interests of the community members. The events will be executed by Bars and Restaurants who will form a Franchise agreement with WanaYu to hold such events under its brand. These events will be managed through an agent contracted by our company. Examples for such events include Speakers Corner, Speed Dating, and Cooking and can even reach to Travelling and Couch Surfing as further ideas which can be developed in the future.

Regarding the explanation of the functioning of the WanaYu – Real World “Offline” language community, it has been decided that during the first year the events organized will be “language exchange” in bars/pubs. The main reason is that language exchange are an easy way to gather people in order to get to know them in the real life, practice a foreign language and lower the barrier of language usage. The organization of events such as speakers’ corners or speed dating will require more information and investigation from community members. After a year of suggestion, lessons learnt and feedback, WanaYu will be able to vary the events created and set them up following the same paths than for the language exchange.

First of all, from the statistical data of the community members, the community manager will set up the standard regarding the creation of the event. He will contact an external agent in order to organize the event. The agent will be responsible for choosing a strategic place in a city of more than 500,000 inhabitants, selecting the languages which will be spoken during the event as well as negotiate the contract with the local bar/pub where the event will take place. Once he receives the offer of the contracts with all required details, it is forwarded to WanaYu in order to receive the approval of the company.

Once the contract is agreed by both parties, an event invitation will be created and published on the WanaYu Online community portal “Event Manager” in order to invite people and gain interest. The community managers will be responsible for the “Online Marketing” of the event. They will have to promote it not only on the portal, but also on social networks, sending email and personal invitations/recommendations to our members. Engaging the community members will be the responsibility of the community managers by providing those details about the events as well as presenting the experience created by WanaYu. The agent will be responsible for the “Offline marketing” of the event. This means distribution of flyers in strategic place and creation of strategic alliances with new bars or associations such as “Madrid Cultura y Arte”.

With the marketing, WanaYu is looking to attract community members to sign up for the events offering them some discounts negotiated by the event manager on the drinks and give them the possibility to bring friends along. They will have to confirm their assistance and possible indicating how many friends are they bringing.

The event manager will be the interface between the online community and the events which WanaYu will organize in real life “offline”. The objective will be that the community members show up and offering the ability to socialize in the real world based on the relationships they already established online. The event manager will be responsible for representing the presence of WanaYu as well as moderate the event by introducing people to each other, prepare a drink list, provide name badges with country flags and issue some topics for discussion in order to “break the ice”. What WanaYu wants for its community members is to offer the possibility to practice the language in real life as they are already doing in the online world lowering the barriers of communication through socializing. The event will be a way of retaining the members of the community as well as enhancing new sign-ups.

Regarding the rules of the events, it may happen that our community members come with an inappropriate behaviour such as racism or aggression for instance. In order to maintain the situation under control and not damaging the image of the company, the event manager will be responsible to react with the backup of the company. WanaYu will also provide a behavioural manual in order to establish and transmit its internal policies and show the limits. If it occurs that no one shows up to the event or that only a few people appear, the event manager as well as the community manager will have to intensify the marketing in order to attract more people. Reviewing the statistics and feedback from the customers could also be helpful in order to make the changes required. Finally, if some complaints from the community members are received, WanaYu will feed it into its CRM tool and process in the same way it does for the online language community.

8.6.2 Service Design

The service design of the WanaYu – real world “Offline” language community will mainly consist in focusing on the needs of its customers, providing them a user-friendly service, which will be competitive, relevant and personalized.

The event design in itself will be divided in three steps:

1. Concept:

In order to develop an idea or a theme for the event, WanaYu will base its decisions on the customer feedback and suggestions as well as on the Research and Development work produced thanks to its Cross-functional design organization. To that end, the suggestions received by its community managers will be taken into account and analyzed. Customer surveys about their personal interests will be realized and direct suggestions from its community members will be reported directly to the community managers. In order to capture in-depth community members’ expectations, preferences as well as aversions, the methodology of VOC (Voice of Customer) will be used as in the service design of the WanaYu online community. From the feedback/suggestions received by the WanaYu customers as well as its internal team, the concept will be defined according to the needs and the policy of the company. Once the decision has been made, the event manager will be informed of the concept to be realized.

2. Draft:

The draft mainly consists in taking care of different points:

- Place where the event will take place
- Pricing (including discounts and agreements with the local)
- Setting a date and a time for the event
- Realizing the marketing with enough advance (event manager and community managers)
- Calculate and manage the number of assistants
- Keep informing the bar as well as WanaYu about the number of people coming and other details

It may be considered that the “draft” step of the event design could lead back to the concept phase. Indeed, once the concept has been set up and the draft is realized, it may happen that customers will not sign up for the event, or make some suggestions in order to change or improve the events. Hence, before obtaining the “final version” of the draft, it may occur a back and forth between these two steps. As a consequence, it will be necessary to fix a time frame for having the final draft of the event ready in order to avoid problems with time management.

3. Realization:

The realization of the event mainly consists in its execution. In the case of WanaYu, this will be under the responsibility of the event manager. In this step, the event manager will have to check that there is no problem before the beginning of the event and that everything is working perfectly. If there are some unexpected occasions, he will have to be proactive and fix it in the best possible way. The agent will have to confirm the event with the place where it will take place as well as with WanaYu. During the event, as it has already been mentioned earlier, its role will mainly be the one of a moderator as well as a representative of the company.

8.6.3 Service Development

Service development includes the technical design and development of the services of the WanaYu – real world “Offline” language community. WanaYu will use a set of methodologies for the development of all offline services and therefore no differentiation between services will be made.

The community managers will be responsible for the design, conceptualization and quality assurance of new events which will be organized. They will work in direct collaboration with the event managers. They will also handle and resolve complaints and/or suggestions made by the community members, the event manager as well as the locals working with the company.

Lean Business principles adapted to event organization:

1 Eliminate Waste

This will mainly consist in eliminating during the concept phase of the event, anything which does not add value to our customer. The different processes, surveys and feedback received and used in the conceptualization of the event are helpful for the creation of the event but not necessary as a part of the event realization.

2 Minimize Inventory

The inventory of the event development is documentation such as the surveys, feedback and suggestions from the customer; hence, the design documents must be kept to a minimum in order to maximize the development flow.

There are many wastes associated with the whole documentation: The waste of time producing the surveys, suggestions form, and waste of time reviewing the results. In the case of the event, the best approach for minimizing intermediate artefacts is to make a list of all the suggestions of relevant and possible events suggestions before creating new surveys or having a look into new suggestions. To know that some community members will propose some unrealizable events; hence predicting and taking it into account. All of this must be taken into account when we determine how much value these documents actually add to the final event.

3 Maximize Flow (Drive Down Development Time)

Reducing the event development cycle time using the same techniques employed to reduce manufacturing cycle time. As mentioned above, the community managers will be in charge of managing the suggestions from the community members regarding the events. A limited number of suggestions unattended will be setting up in order to avoid queues and maximize the flow.

4 Pull from Demand (Decide as Late as Possible)

It would be ideal for the company to reduce its reliance on forecasts regarding events' ideas by reducing the attendance time to the suggestions. In that way, WanaYu will make sure the event created is the most desired at that moment by a majority of its community members.

In a volatile business environment, community members are not able to forecast their future needs accurately. Freezing the event design early in a project is just as speculative as forecasting. Our service development regarding the events should be designed to respond to change in order to provide a competitive advantage to the company.

5 Empower Workers (Decide as Low as Possible)

One of the problems with all documentation created in terms of operating the events is that there is a tendency that community managers make all of the decisions. WanaYu will give them a set of guidelines regarding the events and organize project teams with persons of each department of the company in order for them to not forget what needs to be achieved through these events. They also need to know what they must accomplish, by when, and how to tell when it is complete. Community managers will also need to know for when they will need to have it done and under what conditions. Their task needs to be realized in a visible and short-term period in order to provide the feedback required for enhancing continuous improvement.

6 Meet Customer Requirements (Now and in the Future)

The most common cause of failure in event organization was having organized an event which was missing out customers' requirements. This is the reason why nowadays one of the priorities is to meet the customer requirements and follow the trends. As it has been mentioned earlier, in order to make sure WanaYu is providing value to its customer and answering properly to its needs, the company will use the VOC methodology as well as surveys and suggestions forms.

7 Do it Right the First Time (Incorporate Feedback)

It costs much more to find and fix a problem after the event realization than to find and fix it in the design phase. In the case of our events, the best approach would be first to design an event for a reduced number of community members (for instance: English-Spanish speakers in Madrid) and launch a test phase with this group. In that case, WanaYu will detect since the moment of inscription to the event any problem. Once the test has been realized, the company will be able to set up standards and processes regarding the events organization as a whole.

8 Abolish Local Optimization (Sub-Optimized Measurements are the Enemy)

To keep organizing events which are no longer of the interest of the majority of the community members provide the customer with little value. Moreover managing the organization of such events which are no longer valid according to the customers represents a huge waste of time for the company. However, as long as keeping a project within its original scope is a key project management goal, this measurement will continue to be optimized—at the expense of the overall value delivered by the project.

9 Partner With Suppliers (Use Evolutionary Procurement)

Regarding the events organization, WanaYu will encourage partnership and franchise with the bars and restaurants which will collaborate with the company. Having a trustful relationship with the partners will allow value to the work and encourage a focus on providing the best service possible to its customers.

10 Create a Culture of Continuous Improvement

In many current service development regarding events, excellence means the ability to adapt to fast moving, rapidly changing environments.

Plan-Do-Check-Act approach:

- Plan: Choose a problem. Analyze it to find a probable cause.
- Do: Run an experiment to investigate the probable cause.
- Check: Analyze the data from the experiment to validate the cause.
- Act: Refine and standardize based on the results.

8.6.4 Service Delivery

The service delivery regarding the events in the real world will be defined mainly focusing on the customer service WanaYu will offer to its customers through the events.

Dedicated:

The moment a community member needs help, the event manager will enter in action and be available for him. The objective is to make feel the customer that he is a priority and he will not have to wait before having an answer.

Empowered:

The empowered customer service representative, here the event manager, will be given what he needs in order to be able to provide a high-quality customer service. This will begin by providing all the information necessary regarding the company, with its mission, vision and policy. A guideline will be provided to the event manager to make it easier. The objective is to show trust and support, as well as a backup from the company when there are problems to resolve during an event.

Linked:

If the community managers and the event managers work in an isolated way, it will be impossible to achieve a great customer service. This is the reason why the event manager will work closely with the community managers regarding the events and both parts will have the collaboration of all departments of the company.

Informed:

Information accessibility is key regarding the customer service. The community members will deal directly with the event manager in the real world. This one will represent WanaYu and be its image in the real life. Hence, as it has already mentioned above, the event manager will have a full access to the information regarding the services offered by WanaYu, the policy of the company and procedures in order to enable him to solve the problems, whether they occur before, during or after the event, or know where to find the information or which person has to be contacted.

Valued:

WanaYu will show a particular interest in the event manager as he will be the image of the company in the real world. The company has to demonstrate that it cares about him, that his work is valuable by asking him feedback or its opinion about the events, answering to its needs and acknowledging its contribution to the brand.

Experienced:

An experienced event manager will be required in that case. Someone able to adapt to each community member, to show confidence, friendliness, helpfulness, empathy and attentiveness will be needed.

Representative:

The event manager has to act in the best interests of WanaYu. He should project a strong and positive image of the company as well as show a particular interest in helping the community manager during the language exchange event. After having contact with the event manager, WanaYu customers' should feel happy about learning a language with the company which cares about its personal interests and is friendly and knowledgeable towards them.

Your responsibility:

The event manager will accept the responsibility for his role as a front-line representative of WanaYu. He should have clear in mind that in front of one of the community member, he is the face of the company.

Service delivery is meant to be the event realization. Hence a code of conduct and policies has to be adopted.

- Infrastructure Operation

Incidence management

In this case incidence relates mainly to the inadequate behaviour adopted during the event. As it has already been mentioned earlier, a behavioural guideline will be provided to the event manager in order for him to know where WanaYu is putting the limits and what its policies are. The event manager will cope with the incident in the same moment and will be enabled to take the measurements required. At the end of the event, he will have to send a report to the community managers notifying the incident as detailed as possible. The community managers will have to analyze the incident and take the appropriate decisions according with the operational department. Once the decision had been made and the incident "resolved" the community manager will be in charge of informing the event manager about it.

Capacity planning

Capacity planning could be divided in three different steps:

1. Determine the service level requirement:

The work done by the event manager and the community managers will be categorized and analyzed; as well as the customers' expectations will be quantified for how that work has been realized.

2. Analyse current capacity:

The current capacity of the event manager as well as the community managers must be analysed in order to determine to what extent this is actually meeting WanaYu members' expectations.

3. Planning for the future:

By using the forecasts based on WanaYu members' satisfaction as well as the survey regarding their future requirements, the company can start planning for the future. This implies implement the required changes such as for instance, hiring more event managers/community managers in order to cover more places or making new partnerships with some places of interests for our community members.

8.7 Quality Assurance and Risk Management

8.7.1 Quality Assurance

To ensure the highest quality services for the users, the Six Sigma methodology will be the most powerful tool for WanaYu. Is a disciplined, data-driven approach and methodology for eliminating defects (driving toward six standard deviations between the mean and the nearest specification limit) in any process. Beyond the methodology and technique (widely addressed in academic literature), a successful Six Sigma implementation also requires a philosophical approach expressed in ten key points:

1. Cultivate a Zero Defect Mentality

The effectiveness of a Six Sigma program depends on developing a mindset that refuses to accept or accommodate defects. Defects cost money, waste time, and frustrate managers, and building and sustaining a prevention-oriented culture requires driving away both defects and non-conformances.

2. Understand Customer Requirements

Quality is a moving target that is defined or judged by the customer. Customer input is the highest priority and the company should adopt a customer-driven quality approach by anticipating, meeting, and exceeding customer requirements. The project objectives should focus on aligning critical to quality customer requirements with the company's business strategy.

3. Address the Root Cause

One critical factor for success is whether the analysis of the problem treats the root cause or the symptoms. Treating the root cause allows for the successful resolution of the problem, whereas addressing the symptoms means that the root cause remains and will manifest itself later.

4. Data Based Approach

Without measurement there is no way to know how a process is performing, and therefore no way to improve it, hence data collection and analysis are basic for premium improvement.

5. Use the Correct Tools

Some tools that work best are: Fishbone Diagram, Pareto Chart, Brainstorming, Key Performance Indicators (KPIs), Process Mapping and Gantt Chart. Success, however, depends on not just making such tools available, but also ensuring adequate training and awareness about the potential applications of such tools, so that the team members can use them properly.

6. Enlist Top Management Support

Having "C-Level" support from the start allows for the smooth execution of the protocols. In WanaYu management are involved in the process from the very beginning of any project and

are responsible for addressing the issues that may occur. This makes forces them to be in constant relationship with what is going on in the lower levels.

7. Enlist Local Process Owner Support

Successful Six Sigma implementation requires making local process owners a stakeholder in the scheme of things. It is premium for WanaYu to establish long lasting relationships with its suppliers, mainly with those involved in offline events: customers will associate their service to our service so it is fundamental that they share our vision of how things should be delivered.

8. Involve the Rank and File

Quality improvement is not the responsibility of a specific team or department and occurs only when the rank and file takes up responsibility to implement the required interventions in their work domains. Benefits come only when the organization develops leaders and empowers people to become valuable contributors to the organization's success.

9. Manage Resistance to Change

Six Sigma is a change management initiative. All change attracts resistance which may manifest as employees ignoring new processes, disagreeing with the benefits, making stringent criticisms, and more. Success depends on how effectively the leadership rises to the occasion (effective communications, carrot-and-stick policy ...)

10. Leadership

Finally, effective leadership is a decisive factor in the success of any project. WanaYu project leaders need to display competence in key methodologies for ideation and design thinking, adopting a hands-on approach and selling the project to the top management.

8.7.2 Risk Management

Risk management means identifying, assessing and prioritizing the effect of uncertainty on objectives (whether positive or negative) followed by a coordinated response and an economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. A risk management plan covers three main steps: firstly risk identification, secondly risk assessment and, last but not least, risk resolution.

Risk Identification

The holistic approach that characterizes WanaYu's activity, expressed by the constant fostering of group work and the avoidance of silos amongst departments, will be once again honoured in this first step of the risk management plan. The methodology will imply bottom-up communication to ensure everybody in the organization feels as part of the process.

Every member of a design team is responsible for "keeping an eye" on those issues concerning his/her area of expertise that might be considered as risky while the project is being carried out (marketing members for marketing issues, finance for finance,...) Monthly, a departmental brainstorming meeting should be held and these issues exposed to the group, where they will be rated and ranked using the Delphi methodology to assure independence of criteria among the department members. Those five ranked the highest will be brought into a brainstorming session where the maximum responsible for each department (Marketing, Operations, Development and Finance & Controlling) will explain to the rest of board members what the risk consists on and its

possible impact. Once again they will be rated and ranked in order to identify those of the highest importance for the organization.

Along with the above, the board of director should be meeting once every three months to perform a SWOT analysis of the company.

Risk Assessment

In order to rank the identified risks first they should be classified according to their nature: internal or external. Internal risks are those that can be controlled and external risks are events over which you have no direct control.

Then, an evaluation of the identified risks in terms of probability and impact should be performed. This will be done using an evaluation tool to score each risk. The tool will work as follows: a numerical score will be assigned to risk probability being 1=low, 2=moderate and 3=high and another for severity of the impact using the same ranking. By multiplying the two scores we obtain a figure that allows the brainstorming groups position the risk in a risk matrix. Highest attention would be then be given to those risks with a score of 9, followed by 6, etc

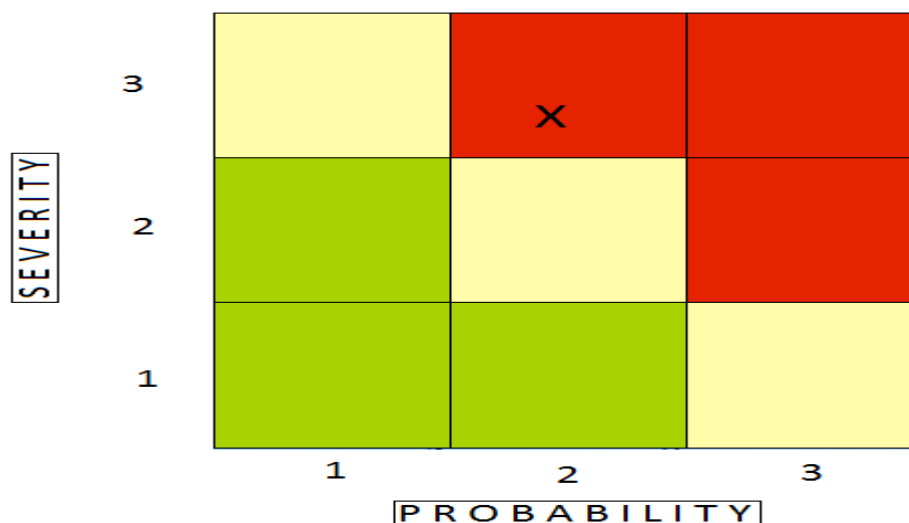


Figure 46: Risk Matrix

Risk Resolution

The last section specifies the steps to be taken when a risk is identified. In this case, risks with a score of 9 (top-right hand side corner of the matrix) will be accepted, transferred, or mitigated. It will be a decision of the board members alone to take one of the actions if it is an global risk (understanding as global those risks that affect the organization as a whole). If the risk derives from one of the projects, the team responsible will be meeting with the board members to determine what actions should be taken.

Acceptance: no effort is made to avoid the risk. Usually employed because the risk items are the result of external factors over which you have no direct control. Contingencies can be planned in case the risk does occur or you can take no action and accept responsibility if the risk event does indeed occur.

Transfer: Risk is reduced by transferring it to another entity that can better bear it either by the use of insurance and the alignment of responsibility and authority.

Mitigation: emphasis is on actually avoiding, preventing, or reducing the risk. In this section, identify and describe in detail the actions that will be taken to transfer or mitigate risks that are prioritized as high. Activities for reducing the effects of risk will require effort, resources, and time just like other project activities.

9 Financial Plan

Finance is one of the corner stones of any business because no matter how good an idea is, at the end numbers will be determining its viability. Fortunately, in the following pages the reader will find how WannaYu's business model finds solid groundings in the figures it is based upon.

9.1 Market Size

WanaYu's revenue projections were calculated based on the following market assumptions:

Internet Users	2.267.000.000		
Language Learners	1.200.000.000		
Social Networkers	847.573.840		
Social Online L.Learnes	88.486.709		
Market Growth per year	10%		
	Facebook	% of Total	Social Online Lang. Learnes
Main Markets			
Spain	16.399.020	1,93%	1.712.058
Germany	23.686.860	2,79%	2.472.908
UK	31.114.800	3,67%	3.248.385
Secondary Markets			
US	156.830.580	18,50%	16.373.113
Canada	18.246.980	2,15%	1.904.985
Australia	10.968.120	1,29%	1.145.072
India	46.307.580	5,46%	4.834.511
Latin America	98.149.051	11,58%	10.246.761
Expansion Markets			
Brazil	48.041.640	5,67%	5.015.547

Figure 47: Market Size

Based on EU statistics, it is assumed that 18% of Social Networkers are also Language Learners. Given the number of Internet Users worldwide (2.267.000.000) and the number of Language Learners worldwide (1.200.000.000) and knowing that out of these, 847.573.840 are also social networkers, we can infer that the number of Social Online Language Learners adds up to 88.486.709.

The biggest age group of Social Networks is at the same time the biggest and most active group of language learners.

A 10% market growth is estimated based on Social Network growth rate worldwide. The overall Social Online Language Learners Market per country in 2012 is calculated as a percentage out of the total amount of Facebook users within the three main markets where WannaYu starts operating (Spain, Germany, and UK).

Covering these three major languages (Spanish, German and English) several indirect markets can be targeted: U.S., Canada, Australia, India and Latin America. Brazil is considered as a

market where to expand in the incoming years, covering with it other indirect markets such as Portugal.

9.2 Revenue Streams

Yearly Increase in Market Share	1,0%
Revenue Sources	Sales per month
Language Plus Service	15,00 €
- Percentage of Language Plus Members	5%
Language Classes	
- per teacher (monthly activation fee)	10,00 €
- Teacher to Student Ratio	6
- Language Plus Members taking classes	70%
- avg price hourly per class	12,00 €
- avg classes (hours) per student	8
- Commission per class (Revenue Share)	10%
Learning Material	
- Members buying material	5%
- avg spending per buying memeber	30,00 €
- Commision	5%

Figure 48: Market Share Assumtion

WanaYu requires a development period of one year, setting itself as a target obtaining a 0,5% market share during its first operating year, followed by a 1% yearly increase over this figure.

Revenue Stream can be split into three Services: Language Plus Service, Language Classes and Learning Material. Language Plus Service requires a monthly subscription fee of 15€ and includes assessment, consulting and coaching on language learning for 2 hours per month. Language Classes stand for private tuition, where the student pays an average price of 12€ for an hour of

class with a teacher he/she chooses out of the teacher pool provided. Teachers can set their own price and WanaYu earns a commission of 10% from this price. To ensure that teachers are active and available for students, a 10€ monthly contribution has to be paid for the services provided for tuition and coaching. With it, we ensure that only those teachers really committed with the portal are operating in it. This cost has been included as variable cost. Last but not least, WanaYu will provide links where users can purchase learning material such as text books, software, etc.

The Revenue projection does not include any increase on sales prices or inflation as internet services usually do not increase on price, being replaced by new services instead. The revenue of such potential new services has also not been accounted keeping in line with the conservative approach of other assumptions.

Under fixed costs, the necessary investments to build a sustainable service have been included.

9.2 Yearly Sales

	2014	2015	2016	2017	2018
Market	7.433.351	8.176.686	8.994.355	9.893.790	10.883.169
Market Share	0,5%	1,5%	2,5%	3,5%	4,5%
Secondary Markets	34.504.441	37.954.885	41.750.374	45.925.411	50.517.952
Secondary Market Share	0,1%	0,2%	0,3%	0,4%	0,5%
Expansion Markets	5.015.547	5.517.102	6.068.812	6.675.693	7.343.263
Expansion Market Share	0,0%	0,0%	0,5%	1,5%	2,5%
Active Members	54.419	179.583	359.579	607.157	900.655
Language Plus Members	2.721	8.979	17.979	30.358	45.033
Students taking classes	1.905	6.285	12.585	21.250	31.523
TURNOVER					
Language Plus Membership	212.230,29 €	1.193.816,28 €	3.236.209,77 €	5.464.412,96 €	8.105.894,70 €
Private Tuition / Classes	950.791,70 €	5.348.296,92 €	14.498.219,75 €	24.480.570,06 €	36.314.408,24 €
Teacher Activation Fee	16.506,80 €	92.852,38 €	251.705,20 €	425.009,90 €	630.458,48 €
Learning Material	21.223,03 €	119.381,63 €	323.620,98 €	546.441,30 €	810.589,47 €
Revenue per Year per Active Member	51 €	51 €	51 €	51 €	51 €
TOTAL (sales)	1.200.752 €	6.754.347 €	18.309.756 €	30.916.434 €	45.861.351 €

Figure : Yearly Sales

9.2.1 Fixed Costs

Within WanaYu, Human Resources are the biggest fixed cost as well as biggest asset. The company is structured and divided into the following four areas: Marketing, Development, Operations and Business Support. These four departments are lead by the founders of the company.

As it was previously mentioned, the first year is needed for the development of the Community Portal without money coming in. The start will be made with the least possible staff, only requiring the four Department Managers plus a Web Developer and the Graphic Designers. The major programming part will be outsourced through an Indian Company in order to save costs and expenses.

Software Maintenance for Web Applications, IT-Support, Accounting, IT Office Equipment and IT Office Cloud Service are also outsourced as other companies provide much better and cheaper solutions. The outsourced development part is considered as an asset and will be amortized throughout the years. In order to show Managers commitment and to set an example for the rest of the employees, salaries are low and highly based on a Bonus system which is paid out in case WanaYu is successful and generates Profit. Managers will receive a higher bonus related than the salaries. Within the development of the company staff, basic salaries, bonus payments, incentives and fixed contracts will increase.

The software maintenance e.g. resolution of bugs and minor chances of the Web Portal will be outsourced. The costs per day have been estimated based on a hourly rate of 25\$ at an exchange rate of 1,3 to the Euro and a yearly increase of 5%

To calculate the fixed costs for each area, the following assumptions were taken into account:

Spanish Social Security	28%
Yearly Salary increase	5%
Necessary Community Manager per Community Member	60.000
Dollar Exchange Rate	1,30

MARKETING COSTS	2013	2014	2015	2016	2017	2018
Marketing Director	17.920,00 €	18.816,00 €	19.756,80 €	51.861,60 €	54.454,68 €	57.177,41 €
Cultural Manager	- €	- €	- €	26.671,68 €	46.675,44 €	78.414,74 €
Community Manager	5.264,00 €	66.326,40 €	69.642,72 €	177.588,94 €	347.343,07 €	556.662,97 €
Community Analyst	2.145,60 €	9.011,52 €	28.386,29 €	43.052,54 €	154.368,00 €	234.662,40 €
Assistent	- €	9.011,52 €	18.924,19 €	32.013,42 €	110.592,00 €	142.732,80 €
TOTAL MARKETING COSTS	25.329,60 €	103.165,44 €	136.710,00 €	331.188,18 €	713.433,19 €	1.069.650,32 €

DEVELOPMENT COSTS	2013	2014	2015	2016	2017	2018
Development Director	17.920,00 €	18.816,00 €	19.756,80 €	51.861,60 €	54.454,68 €	57.177,41 €
Web Solution Designer	36.864,00 €	38.707,20 €	40.642,56 €	138.692,74 €	212.840,01 €	282.293,06 €
Graphic Designer	31.744,00 €	33.331,20 €	34.997,76 €	82.682,21 €	135.047,61 €	192.442,84 €
Development Assistent	- €	9.011,52 €	9.462,10 €	30.909,51 €	89.856,00 €	118.540,80 €
Human Resources Costs	86.528,00 €	99.865,92 €	104.859,22 €	304.146,06 €	492.198,29 €	650.454,11 €
Web Application Programming	60.830,00 €	21.021,00 €	44.144,10 €	278.107,83 €	389.350,96 €	511.023,14 €
Software Licenses	415,38 €	415,38 €	415,38 €	1.207,68 €	1.623,05 €	2.038,43 €
TOTAL DEVELOPMENT COSTS	147.773,38 €	121.302,30 €	149.418,69 €	583.461,56 €	883.172,31 €	1.163.515,68 €

OPERATION COSTS	2013	2014	2015	2016	2017	2018
Operations Director	17.920,00 €	18.816,00 €	19.756,80 €	51.861,60 €	54.454,68 €	57.177,41 €
Portal Manager	1.792,00 €	22.579,20 €	23.708,16 €	56.010,53 €	117.622,11 €	164.670,95 €
Purchase Manager	- €	- €	- €	35.562,24 €	46.675,44 €	88.216,58 €
Human Resources Costs	19.712,00 €	41.395,20 €	43.464,96 €	143.434,37 €	218.752,23 €	310.064,95 €
Software Maintenance Web App.	- €	10.510,50 €	22.072,05 €	69.526,96 €	97.337,74 €	153.306,94 €
TOTAL OPERATION COST	19.712,00 €	51.905,70 €	65.537,01 €	212.961,33 €	316.089,97 €	463.371,89 €

BUSINESS SUPPORT	2013	2014	2015	2016	2017	2018
Finance Director	17.920,00 €	18.816,00 €	19.756,80 €	51.861,60 €	54.454,68 €	57.177,41 €
Finance Controller	- €	- €	33.868,80 €	80.015,04 €	130.691,23 €	186.235,01 €
HR Manager	- €	- €	- €	35.562,24 €	46.675,44 €	49.009,21 €
IT Support Manager	- €	- €	- €	35.562,24 €	84.015,79 €	137.225,79 €
Human Resources Costs	17.920,00 €	18.816,00 €	53.625,60 €	203.001,12 €	315.837,14 €	429.647,43 €
Office	9.000,00 €	8.580,00 €	22.869,00 €	24.012,45 €	51.190,18 €	53.749,69 €
Furniture (Assets)	3.000,00 €	1.680,00 €	1.440,00 €	5.760,00 €	6.120,00 €	6.120,00 €
IT Office Equipment (Assets)	3.422,50 €	1.974,10 €	1.742,85 €	7.180,53 €	7.858,19 €	8.093,94 €
IT Office Cloud Service	3.342,31 €	6.600,00 €	8.630,77 €	16.753,85 €	25.384,62 €	34.015,38 €
Other Business Support Cost	18.764,81 €	18.834,10 €	34.682,62 €	53.706,82 €	90.552,98 €	101.979,01 €
TOTAL BUSINESS SUPP. COSTS	36.684,81 €	37.650,10 €	88.308,22 €	256.707,94 €	406.390,13 €	531.626,43 €

TOTAL FIXED COSTS	229.499,78 €	314.023,53 €	439.973,92 €	1.384.319,01 €	2.319.085,59 €	3.228.164,32 €
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Figure 49: Fixed Cost

9.2.2 Variable Costs

WannaYu's variable costs can be broken down as follows:

Language Plus Service has an estimated cost of 10€ which is the amount paid to the teacher to provide students with 2 hours of coaching service.

Language Classes have a cost of 11,54€ per month, being the cost of the teacher's license/account for the web collaboration infrastructure, no matter if he is providing Language Plus Service, Language Classes or both.

The payment to the teachers has also been taken into account: out of every amount charged for an hour of class, WannaYu earns a 10% commission. Taking the average price as an example, out of the 12€ paid, the company keeps 1,20€ and pays the teacher the remaining 10,80€

Payments from students are received before they are able to schedule a class. Teachers are paid at the end of the month based on the classes they have delivered.

Revenue Sources	Sales per Month	Costs per Month
Language Plus Service	15,00 €	10,00 €
- Percentage of Language Plus Members	5%	
Language Classes		
- per teacher	10,00 €	11,54 €
- Teacher to Student Ratio	6	
- Language Plus Members taking classes	70%	
- avg price per class	12,00 €	
- avg classes per student	8	
- Commission per class (Revenue Share)	10%	10,80 €
Learning Material		
- Members buying material	5%	
- avg spending per buying memeber	30,00 €	
- Commision	5%	

Variable Cost on Sales (Online Language Class and Coaching)

	2014	2015	2016	2017	2018
Market	7.433.351	8.176.686	8.994.355	9.893.790	10.883.169
Market Share	0,5%	1,5%	2,5%	3,5%	4,5%
Secondary Markets	34.504.441	37.954.885	41.750.374	45.925.411	50.517.952
Secondary Market Share	0,1%	0,2%	0,3%	0,4%	0,5%
Expansion Markets	5.015.547	5.517.102	6.068.812	6.675.693	7.343.263
Expansion Market Share	0,0%	0,0%	0,5%	1,5%	2,5%
Active Members	54.419	179.583	359.579	607.157	900.655
Language Plus Members	2.721	8.979	17.979	30.358	45.033
Students taking classes	1.905	6.285	12.585	21.250	31.523
Teacher Fee for Language Plus Service	141.486,86 €	795.877,52 €	2.157.473,18 €	3.642.941,97 €	5.403.929,80 €
Teacher Fee for Language Classes	855.712,53 €	4.813.467,23 €	13.048.397,78 €	22.032.513,06 €	32.682.967,42 €
License for Web Collaboration	19.046,31 €	107.137,36 €	290.429,08 €	490.396,03 €	727.452,09 €
TOTAL VARIABLE COSTS	1.016.245,70 €	5.716.482,10 €	15.496.300,04 €	26.165.851,07 €	38.814.349,30 €
Variable Cost per Active User per Year	43,10 €	43,10 €	43,10 €	43,10 €	43,10 €

Variable Cost on Marketing (Customer Acquisition)

	2014	2015	2016	2017	2018
Member Retention Rate	65%	70%	80%	80%	80%
Member Referral Rate	8%	15%	20%	25%	30%
Other Member Referral Rate	4%	10%	15%	15%	15%
Total Target Active Members	54.419	179.583	359.579	607.157	900.655
Members Retained	0	35.372	125.708	287.663	485.726
Members from Referral	11.246	79.588	71.916	151.789	270.196
Other Member Referral	6.929	53.059	53.937	91.074	135.098
Members to be aquired	50.210	116.865	108.018	76.631	9.635
Digital Marketing	164.688,59 €	394.815,87 €	375.877,34 €	274.656,97 €	35.567,88 €
Guerillia Marketing	600,00 €	1.200,00 €	3.700,00 €	6.200,00 €	10.000,00 €
Event Sponsorship	1.100,00 €	2.300,00 €	7.500,00 €	12.500,00 €	19.000,00 €
TOTAL ADVERTISEMENT	11.898,43 €	25.764,29 €	48.198,61 €	80.527,26 €	166.388,59 €
Cost of New Customer Aquisition	2,43 €	1,60 €	1,66 €	0,92 €	0,16 €

Figure 50: Variable Cost

The cost of operating the Portal is built upon the following concepts:

The cost calculation is based on an **Amazon Elastic Compute Cloud (Amazon EC2)** solution which allows a flexible expansion based on a cost of usage model.

We understand as Hit every element that a user downloads from a page i.e. If the page is made out of 10 pictures and 1 text, this is equal to saying 11 hits. The maximum hit rate is estimated at 541,000 hits per day for every 10,000 users, while a single web server "medium instance" can support up to 250,000 hits per day. Each web server "medium instance" has a cost of 37.07 € per month and a 384,62 € once-off subscription fee for 3 years.

CloudWatch is an additional monitoring service which allows WanaYu to monitor the operation of the portal 24/7 without the need of having an operator on site out of normal office hours. It must be mentioned that for the first year, WanaYu will be offered a server free of charge by the cloud computing company (Amazon Free Tier offer), allowing WanaYu to set up the first stages of the service at zero cost.

Assumptions - Web Application Hosting	
Max. Hits per day per 10k active users	541.000
Max. Hits per day for medium instance	250.000
Price per Month per Medium Instance	37,07 €
One Time Fee for 3 year instance	384,62 €
CloudWatch Monitoring per instance per month	3,80 €
* Free Tier Offer will be used during the development phase in year 1	

	2014	2015	2016	2017	2018
Active User	54.419	179.583	359.579	607.157	900.655
Max. Hits per Day	2.944.067	9.715.420	19.453.216	32.847.193	48.725.434
Amazon EC2 medium instances (amount)	12	39	78	132	195
Amazon EC2 medium instances (cost)	2.446,57 €	13.011,30 €	34.696,80 €	58.717,66 €	86.742,00 €
One time fee	4.615,38 €	10.384,62 €	15.000,00 €	25.384,62 €	39.230,77 €
CloudWatch Monitoring	250,80 €	1.333,80 €	3.556,80 €	6.019,20 €	8.892,00 €
TOTAL Portal Operation	7.312,75 €	24.729,72 €	53.253,60 €	90.121,48 €	134.864,77 €
Cost of Operation per user per year	0,36 €	0,19 €	0,15 €	0,15 €	0,15 €

PROFIT AND LOSS ACCOUNT

The Profit and Loss Account, or the financial result, is that which collates the various activities during the accounting period, with the income and expenditure entered into it. Each revenue or expense of the business is included in the appropriate category.

Based on the following table the figures in the Profit and Loss Account underneath were calculated.

Depreciation / Amortization over	5 Years	
Interest on short term financial investments	3%	
Interest on long term loans	9%	
Dividend Payments to Shareholder	0%	Year 3 (2015)
	50%	Year 4 (2016)
	60%	Year 5 (2017)
	70%	Year 6 (2018)

	2013	2014	2015	2016	2017	2018
SALES	-	€ 1.200.752	€ 6.754.347	€ 18.309.756	€ 30.916.434	€ 45.861.351
FIXED COST						
Marketing	€ (25.330)	€ (103.165)	€ (136.710)	€ (331.188)	€ (713.433)	€ (1.069.650)
Operation	€ (19.712)	€ (51.906)	€ (65.537)	€ (212.961)	€ (316.090)	€ (463.372)
Business Support	€ (30.262)	€ (33.996)	€ (85.125)	€ (243.767)	€ (392.412)	€ (517.412)
VARIABLE COST						
Online Language Class and Language Plus		€ (1.016.246)	€ (5.716.482)	€ (15.496.300)	€ (26.165.851)	€ (38.814.349)
Marketing & Customer Acquisition		€ (166.389)	€ (398.316)	€ (387.077)	€ (293.357)	€ (64.568)
Web Portal Operation		€ (7.313)	€ (24.730)	€ (53.254)	€ (90.121)	€ (134.865)
EBITDA	 (75.304)	 (178.262)	 327.447	 1.585.208	 2.945.170	 4.797.134
DEPRECIATION TANGIBLES	€ (1.285)	€ (2.015)	€ (2.652)	€ (5.240)	€ (8.036)	€ (10.878)
AMORTIZATION INTANGIBLES	€ (29.555)	€ (53.815)	€ (83.699)	€ (200.391)	€ (377.026)	€ (609.729)
EBIT	 (106.143)	 (234.093)	 241.096	 1.379.577	 2.560.108	 4.176.527
FINANCIAL EXPENSES	-	€ (13.500)	-	-	-	-
FINANCIAL INCOME	€ 5.273	€ 1.895	€ 10.189	€ 27.759	€ 49.192	€ 76.853
EARNINGS BEFORE TAXES	 (100.870)	 (245.698)	 251.286	 1.407.336	 2.609.300	 4.253.380
INCOME TAXES			-	(453.219)	(913.255)	(1.488.683)
NET PROFIT	 (100.870)	 (245.698)	 251.286	 948.117	 1.696.045	 2.764.697
<i>accumulated profits</i>	<i> (100.870)</i>	<i> (346.568)</i>	<i> (35.283)</i>	<i> 1.312.054</i>		

Figure 51: Profit & Loss

BALANCE SHEET

The Balance Sheet is an accounting document that reflects the economic-financial situation of the company at a given moment in time, in such a way that the situation is expressible in monetary terms.

The Balance Sheet is like a picture of the business at a particular moment, offering a static view.

	Initial (Start)	2013	2014	2015	2016	2017	2018
ASSETS							
NET INTANGIBLE FIXED ASSETS	150.000	€ 118.219	€ 185.706	€ 251.426	€ 634.496	€ 1.140.643	€ 1.694.430
Portal Development	150.000	€ 147.773	€ 269.076	€ 418.494	€ 1.001.956	€ 1.885.128	€ 3.048.644
Accumulated amortization		€ (29.555)	€ (83.370)	€ (167.069)	€ (367.460)	€ (744.486)	€ (1.354.214)
NET FIXED ASSETS	10.000	€ 5.138	€ 6.777	€ 7.308	€ 15.008	€ 20.951	€ 24.286
Equipment	10.000	€ 6.423	€ 10.077	€ 13.259	€ 26.200	€ 40.178	€ 54.392
Accum. Depreciation		€ (1.285)	€ (3.300)	€ (5.952)	€ (11.192)	€ (19.227)	€ (30.106)
STOCK		-	-	-	-	-	-
ACCOUNTS RECEIVABLE		-	-	-	-	-	-
CASH/BANKS	240.000	€ 81.328	€ 57.425	€ 323.020	€ 875.647	€ 1.478.550	€ 2.193.277
SHORT TERM FINANCIAL INVESTMENTS		€ 94.445	€ 5.729	€ 16.619	€ 49.668	€ 161.187	€ 368.499
TOTAL ASSETS	400.000	€ 299.130	€ 255.636	€ 598.372	€ 1.574.819	€ 2.801.330	€ 4.280.491
LIABILITIES							
EQUITY	400.000	€ 299.130	€ 53.432	€ 304.717	€ 778.776	€ 1.457.194	€ 2.286.603
Share Capital	400.000	€ 400.000	€ 400.000	€ 400.000	€ 400.000	€ 400.000	€ 400.000
Retained earnings		-	-	€ 251.286	€ 725.344	€ 1.403.762	€ 2.233.171
Accumulated losses		-	€ (100.870)	€ (346.568)	€ (346.568)	€ (346.568)	€ (346.568)
Losses of the year		€ (100.870)	€ (245.698)	-	-	-	-
LONG TERM LOANS		-	€ 150.000	-	-	-	-
ACCOUNTS PAYABLE		-	€ 52.204	€ 293.655	€ 796.043	€ 1.344.136	€ 1.993.888
SHORT TERM BANK CREDITS		-	-	-	-	-	-
TOTAL LIABILITIES	400.000	€ 299.130	€ 255.636	€ 598.372	€ 1.574.819	€ 2.801.330	€ 4.280.491
WORKING CAPITAL	240.000	€ 175.773	€ 10.949	€ 45.984	€ 129.272	€ 295.601	€ 567.887
MATCHING ASSETS = LIABILITIES		-	-	-	-	-	-

Figure 52: Balance Sheet

TREASURY – CASH IN/OUT

	2013	2014	2015	2016	2017	2018
NET PROFIT	€ (100.870)	€ (245.698)	€ 251.286	€ 948.117	€ 1.696.045	€ 2.764.697
AMORTIZATION/DEPRECIATION/ACCRUALS	€ 30.839	€ 55.830	€ 86.351	€ 205.631	€ 385.061	€ 620.607
CASH FLOW	€ (70.031)	€ (189.868)	€ 337.636	€ 1.153.749	€ 2.081.107	€ 3.385.304
LONG TERM DEBT INCREASE/DECREASE	-	€ 150.000	€ (150.000)	-	-	-
CAPITAL STOCK INCREASE	-	-	-	-	-	-
TOTAL SOURCES	€ (70.031)	€ (39.868)	€ 187.636	€ 1.153.749	€ 2.081.107	€ 3.385.304
WORKING CAPITAL VARIATION	€ (64.227)	€ (164.824)	€ 35.035	€ 83.288	€ 166.329	€ 272.287
DIVIDENDS PAID	-	-	-	€ 663.682	€ 1.187.232	€ 1.935.288
FIXED ASSETS INCREASE	€ (3.578)	€ 3.654	€ 3.183	€ 12.941	€ 13.978	€ 14.214
TOTAL APPLICATIONS	€ (67.804)	€ (161.170)	€ 38.218	€ 759.910	€ 1.367.539	€ 2.221.789

Figure 53: Treasury

CASH FLOW

	initial	2013	2014	2015	2016	2017
NET PROFIT		€ (100.870)	€ (245.698)	€ 251.286	€ 948.117	€ 1.696.045
interest paid		-	€ 13.500	-	-	-
interest received		€ (5.273)	€ (1.895)	€ (10.189)	€ (27.759)	€ (49.192)
AMORTIZATION/DEPRECIATION		€ 30.839	€ 55.830	€ 86.351	€ 205.631	€ 385.061
NET INVESTMENTS IN ASSETS	€ (400.000)	€ 5.804	€ (124.956)	€ (152.602)	€ (596.402)	€ (897.150)
INVESTMENTS IN NOF		-	€ 52.204	€ 241.451	€ 502.388	€ 548.093
CASH FLOWS	€ (400.000)	€ (69.500)	€ (251.014)	€ 416.296	€ 1.031.975	€ 1.682.857
RISK FREE INTEREST EXPENSE	2%					
RISK PREMIUM	20%					
discount rate	25%					
NPV	€ 571.030					
IRR	49,33%					
ACCUMULATED CASH FLOW	€ (400.000)	€ (469.500)	€ (720.514)	€ (304.218)	€ 727.757	€ 2.410.614
PAY BACK PERIOD	3 years	4 months				

Figure 54: Cash Flow

PROFIT PER ACTIVE MEMBER

	2014	2015	2016	2017	2018
Active Members	54.419	179.583	359.579	607.157	900.655
Revenue per Year per Active Member	€ 22,06	€ 37,61	€ 50,92	€ 50,92	€ 50,92
Variable Cost per Active Member	€ (21,87)	€ (34,19)	€ (44,32)	€ (43,73)	€ (43,32)
Fixed Cost per Active Member	€ (4,50)	€ (2,08)	€ (2,76)	€ (2,98)	€ (2,97)
EBIT per Active Member	€ (4,30)	€ 1,34	€ 3,84	€ 4,22	€ 4,64

Figure 56: Profit per Active Memeber

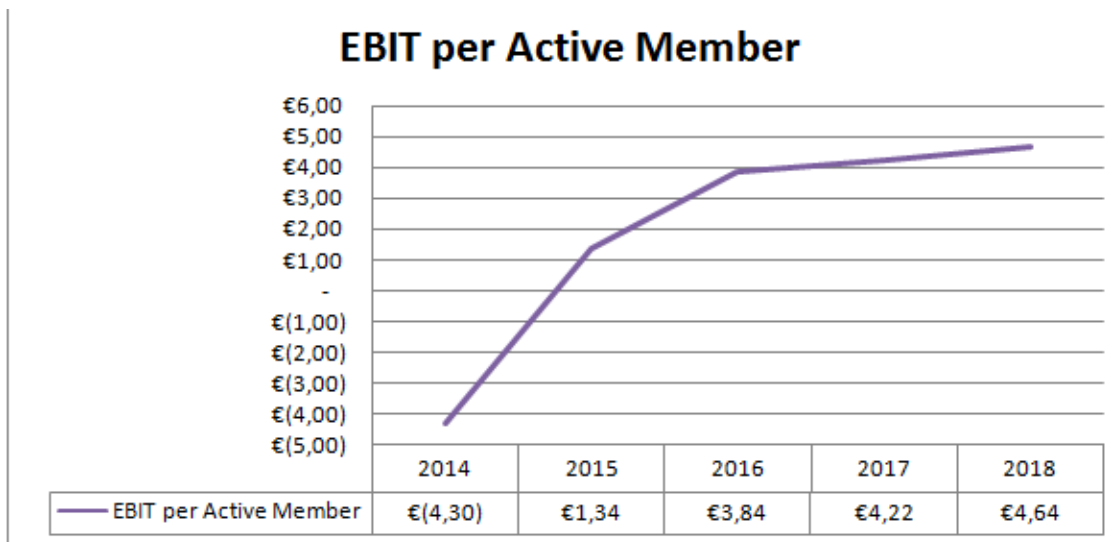


Figure 55: EBIT per Active Member

BREAKEVEN ANALYSIS

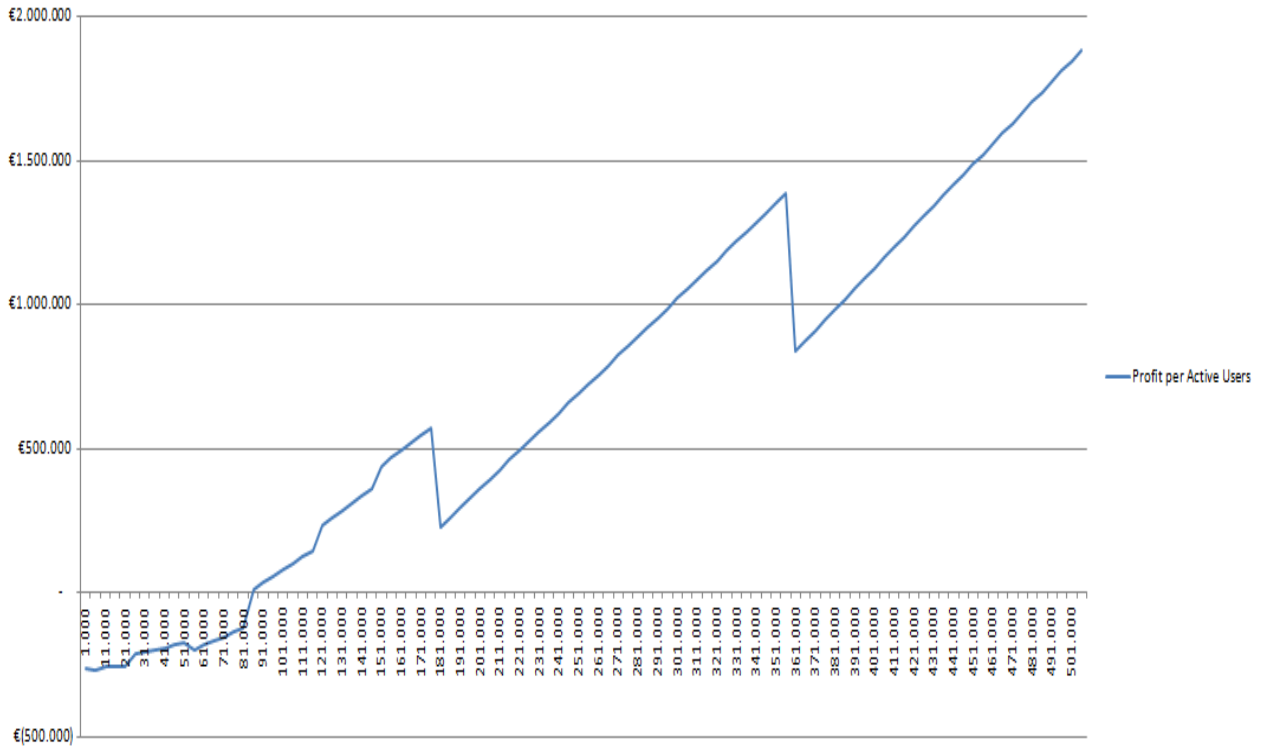


Figure 57: Break-Even-Analysis

10 Conclusion

Globalisation is driving the Language Learning Market while new technologies enable communities worldwide to exchange their language and culture. Established competitors who provide some functionality of an online language learning community show the market potential and still leave a lot of space for the full adaption and innovation of such a service.

Following its mission of “Learn a Language Your Way”, **WanaYu** will exploit these market opportunities through a service which adapts to the personal interests of its users by leveraging the potential of open innovation and peer production. This combination will be **WanaYu’s** unique selling proposition, unrivalled in the market, and the basis of **WanaYu’s** sustainable business model which establishes a balance between creating value for its customers and earning profits for its shareholders. Such business ethics will be a major competitive advantage in the future as they do not follow the trend of providing a free service which is then used to spam users with advertisement.

WanaYu’s business model is highly profitable even though it has a low margin. Therefore it is dependent on the attraction of sufficient users who interact in a self-sustaining ecosystem. A large self-sustaining ecosystem will also add more raw intelligence and requisite variety. Therefore **WanaYu’s** most critical success factor lies in the execution of the idea to provide an environment which is engaging language learners in a global community.

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EOI Global MBA 2011/12 - Final Project
6th June 2012

Executive Summary
WanaYu - Language Learning Community
“Learn a Language Your Way”



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III Glossary

Open Innovation – Openness generally refers to ways of sharing with others and inviting their participation. In the open innovation model, there are two complementary kinds of openness. One is “outside in,” where a company makes greater use of external ideas and technologies in its own business. Openness in this context means overcoming the “not invented here” syndrome, where the company monopolizes the source of its innovations, and instead welcoming new external contributions. The other kind of openness is “inside out,” in which a company allows some of its own ideas, technologies or processes to be used by other businesses. Openness here means overcoming the “not sold here” syndrome, in which the company monopolizes the use of its innovations, prohibiting use outside of its own business. Opening up the inside means that revenues from external use of a company’s ideas are welcomed.[1]

Peer Production – (also known by the term mass collaboration) is a way of producing goods and services that relies on self-organizing communities of individuals who come together to produce a shared outcome. The content is produced by the general public rather than by paid professionals and experts in the field. In these communities, the efforts of a large number of people are coordinated to create meaningful projects. The information age, especially the Internet, has provided the peer production process with new collaborative possibilities and has become a dominant and important mode of producing information.[2] Contemporary society is witnessing an emergence of more effective peer production that does not rely on the price system or a managerial structure for coordination.[3]

1 Introduction

The world is growing together and needs its people to communicate and interact with each other. The age of globalisation requires global communication, and the currency of communication is language. There are thousands of solutions out there offering their services, but often they just don't seem to fit into personal schedules, interests or the available budget. How much of a language someone learns depends basically on the individual need, desire, motivation, ability and the amount of energy someone can dedicate to the endeavour. However, evidence suggests that, with the right approach and motivation, everyone can learn a foreign language.

WanaYu creates the opportunity for people to exchange language and culture in a social learning environment online as well as offline, providing tools and guidance to collaborate and to form global communities based on personal interests using open innovation to customize the true language learning experience for each customer.

1.1 Mission, Vision & Values

WanaYu's mission, vision and values are very ambitious but indispensable for the success of its business model. They need to fulfil the same high standards as required for the whole project.

Mission - Learn a Language Your Way!

Vision - Build a Global Language Learning Community, both online and in the Real World, to empower its members to learn a language with others. The community will reach this goal by sharing native language skills and cultural experience through collaboration and participation.

Corporate Values - values play an important role when people get together, even more when they are from different nationalities and cultural background. **WanaYu** as a company as well as the community see the following values as key for a successful act:

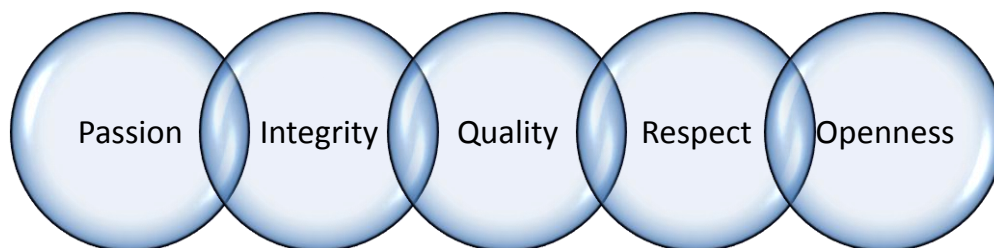


Figure 1: Corporate Values

2 The Market

There are 6.909 active languages in the world, which belong to 116 different language families with the largest family of speakers being the Indo-European which consists of approximately 2.7 billion people, and 426 unique languages including, English, German, Portuguese, Russian, and Spanish.

Europe represents an interesting market due to the geographical closeness of its countries, the language variety, and the basic need for communication among them as they built a single Economic Union out of many diverse nations, communities, cultures and language groups.

Since 2008 Europe is in a financial crisis with a huge impact on the labour market. Changes in the economic and political situation influence the migration of workers and graduates from one country to another. This creates special opportunities in the language market due to the specific needs of people planning to immigrate to another country, which makes skilled emigrants a very interesting customer segment for **WanaYu**. The main reason to move country is work related and represents out of total emigration a 60% of the Spanish, 32% of the British and 19% of the



Figure 2: Countries with highest migration in Europe

Germans [4]. The most migration driven language learners within Europe are Germans, British and Spanish, who shall be the three main countries for **WanaYu** to enter the market.

With these three provided languages in **WanaYu**, other secondary markets can be served, such as United States, Australia, most of Latin America, Austria etc. In a first expansion movement, Portuguese as a further language will be adopted to serve the Brazilian market with its special status of being one of the fastest growing economies in the world.

3 The Customers

Many customer segments can be identified within the language learning market, from children who learn their first languages in school to students and professionals who need them to distinguish themselves and improve career chances with a second or third language.

Market research shows that the biggest interest groups to learn languages are:

Students	Age 16-24, biggest group of active Language Learners, a lot of free time, price of language course biggest discouraging factor
Professionals	Age 24-39, 20% of active Language Learners but create 70% of revenue, time issues are the biggest discouraging factor

Students and young professionals already have got a great technical affinity and are users of Social Networks, which is one of the fundamental pillars within the **WanaYu** community. Therefore the categorization for Social Networkers accounts as well, as follows [5]:

Social Networkers	
Alpha Socialisers	Seek for new contacts, focus on entertainment & casual communication, create wide networks → needed for formation of a community
Attention Seekers	Desperate to interact with others, heavy content creator, seeking for approval & admiration of others, “collecting” friends → needed for distribution of information
Followers	Search for acceptance, behave and look like online friends to be included in social group
Faithfuls	Use social network to keep in touch with friends and relatives, searching for old friendships
Functionals	Look for specific information, convinced by friends to join, purpose driven
Non-Users	Currently 78% of adults while decreasing in numbers

The most important customer segment for **WanaYu** is the combination of Social Networkers with Language Learners the so-called **Social Language Learners**. These are students and professionals with the need to learn a language efficiently in order to emigrate, and who fulfil the profile of Alpha Socialisers, Attention Seekers, Followers and Faithfuls.

European Social Language Learners as a customer segment for **WanaYu** will grow over time as future internet generations are already digital natives and use social networks heavily. This digital breed will be demanding online services where they can create content and interact.

4 The Competition

The language learning market is very fragmented and competitive with thousands of language learning solutions. It is subject to rapid changing consumer preferences and industry trends.

The whole market is highly fragmented and consists of the following primary models: classroom and immersion-based classroom instruction; grammar and translation self-study books, audio tapes and software; free online offerings.

Because of the diverse character it is impossible to analyse all options within the market. Example profiles of three close competitors regarding strategy and methodology are:

Competitor	Business Model
Academia	Educational support for every subject covered in school via individual classes at home, group activities at offices, conversation class and help in the preparation for official exams

Busuu	Online social language learning community; provides individual exercises, form study groups, chat language exchange, correcting exercises from others in the community; premium subscription with additional learning content
Rosetta Stone	Technology-based language learning solutions consisting of software, online services and audio practice tools own teaching method “Dynamic Immersion”; courses based on interactive technologies and pedagogical content, utilizes a sophisticated sequencing of images, texts and sounds to teach without translation or grammar explanation

5 Positioning

WanaYu will be a language learning community connecting people all around the globe to learn a foreign language. The following graph shows the positioning in comparison to the major language learning categories such as Language School and Online Learning Solution. In Terms of: Price, Product/Content Variety, Motivation & Retention, Real World Experience, Collaboration & Interaction, Accessibility & Flexibility and Open Innovation.

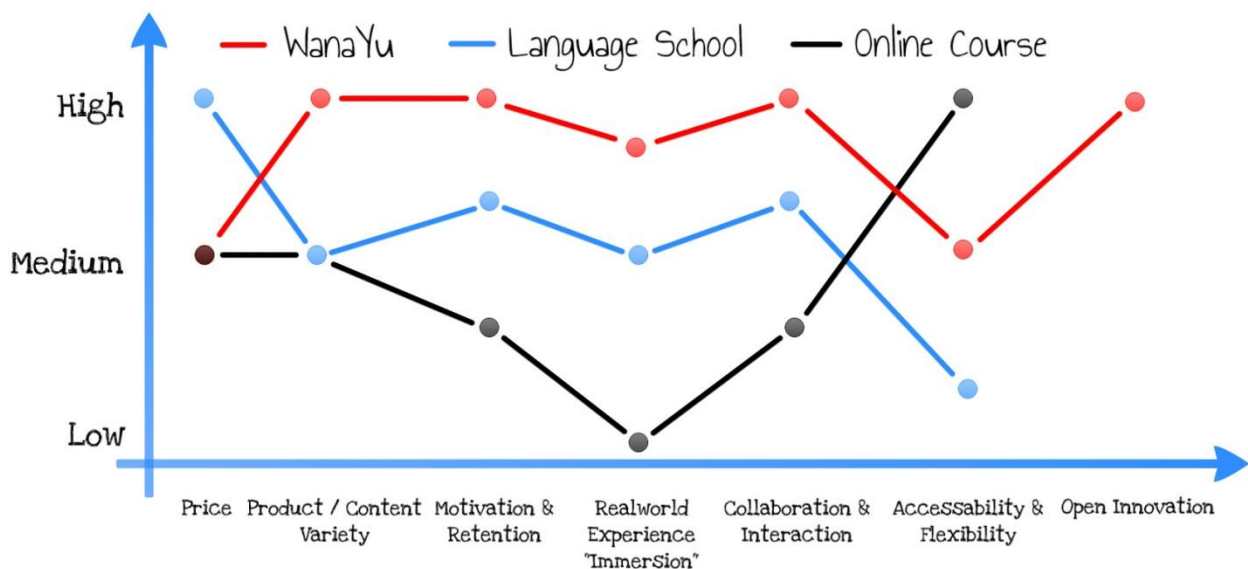


Figure 3: Positioning & Differentiation

WanaYu won't enter a blue ocean, but there are numerous advantages which make the difference for key customers.

6 Marketing and Organization

6.1 Value Proposition

WanaYu will provide four pillars of key values tailored to the specific needs of its customers:

Social Environment & Peering – motivate by connecting people worldwide based on their shared interests to learn together by exchanging knowledge on their language and culture

Engaging Learning Content – motivate through learning content which fits personal interests

Flexible & Effective Learning – Professional guidance on language learning targeted at those who need to learn more effectively in order to make a better use of their time

Free Language Learning – the ability to learn a language for free targeted to people who do not have the monetary resources but the time to learn by sharing their own knowledge

6.2 Products and Services

WanaYu will deliver these values through three sets of products and services:

Online Language Community – An intuitive and free Online Portal which provides the tools for community members to connect in a “Social Environment”, to learn either together or individually and to collaborate (Peer Production). **WanaYu’s** collaboration tools will enable its users to create Language Learning Content and to share cultural information. This process of open innovation or customer co-creation will create a variety of engaging content based on user’s interests.

Language Plus, Teaching and Learning Material – Language plus is a payable subscription service which helps users to learn more effectively through coaching by a professional teacher. Users can also take online language classes and buy additional language learning material.

Real World Language Community – provides the possibility to learn a language by socializing and practising language skills in the real world

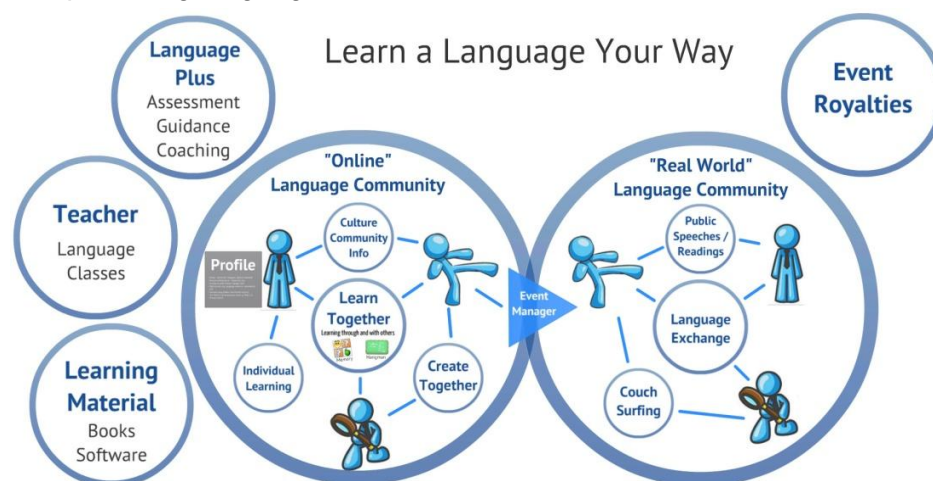


Figure 4: Products & Services

6.2 Competitive Advantage

Existing language learning solutions mainly focus on content which has the disadvantage that, reliant on their own resources, companies have to generate sufficient innovation to capture all customer needs in order to compete successfully in the market. **WanaYu** will conquer this challenge through open innovation by harnessing external talent through peer production. **WanaYu's** main competitive advantage is that it won't be a provider of language learning content. Instead, **WanaYu** will leverage its internal innovation to create an infrastructure which will enable its community to innovate based on the motto "*Empower people with the right tools to collaborate and they will do the rest*". Such an ecosystem of "Customer Co-creation" applied to language learning is unique in the market and **WanaYu** will be able to sustain this competitive advantage by being the first mover and having a constant focus on research and development.

Beside open innovation, the combination of online and real world services bring together the advantages of flexibility in the online world with the higher social engaging factors of the real world, like language exchange in a bar, which represents another competitive advantage.

6.3 Customer Acquisition and Promotion

To make a product or service known to customers who would be willing to pay for it, usually requires a high investment into promotion. Instead of a high advertisement budget, **WanaYu** will focus on R&D in order to create value for its users at such a high level that they will spread the word. The initiation still requires a broad seeding, through for instance digital marketing, to create a self-sustainable ecosystem of customer attraction using the community to spread the word as shown in the graph below.

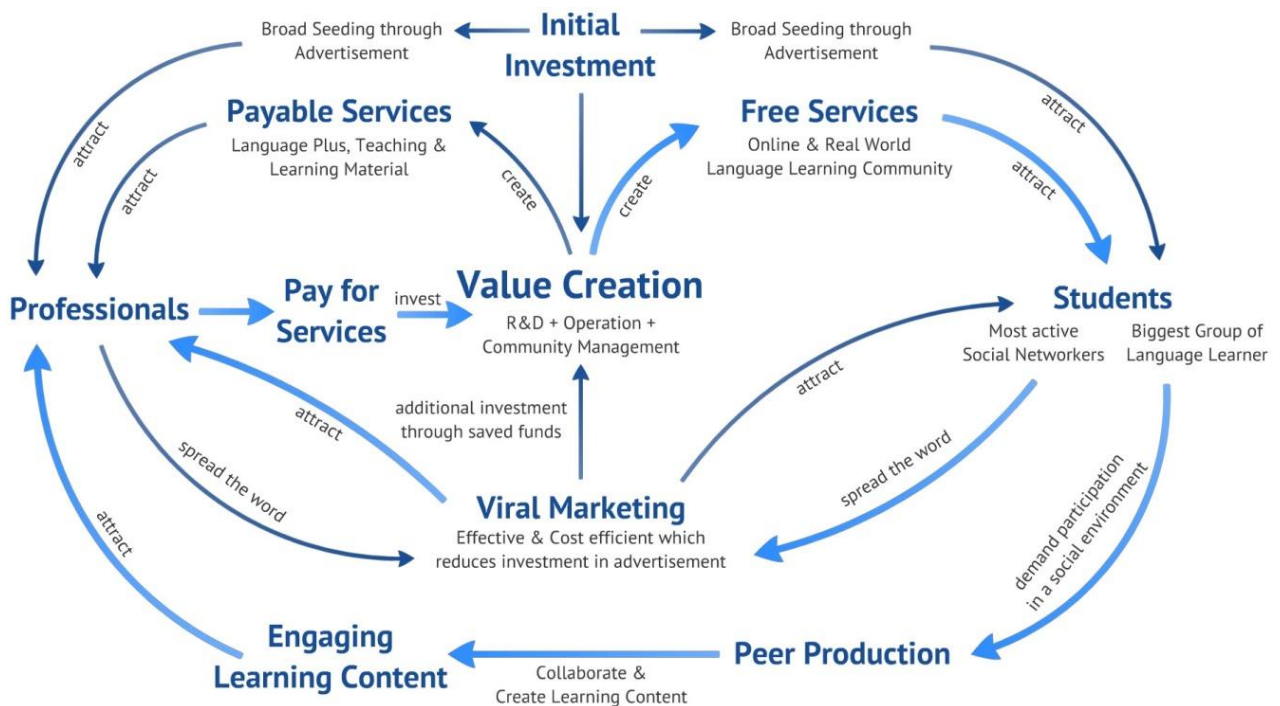


Figure 5: Ecosystem of Customer Attraction

6.4 Operation and Organisation

WanaYu as a company, its idea, mission, organization and worldwide language community is questioning the *status quo* of many common perceptions. As such, WanaYu cannot be considered a “normal” service company and therefore needs new and challenging ideas for its operation to make a difference from established competitors and to create value for its customers.

WanaYu will be operating based on the principles of a “Lean Business” and focusing on activities which add value to its customers, developing new services based on demand and will establish a culture of continuous improvement.

The WanaYu - Organisation Chart

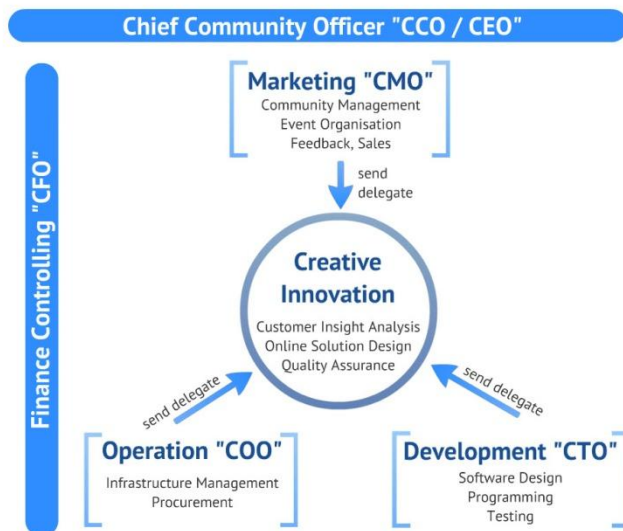


Figure 6: Organisation Chart

The WanaYu - Value Chain



Figure 7: Value Chain

The design of new services, as well as the improvement of the existing ones, will be a joint effort between all departments in order to leverage the full potential of creativity as well as the feedback captured from the community. A team with members of every department will join a Creative Innovation function and will use the well proven methodology of ideation to design new services. The development department then takes over the service design for software development which will also follow the “Lean” principles based on the guidelines of lean programming [6].

6.5 Implementation Plan

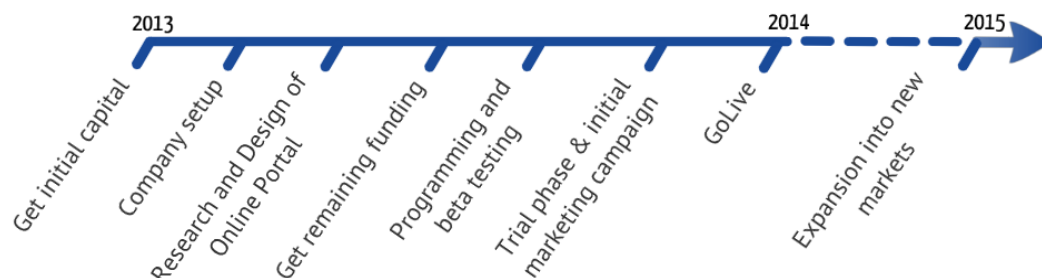


Figure 8: Implementation Plan

7 Financial Projections and Key Metrics

WanaYu will capture value through a distinct revenue mix of value-adding services which are based on the principles of “inside out” open innovation, were WanaYu will make profit by enabling other businesses to make a profit.

Market – WanaYu’s total market is Social Network Language Learners worldwide. In order to define the initial market size it is assumed that 18% of Social Networkers are Language Learner while in the entry markets (Spain, Germany, UK) 38% learn English, 14% German and 6% Spanish[7]. This is a very cautious estimation as the biggest age group of Social Networks is also the most active language learner.

Key Financial Metrics	
Initial Investment	€400.000
Payback Period	3 years 4 month
Break Even	86.000 Members
Net Present Value at 25% Discount Rate	€571.030
Internal Rate of Return	49%

Revenue Assumptions

Yearly Increase in Market Share	
	1,0%

Revenue Sources	Sales per month
Language Plus Service	15,00 €
- Percentage of Language Plus Members	5%
Language Classes	
- per teacher (monthly activation fee)	10,00 €
- Teacher to Student Ratio	6
- Language Plus Members taking classes	70%
- avg price hourly per class	12,00 €
- avg classes (hours) per student	8
- Commission per class (Revenue Share)	10%
Learning Material	
- Members buying material	5%
- avg spending per buying memeber	30,00 €
- Commision	5%

Figure 9: Revenue Assumptions

will support WanaYu’s cash flow with a positive effect on its Net Operating Funds.

Revenue Mix – WanaYu will offer three value added services: Language Plus, Language Classes and Learning Material. Language Plus is a monthly subscription service with a fixed fee of €15, including an assessment, consulting and coaching on language learning of two hours per month by a professional teacher. Language Classes are given by independent teachers who set their own prices which creates an open market competition to assure quality, variety and customer satisfaction. WanaYu will manage the payments and retains a 10% commission. At the same time it will act as a trusted third party between students and teachers as students pay before scheduling a class and teachers get paid at the end of the month after they have delivered the class. This

Source of Finance – An initial investment of €200.000 will be provided by the founders while the remaining equity shall be offered to a business angel to secure the remaining €200.000 for the initial development in year one. An additional loan of €150.000 will be required in year two for daily operations and customer acquisition.

Treasury - Cash In/Out

(in the absence of funding)



Figure 10: Treasury - Cash In/Out

WanaYu's business model is based on a low margin with reasonable fixed costs and a high percentage of variable costs which is typical for such internet services. This requires **WanaYu** to gain sufficient market share in the first two years in order to be profitable.

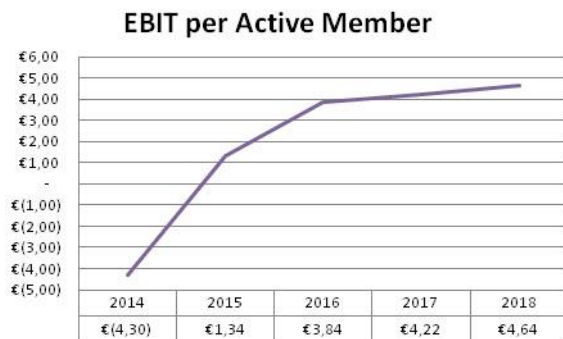


Figure 12: EBIT per Active Member per Year

Total Cost Distribution

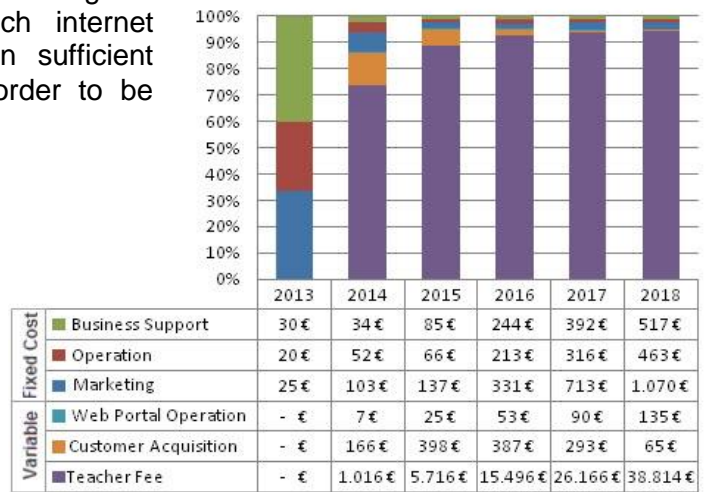


Figure 11: Total Cost Distribution

Profit and Loss Account

	2013	2014	2015	2016	2017
MARKET					
Total Market (Direct, Secondary & Expansion)		46.953.339	51.648.673	56.813.541	62.494.895
Market Share		0,12%	0,35%	0,63%	0,97%
Active Members	-	54.419	179.583	359.579	607.157
Language Plus Members	-	2.721	8.979	17.979	30.358
Students taking classes	-	1.905	6.285	12.585	21.250
SALES	-	€ 1.200.752	€ 6.754.347	€ 18.309.756	€ 30.916.434
FIXED COST	€ (75.304)	€ (189.067)	€ (287.372)	€ (787.917)	€ (1.421.935)
Marketing	€ (25.330)	€ (103.165)	€ (136.710)	€ (331.188)	€ (713.433)
Operation	€ (19.712)	€ (51.906)	€ (65.537)	€ (212.961)	€ (316.090)
Business Support	€ (30.262)	€ (33.996)	€ (85.125)	€ (243.767)	€ (392.412)
VARIABLE COST	-	€ (1.189.947)	€ (6.139.528)	€ (15.936.631)	€ (26.549.330)
Online Language Class and Language Plus		€ (1.016.246)	€ (5.716.482)	€ (15.496.300)	€ (26.165.851)
Marketing & Customer Acquisition		€ (166.389)	€ (398.316)	€ (387.077)	€ (293.357)
Web Portal Operation		€ (7.313)	€ (24.730)	€ (53.254)	€ (90.121)
EBITDA	€ (75.304)	€ (178.262)	€ 327.447	€ 1.585.208	€ 2.945.170
DEPRECIATION TANGIBLES	€ (1.285)	€ (2.015)	€ (2.652)	€ (5.240)	€ (8.036)
AMORTIZATION INTANGIBLES	€ (29.555)	€ (53.815)	€ (83.699)	€ (200.391)	€ (377.026)
EBIT	€ (106.143)	€ (234.093)	€ 241.096	€ 1.379.577	€ 2.560.108
FINANCIAL EXPENSES	-	€ (13.500)	-	-	-
FINANCIAL INCOME	€ 5.273	€ 1.895	€ 10.189	€ 27.759	€ 49.192
EARNINGS BEFORE TAXES	€ (100.870)	€ (245.698)	€ 251.286	€ 1.407.336	€ 2.609.300
INCOME TAXES			-	€ (459.219)	€ (913.255)
NET PROFIT	€ (100.870)	€ (245.698)	€ 251.286	€ 948.117	€ 1.696.045
OTHER FINANCIAL INDICATORS					
Cash Flow	€ (69.500)	€ (251.014)	€ 416.296	€ 1.031.975	€ 1.682.857
Working Capital	€ 175.773	€ 10.949	€ 45.984	€ 129.272	€ 295.601
Dividends	-	-	-	€ 474.059	€ 1.017.627
Retained Earnings	-	-	€ 251.286	€ 474.059	€ 678.418

Figure 13: Profit and Loss Account

A scenario analysis has been executed in order to evaluate the impact of changes in certain key variables like the market share as well as the margin gained out of the value added services.

The sensitivity analysis shows that especially the market share in the main markets as well as the margin on the Language Plus Service and Language Classes are critical for the success of the business.

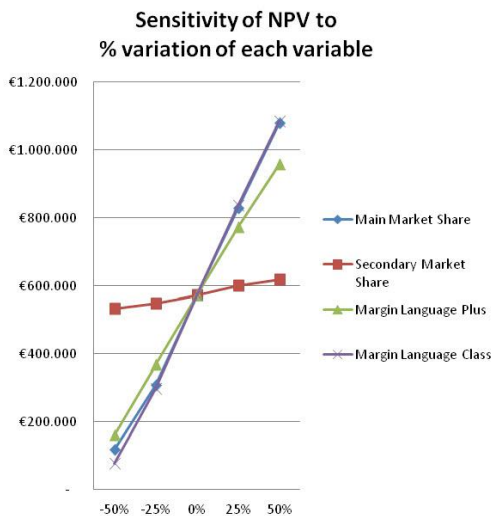


Figure 14: Sensitivity Analysis of NPV

	2015		
	PESSIMISTIC	BASE	OPTIMISTIC
Key Variance			
Main Market Share	1,1%	1,5%	1,9%
Active Members	89.944	122.650	155.357
Secondary Market Share	0,08%	0,15%	0,20%
Active Members	4.414	8.276	11.034
Margin Language Plus	25%	33%	42%
Margin Language Class	7,5%	10%	12,5%
Financial Indicators			
Revenue	€ 4.556.176	€ 6.754.347	€ 8.087.457
Variable Cost	€ (4.294.931)	€ (6.139.528)	€ (7.172.456)
Fixed Cost	€ (285.986)	€ (287.372)	€ (288.065)
Depreciation / Amortization	€ (86.351)	€ (86.351)	€ (86.351)
EBIT	€ (111.092)	€ 241.096	€ 540.585
Taxes	-	-	€ (83.396)
Net Profit	€ (103.778)	€ 251.286	€ 476.191
Year Cash Flow	€ (9.210)	€ 416.296	€ 693.134
Other Indicators			
Break Even at Active Members	300.390	86.400	86.400
Pay Back Period	4,5 Years	3,3 Years	3,08 Years
Net Present Value "NPV"	€ (635.121)	€ 571.030	€ 1.031.245
Internal Rate of Return "IRR"	-3%	49%	64%
Discount Rate	25%	25%	25%

Figure 15: Scenario Plan

8 Conclusion

Globalisation is driving the Language Learning Market while new technologies enable communities worldwide to exchange their language and culture. Established competitors who provide some functionality of an online language learning community show the market potential and still leave a lot of space for the full adaption and innovation of such a service.

Following its mission of "Learn a Language Your Way", **WanaYu** will exploit these market opportunities through a service which adapts to the personal interests of its users by leveraging the potential of open innovation and peer production. This combination will be **WanaYu's** unique selling proposition, unrivalled in the market, and the basis of **WanaYu's** sustainable business model which establishes a balance between creating value for its customers and earning profits for its shareholders. Such business ethics will be a major competitive advantage in the future as they do not follow the trend of providing a free service which is then used to spam users with advertisement.

WanaYu's business model is highly profitable even though it has a low margin. Therefore it is dependent on the attraction of sufficient users who interact in a self sustaining ecosystem. A large self sustaining ecosystem will also add more raw intelligence and requisite variety. Therefore **WanaYu's** most critical success factor lies in the execution of the idea to provide an environment which is engaging language learners in a global community.

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WanaYu

Learn a Language Your Way





WanaYu

Learn a Language Your Way



Environment



Learn a Language Your Way

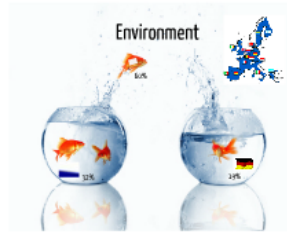
Language Learners



Students



Professionals



Social Networkers



Social
Language
Learners



VALUE PROPOSITION



Professional Support



Engaging Content



Social Environment

Motivation



Free Language Learning Community





Professional Support



Engaging Content



Social Environment



Free Language Learning Community

Motivation





Marketing & Sales





Time to Socialize...

Learn a Language Your Way

Language Plus

Assessment
Guidance
Coaching

Event Royalties



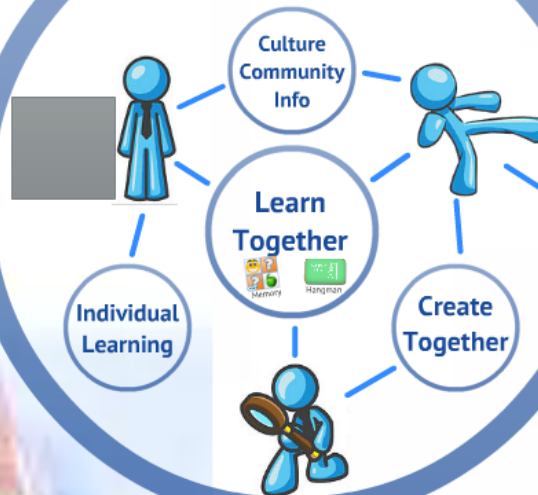
Teacher

Language
Classes

Learning Material

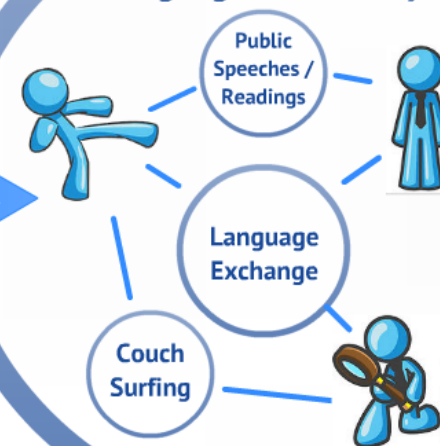
Books
Software

**"Online"
Language Community**



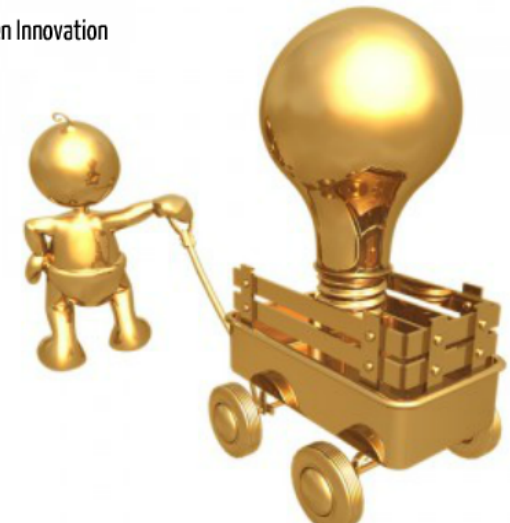
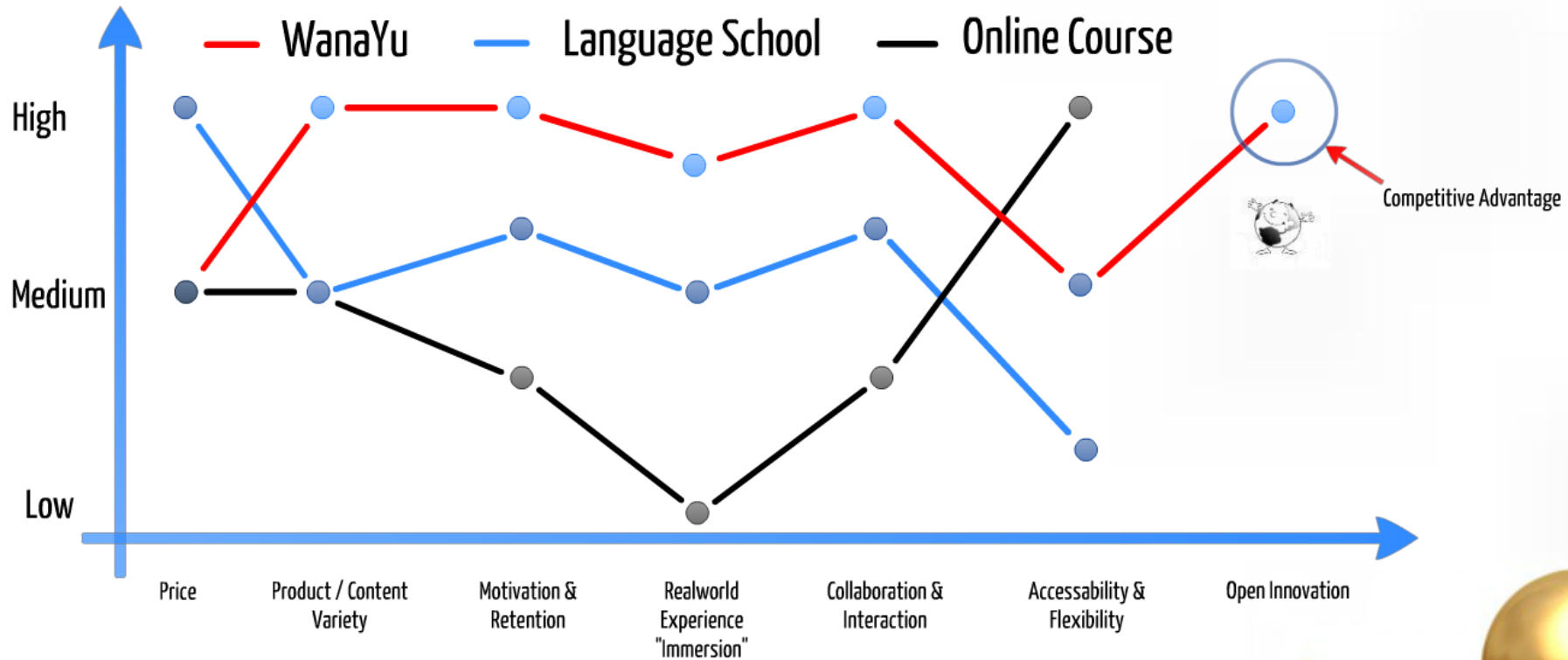
Event Manager

**"Real World"
Language Community**



Open Innovation is Key

🌐 Positioning & Differentiation



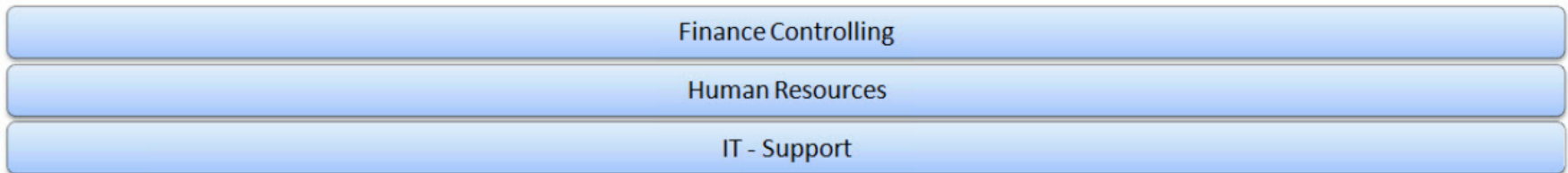


Organisation & Operation

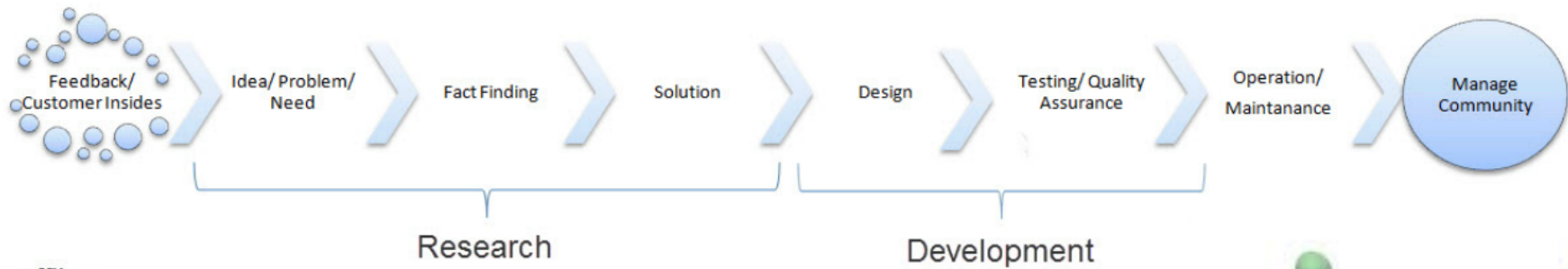




Value Chain



Online



Offline





Creative Innovation

Chief Community Officer "CCO / CEO"

Finance Controlling "CFO"

Marketing "CMO"

Community Management
Event Organisation
Feedback, Sales



Creative Innovation

Customer Insight Analysis
Online Solution Design
Quality Assurance



Operation "COO"

Infrastructure Management
Procurement

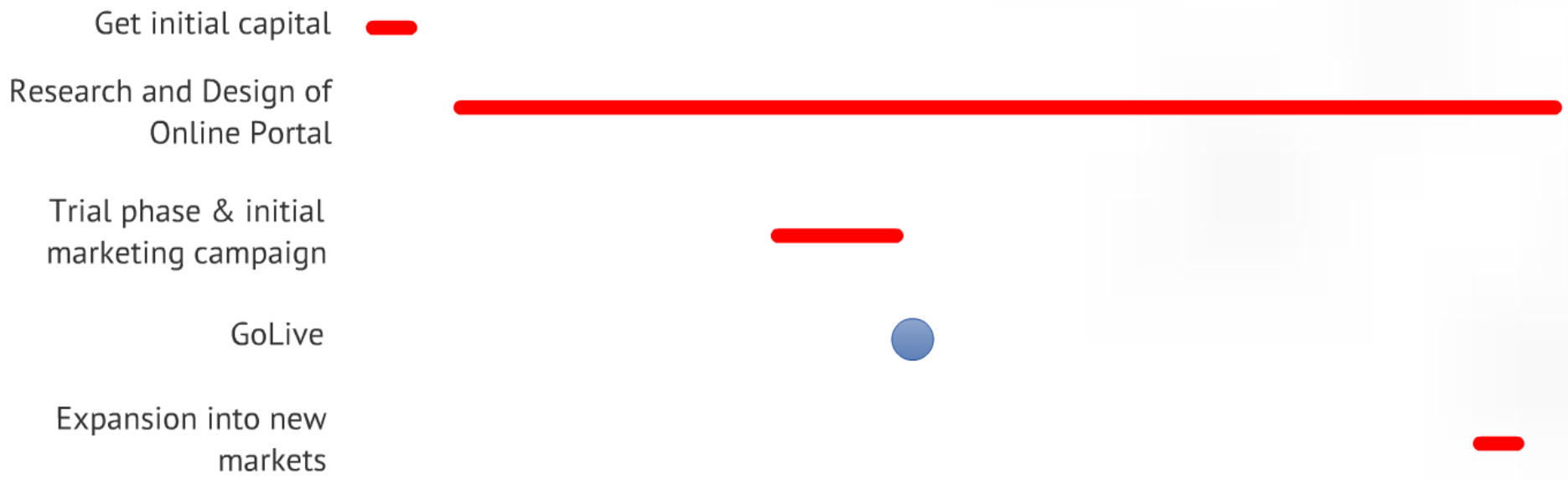
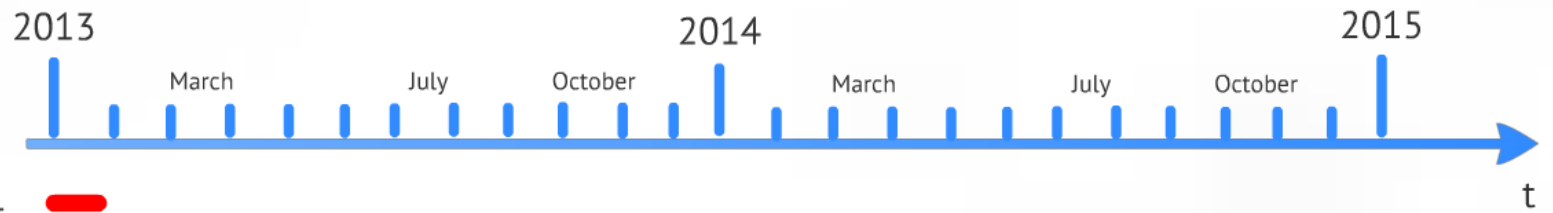


Development "CTO"

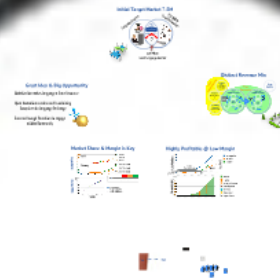
Software Design
Programming
Testing



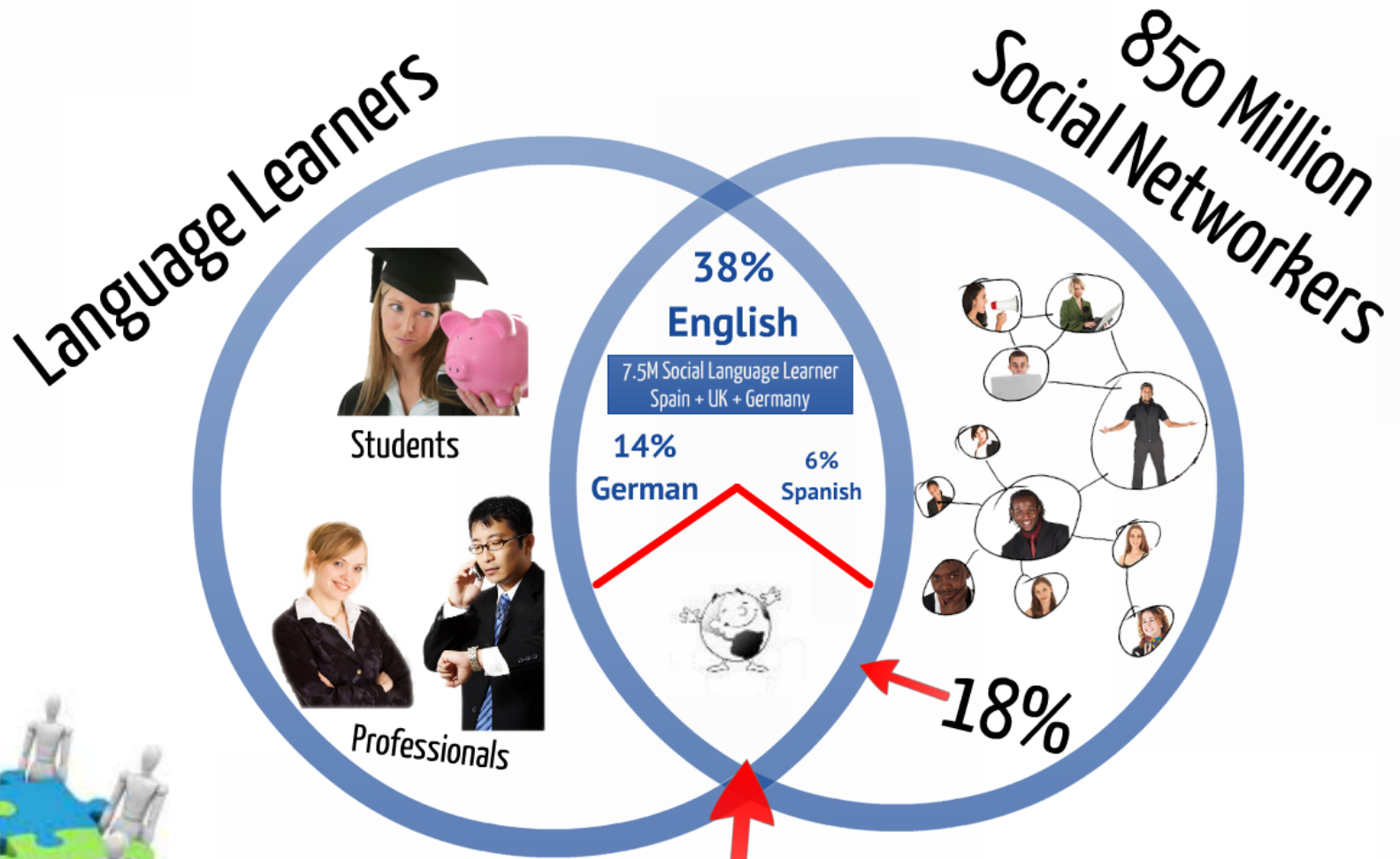
Implementation Plan



Financials

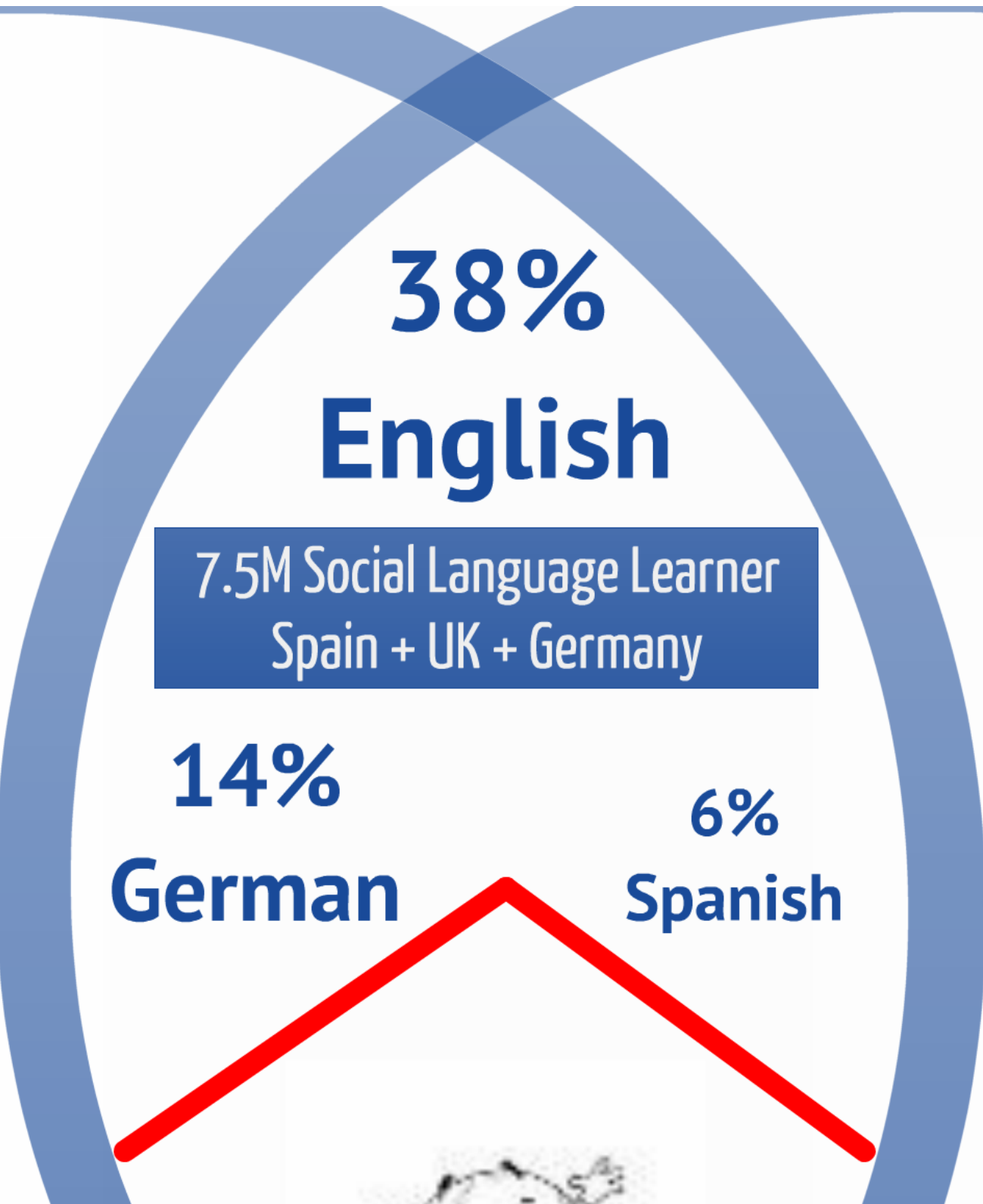


Initial Target Market 7.5M





ts



38%

English

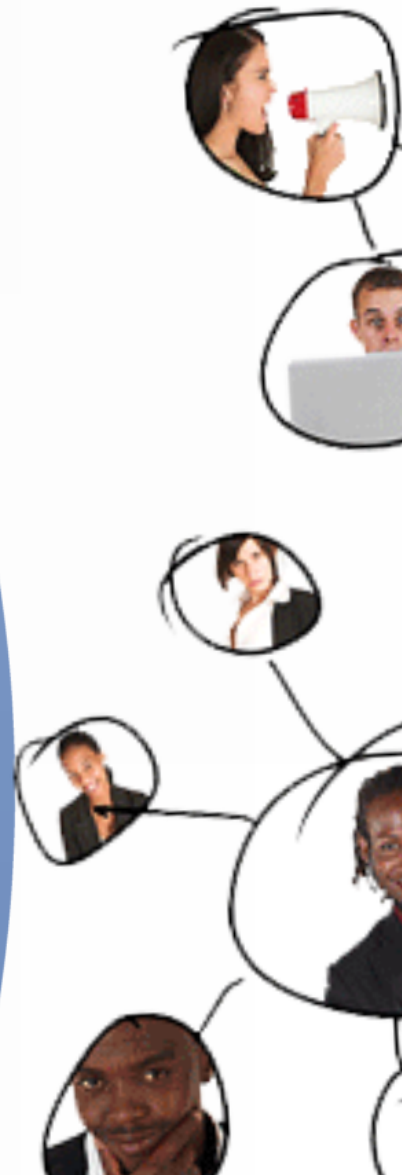
7.5M Social Language Learner
Spain + UK + Germany

14%

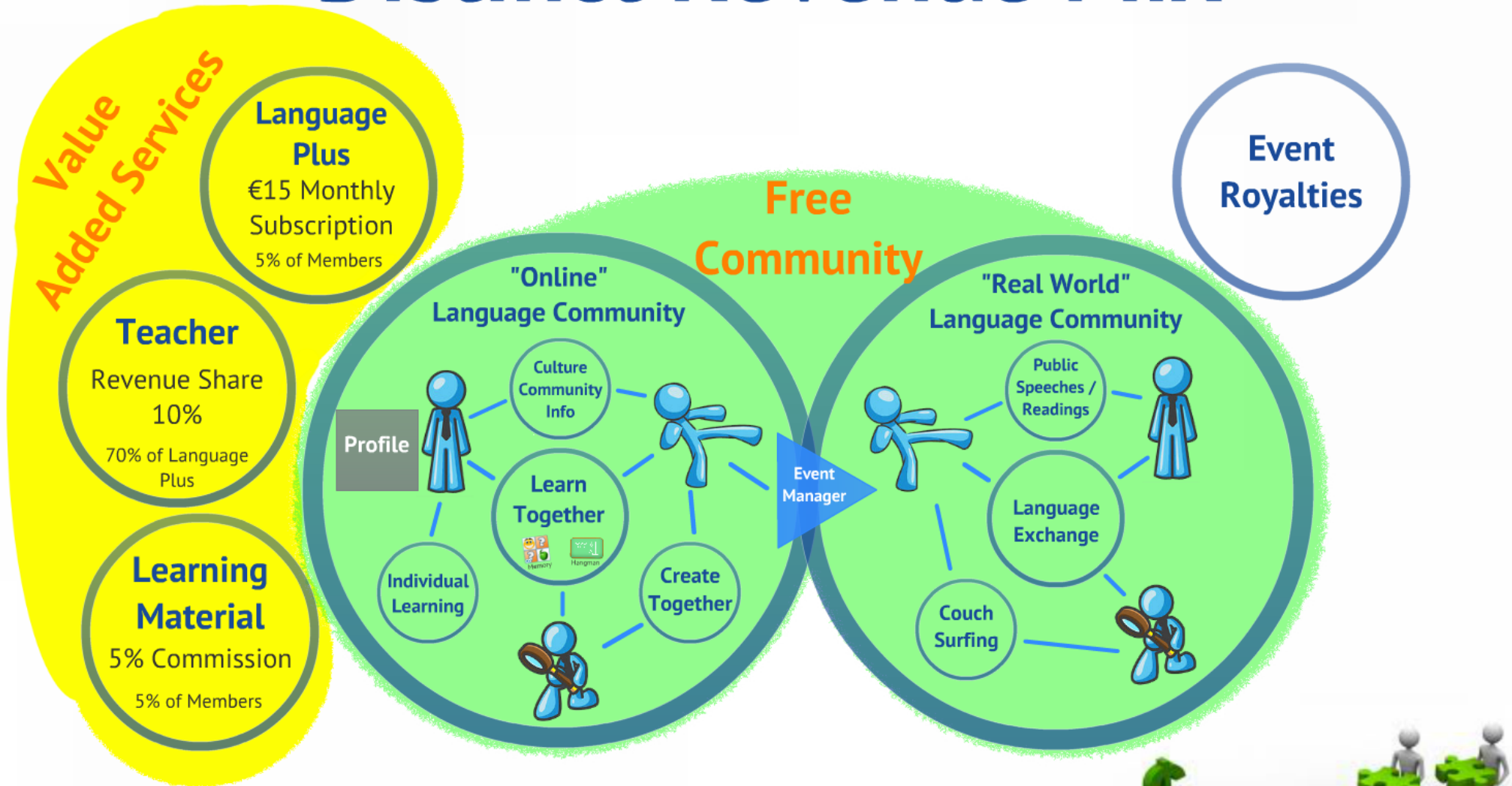
German

6%

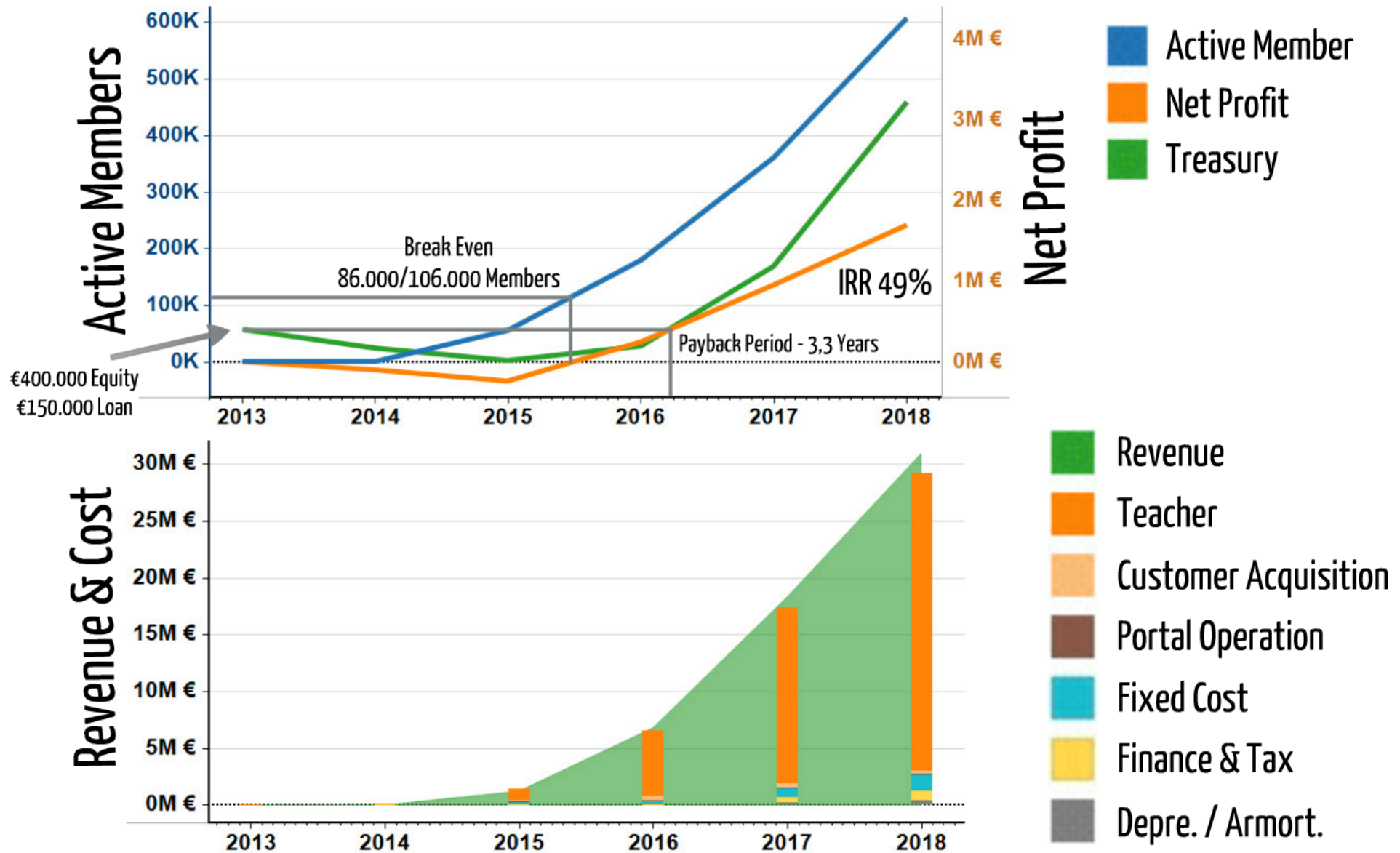
Spanish



Distinct Revenue Mix

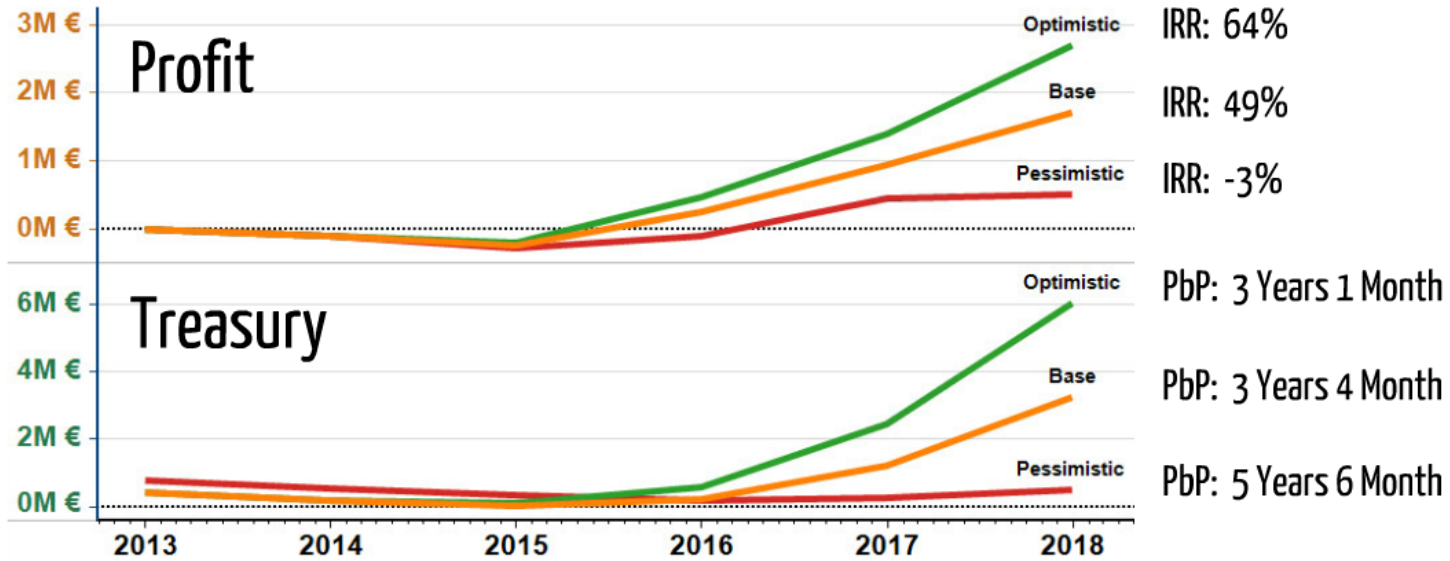


Highly Profitable @ Low Margin

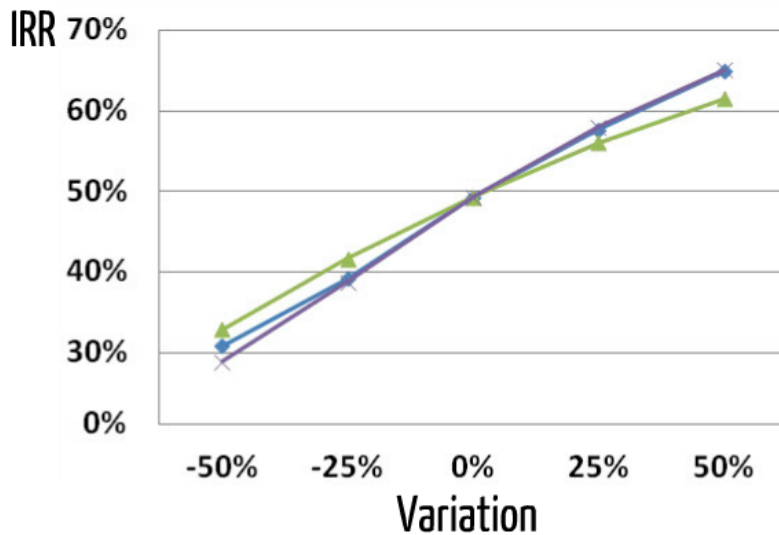


Market Share & Margin is Key

Scenarios



Sensitivity



	PESSIMISTIC	BASE	OPTIMISTIC
Key Variance			
Yearly Increase in Market Share	0,7%	1,0%	1,3%
Margin - Language Plus	25%	33%	42%
Margin - Language Class	7,5%	10%	12,5%

- ◆ Main Market Share
- ▲ Margin - Language Plus
- ✕ Margin - Language Class



Great Idea & Big Opportunity

Globalization makes Language a Scare Resource

Open Innovation creates a self-sustaining
Ecosystem for Language Exchange

Success through Execution to engage
a Global Community





Thank You







YouTube