



The Startup Station

CASE STUDY

BUSINESS MODELS: DATA AND IN-APP PURCHASES

CASE SUMMARY

A new video game "Survivor" imitates an experience of surviving at various extreme circumstances. The company makes money by offering in-app purchases and selling user data. The company is looking for funding to complete and launch its product.

GO TO MARKET

- In-app purchases: Digital marketing
- In-app purchases: Content marketing
- In-app purchases: Events
- In-app purchases: Influencers
- Data: Salesforce

PRODUCT DEVELOPMENT TIMELINE

Survivor will need one year to fully develop its app.

WHAT IS DIFFERENT FROM TECH STARTUP CASE STUDY

REVENUE ASSUMPTIONS

In-app purchases

- 5% of all users make an in-app purchase.
- There are three tiers of in-app purchases:
 - 5 extra lives: \$1.99 (bought 30% of the time)
 - Extra equipment or clothes: \$0.99 (bought 65% of the time)
 - Means of transport: \$5.99 (bought 5% of the time)

Data

- This revenue stream launches when the app reaches 1M users.
- Price per user
 - 0-5M: \$0.7
 - 5-10M: \$0.6
 - >10M: \$0.5

VARIABLE COSTS ASSUMPTIONS

In-app purchases

- AWS Costs
- Optional: also consider customer service costs if you plan to outsource that function.

Data

- Sales commission

FIXED COSTS, FIXED ASSETS AND WORKING CAPITAL ASSUMPTIONS

Fixed costs: as in Case 1.

Fixed assets: as in Case 1.

Working capital: terms of credit on data revenue: 90 days. The rest of assumptions are as in Case 1.