



Business Plan  
Marvin Ridge High School  
Waxhaw, NC  
2017-18

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## Executive Summary

Ryde's purpose is simple: to provide consumers with not just cars, but experiences. This is what the company will offer to countless consumers across the entire country by providing a peer to peer car rental service that profits both the car's owner and the consumer, allowing easy and reliable access to prestigious vehicles so that drivers can get the experience they deserve.

Instead of driving a standard car from a standard rental company, drive an experience. Ryde means it is not necessary to own a \$90,000 car to drive one. It revolves around real life owners of mid to high end cars who will offer their vehicle for rent to consumers who travel to their areas. Car owners will be given guidelines on how to price their vehicle, with specific limits in place to prevent over and underpricing. Since Ryde does not require any major maintenance costs such as the intense volume upkeep that national rental agencies must endure, it can offer regularly expensive vehicles for far cheaper than exotic car rental services.

Social media will be a great asset for Ryde. With accounts on platforms such as Instagram, Twitter, Facebook, and LinkedIn, Ryde will connect with consumers all across the country while promoting the brand at the same time. Ryde will also advertise at high value events that attract those in its target market. These events include the Grammys and the Emmys. With these various promotions, Ryde will further its brand recognition and secure a significant portion of the market.

Ryde's use of technology, style, and attention to detail is something that larger rental companies cannot match, putting itself outside the competition range of those billion-dollar international car rental agencies. Its ability to connect consumers to a dream car for far less than they ever expected is a business model that will undoubtedly grow as the company's target demographics (family income of at least \$120,000) become more associated with the business and realize that Ryde is the future of an all-inclusive car rental service.

Ryde will launch in Los Angeles and partner with JSB Insurance, an insurance company also based in Los Angeles. This partnership will allow Ryde to focus more on the promotion of the business and management of operations while JSB handles all insurance-related matters.

Currently, there is only one major competitor in Ryde's target market: Turo, a company with 150,000 vehicles operating in their system that exists across almost all major cities in the US.<sup>1</sup> Ryde will offer more benefits to the car owners by taking less of a commission from rental sales than Turo. In addition, Ryde will provide loyalty programs to both owners and consumers that Turo does not currently offer. In future years, Ryde will expand to cover the entirety of the United States and provide luxurious experiences for everyone.

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<sup>1</sup> "Airbnb Is Popular, but Renting Out Your Car? That's Another Story." *The New York Times*. Web.

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## 1.0 Company Description

### 1.1 Description

Ryde is a peer to peer car renting service that allows people to either rent out their existing cars or rent other people's cars for personal use. If a person has an eligible vehicle, meaning it has sufficient insurance and safety records, he or she can list the vehicle for rent in order to earn money on a car that might normally just be sitting in a garage. In addition, pairing with Ryde means that vehicle owners have full flexibility about how much they want their cars to be listed for (while following Ryde's guidelines) and how often they will rent it out. Ryde will make a profit one of two ways: commission through each successful exchange and insurance coverage. This means that the cost will be far lower than a traditional rental agency, where the company would have to maintain and own the car.

### 1.2 Legal Form of Business

Ryde will be a Limited Liability Corporation (LLC) with three owners. The owners will be Suhas Nannapaneni, Riley Nicosia, and Hari Vijay, who will each own 30% of the company's equity. JSB Insurance, Ryde's partner, will own 10% of the company's equity. JSB will serve as a silent partner, with minimal decision-making abilities, but will still be important to the company's success with its insurance service. The owners will all share responsibility, decision-making, and ownership of the company. As an established LLC, Ryde will be able to open and operate a bank account under the company's name as a private business entity. LLC's also keep owners' assets protected, which will allow for them to engage in higher return ventures than a normal partnership, such as expansion. Another great advantage of this type of business is the ability for the owners to avoid double taxation; with an LLC, the company itself is not taxed, but the members are. In order to establish Ryde as a Limited Liability Corporation, the owners will complete necessary documents and pay the filing fee.

### 1.3 Effective Date of Business

Ryde will open on March 15 of 2019 in Los Angeles, at which point the company's consumers can begin to rent out their cars and rent other cars. An opening at this time will provide ample time for the company's employees to be trained in areas such as customer disputes, settlements, questions, etc. It also allows approximately 12 months for advertising the company, testing the website and app designs, and generating a national excitement for the service.

### 1.4 Company Mission Statement/Vision

Ryde's mission is to replace an average rental drive with an experience that one can enjoy again and again with ease of accessibility and assured confidence in safe travels. The company's vision is to offer this unforgettable experience to all consumers as they travel the country, while providing this service to as many as possible. Although the service caters more to the luxurious, Ryde aims to make the service viable for everyone in the market who wishes to drive an experience. The

company will separate itself from the average rental service by promoting peer-to-peer car sharing, allowing consumers to rent out normally expensive cars for unbeatable rates.

### 1.5 Company Governance

Ryde will be governed by Suhas Nannapaneni, Riley Nicosia, and Hari Vijay under the structure of a Limited Liability Corporation. The three partners will each own 30% of the company's equity, while JSB Insurance owns 10% of the company's equity. To establish the business, the three partners will each invest \$30,000 and JSB will invest \$10,000. JSB Insurance is needed for insurance purposes, allowing Ryde to focus more resources on the car renting aspect of the business. The company is investing for the purpose of gaining 10% of Ryde's equity.

Each partner will be responsible for parts of the business relating to their expertise. Specific guidelines will be followed to successfully run the company:

- Ensure customer satisfaction
- Supervise day-to-day operations
- Provide customer support
- Pay bills and taxes in a timely manner
- Maintain a competitive edge over other companies in the industry
- Update the company's technology, such as website and app

Suhas Nannapaneni will be the Financial Director of Ryde, with a Bachelor's Degree in Macroeconomics and Master's Degree in Financial Engineering, both from the University of Virginia.

Riley Nicosia will hold the position of Operations Director, with a Bachelor's Degree in Marketing and a Master's Degree in Business Administration and Management from the University of Michigan.

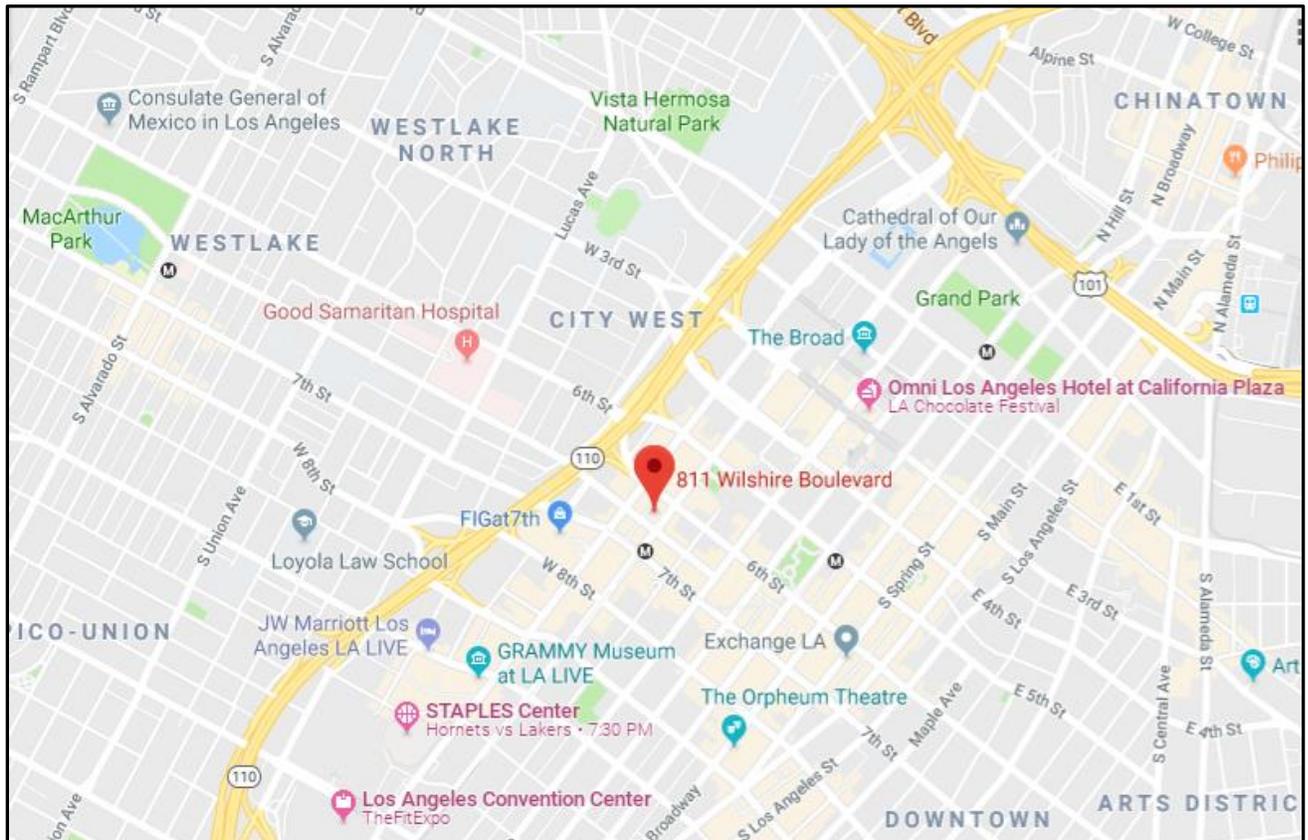
Hari Vijay will hold the position of Engagement Director, with a Bachelor's Degree in Public Relations and a Master's Degree in Communications from the University of North Carolina at Chapel Hill.

*Specific responsibilities of each owner can be found in Section 7.1.*

**1.6 Immediate Development Goals**

Pre-Opening Goals	Short-Term Goals (First 5 Years)
Obtain the property for the Los Angeles branch	Gain significant market percentage in all of California, Las Vegas, and Florida
Advertise the business heavily in order to obtain 5% of the market share	Obtain 15% of the market share
Obtain all proper certification (such as LLC license, loan documentation, legal approval)	Implement loyalty programs for consumers and owners
Create a user-friendly website and app that eases the process for our consumers during their transactions and makes clear the services available	Perfect the vetting process used to check renters' driving safety
Obtain an SBA loan of \$350,000 from Wells Fargo	Pay 100% of loan

**1.7 Company Location**



*Map Showing Location of Ryde's Proposed Los Angeles Branch*

Ryde will be located in the urban area of Los Angeles, CA. Los Angeles is a prime location in the state of California, covering popular areas such as Hollywood and Disneyland. This particular location is near several sites such as a theatre, museum, and a Wells Fargo branch, which will be useful when dealing with the company's loan-related matters. The building itself is for executive office space, and the company will acquire 1,500 square feet for offices and other needs. This building will allow us to remain at the center of events in Los Angeles while being close to a highway if the owners or employees need to travel anywhere quickly. The building will specifically be located at 811 Wilshire Boulevard.

**1.8 Overview of Financials**

Ryde will establish funds from the owners and a loan from a bank. For the company's startup, each of the individual owners will invest \$30,000 and JSB Insurance will invest \$10,000. These investments, in addition to a Wells Fargo loan of \$350,000, will give Ryde an available cash balance of \$450,000. The Wells Fargo loan will be taken at a 3.5% interest rate across 10 years, with interest due monthly. The following list details how the \$450,000 will be spent on start-up costs prior to the company's launch in March of 2019. With these estimated costs, Ryde will have a cash balance of \$184,000 on the launch date, which along with cash inflows from the first business year, can be used to sustain future operations. Since these costs are incurred prior to the company's launch date, they are not reflected in the financial statements found in Section 9.



**Startup Costs<sup>2</sup>**

Item	Cost (\$)
Starting Cash Balance	450,000
Advertising	200,000
Employee Hiring/Training	10,000
Website/App Creation	56,000
<b>Cash Balance Available on Launch Date</b>	<b>184,000</b>

<sup>2</sup> These figures were estimated based on a 3.5% loan rate and the rent rate of the building at the Los Angeles branch.

## 2.0 Industry Analysis

### 2.1 History of the Rental Car Industry

The U.S. car rental industry started in 1916, when a Nebraska man lent out his Ford Model T to local and visiting businessmen.<sup>3</sup> After the second World War, the industry grew rapidly. The important step to the massive growth of the industry was when Hertz developed the "fly-drive" car rental concept by opening franchises at airports in Atlanta and Milwaukee. In 1999, Zipcar began the car-sharing service. Ryde plans to expand this industry and become a leader.

### 2.2 Size and Growth of the Industry

Americans will spend an estimated \$1,978 on vacations this year – a 10 percent increase from last year's \$1,798 average.<sup>4</sup> The Bureau of Economic Analysis also found that 59 percent of Americans believe taking an annual vacation is important.<sup>5</sup> In addition, 6 in 10 millennials prefer spending money on experiences rather than material products.<sup>6</sup> Therefore, Ryde can perfectly suit their needs by providing luxury cars at discounted prices as they seek an unforgettable experience for their vacation.

The luxury car market is on the rise as well; the value of the market in 2011 was at \$67 billion and with the increase in production of luxury cars, the market value has risen to a current appraisal of \$84 billion.<sup>7</sup> With this, it is clear that the number of owners who are willing to lend out their luxury cars is bound to increase in the coming years if previous trends continue.

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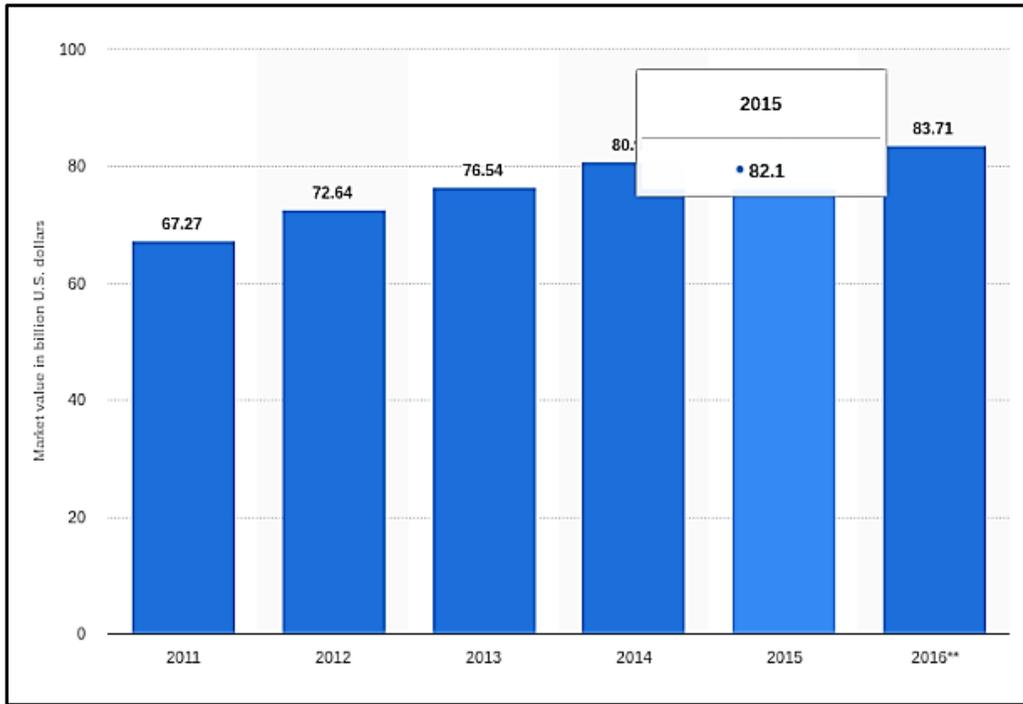
<sup>3</sup> "Brief History of Buses and Rental Cars in the U.S." *Duke Digital Collections*, Duke University Libraries. Web.

<sup>4</sup> "Travel and Tourism Spending Stepped Up in the Second Quarter ." *Bureau of Economic Analysis*. Web.

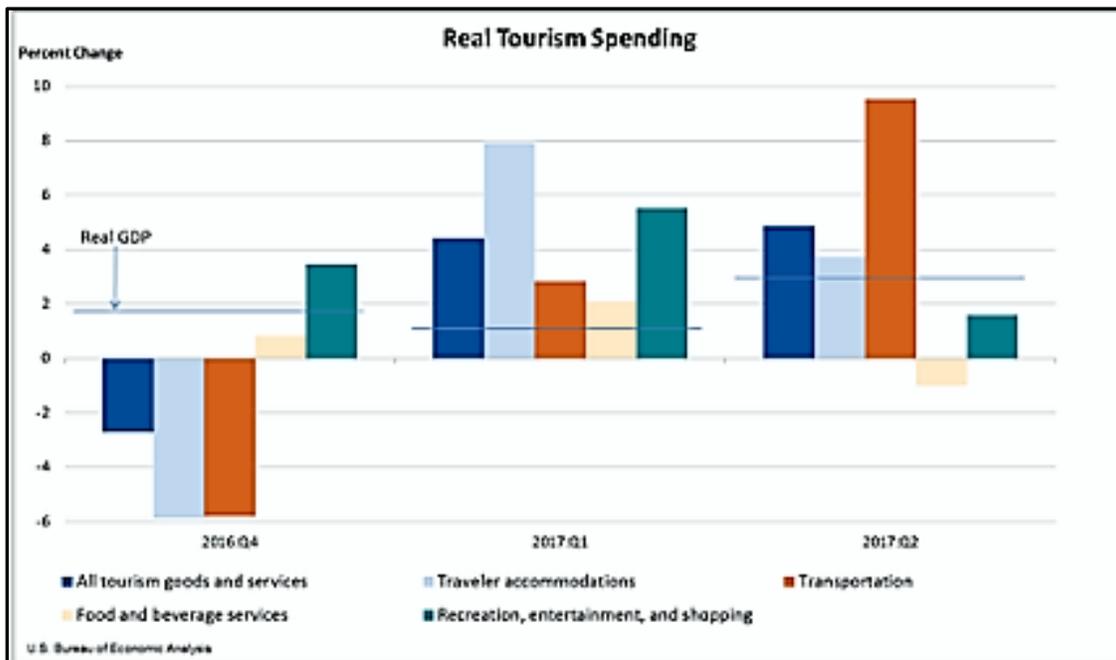
<sup>5</sup> "Travel and Tourism Spending Stepped Up in the Second Quarter ." *Bureau of Economic Analysis*. Web.

<sup>6</sup> Newsdesk. "Stats: American 2017 Vacation Spending Increases by 12.5 Percent." *Travel Agent Central*, 6 July 2017. Web.

<sup>7</sup> "Global luxury car market size from 2010 to 2016 (in billion dollars)." *Statista*. Web.



Graph Showing Value of Luxury Car Industry



Graph Showing Trend of Tourism Spending

### 2.3 Nature of the Competition

The direct competition of Ryde will be Turo, who offers a very similar service to Ryde. However, the difference lies in the pricing of the two companies. Ryde will undercut the commission of Turo for the owners of the vehicles; Turo charges 10-35% for each transaction, whereas Ryde will charge 7%. Another potential future competitor is a company called Getaround, which holds a small portion of the market share but has not effectively competed with Turo for the duration of their 9 year span as a business.



### 2.4 Trends and Strategic Opportunities Within the Industry

With the increase in leisure travel throughout the nation<sup>8</sup>, the presence of the rental car market has been larger than ever. Not only is there an increase in leisure travel, but with the development of the California economy (the location of Ryde's majority presence) comes the increase in business travel into the state.<sup>9</sup> Affluent businessmen and women make up a large proportion of Ryde's target audience, while the second largest demographic in Ryde's target market is the well to-do family man. This demographic will rent the more family friendly vehicles on the site and app. These include the SUV options (Mercedes G- Wagon, Audi Q7, BMW X5) and Large Sedans (Audi A7, Porsche Panamera).

Turo, Ryde's main competitor, has substantial control of the market. The problem with this is that they have no competition and subsequently have little reason for constant improvements to better their company. They lack a variety of advertisement, as Turo only has a select number of ads that are not marketed to the mass target audience. The way that Ryde will propel its name to pass Turo in this market will be through a monumental advertisement campaign. This will start on the simplest level with



ads in LAX and the airports that have the heaviest travel to LAX (ATL, ORD, DFW, JFK).<sup>10</sup> These ads will make up a small percentage of Ryde's monthly spending but could end up having the largest impact on its brand recognitions. A 2011 survey from Clear Channel Outdoor Holdings found that business frequent fliers are 83% more likely than all U.S. adults to buy new products and services.<sup>11</sup> Consequently, the next step in the advertising campaign will be to land ads in affluent newspapers and magazines such as the Wall Street Journal and Travel Magazine. By placing full page ads in these newspapers and magazines, Ryde will be able to effectively connect with these business fliers, increasing the chances of them becoming its consumers.

<sup>8</sup> "Travel and Tourism Spending Stepped Up in the Second Quarter ." *Bureau of Economic Analysis*. Web.

<sup>9</sup> "Travel and Tourism Spending Stepped Up in the Second Quarter ." *Bureau of Economic Analysis*. Web.

<sup>10</sup> "List of Top 40 Airports in US." *World Airport Codes*. Web.

<sup>11</sup> Ruane, Laura. "Signs of our times: Airport ads are big business." *USA Today*, Gannett Satellite Information Network, 22 Sept. 2013. Web.

Social media will be a great asset for Ryde as well. With accounts on platforms such as Instagram, Twitter, Facebook, and LinkedIn, Ryde will connect with consumers all across the country while promoting the brand at the same time. Ryde will also advertise at high value events that attract those in its target market. These events include the Grammys and the Emmys.

## 3.0 Target Market

### 3.1 Target Market Defined

Since Ryde's service revolves around premium vehicles, the consumer base is expected to have a family income of at least \$120,000. Also, the members who rent out vehicles are expected to be those who vacation or generally travel often. Ryde's main base will be in the United States, where over 50% of the population brings in a family income of over \$100,000 for at least five years.<sup>12</sup> More specific to the market is the 21.3% that make over \$150,000, putting them well into the range of marketable consumers. It is important to note, however, that in the future Ryde will be able to service more affordable vehicles as it begins to overtake the traditional car rental service.

Ryde's market has an additional segment, consisting of the owners being able to rent out their vehicle. The company knows that there are tens of thousands of such owners, with the existence of Turo and their 150,000 cars. The main point that will be made to owners is that Ryde will make them a large profit. Instead of a car collecting dust in a garage, it can be out making money without any effort except for dropping off and picking up the vehicle on a regular basis. For example, if an owner was to have a 2017 Porsche Panamera S, the monthly payment would be anywhere between \$1,600 and \$2,000<sup>13</sup>, with the insurance rates adding an additional \$200-\$300, totaling roughly \$2,000. However, if one were to rent out the car with Ryde's recommended price of \$250, total monthly expenses would be paid off in just ten days, excluding estimated maintenance and repair costs. Any additional day would profit in over \$200.

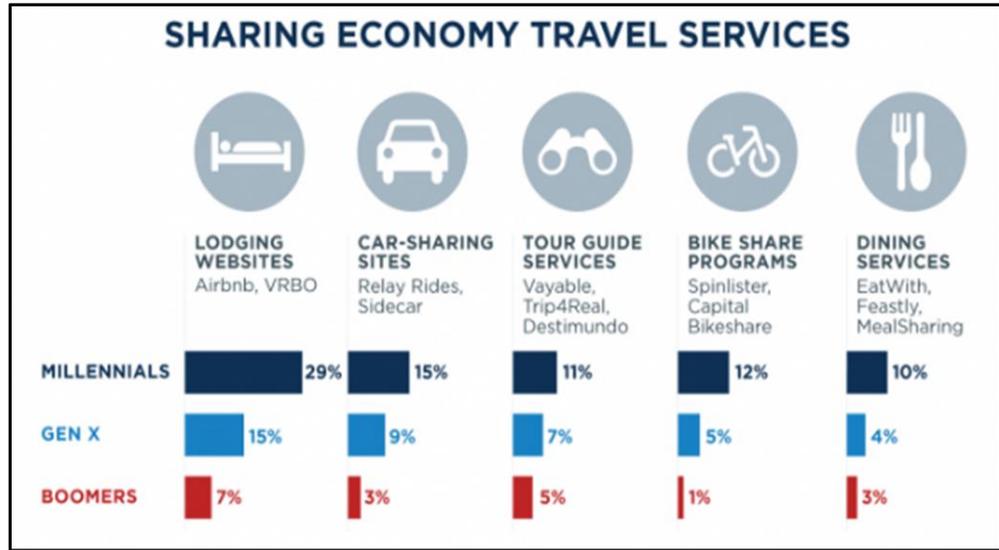
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<sup>12</sup> Weissmann, Jordan. "Who Gets to Be "Rich"?" *Slate Magazine*, 29 Aug. 2014. Web.

<sup>13</sup> "Porsche Panamera." *TrueCar*. Web.

### 3.2 Size and Growth of Target Market

On the consumer side of the business, the target market must be narrowed down even further. Ryde is looking at those who travel for business or vacation often. Studies report that 44% percent of all Americans are confident that they will be taking



Statistics showing Car-Sharing as the Second Highest Travel Service

an extended vacation during the summer and over 51% are confident that they will be taking at least one vacation in the year of 2018.<sup>14</sup> These are very optimistic numbers for the company, especially since the numbers lean towards those in the upper-middle class who comprise the majority of the target market.



Statistics regarding Ryde's Target Market

What is even more optimistic is that these numbers are on the rise; 2017 saw an increase in vacation spending of 12.5% (from \$89.9 Billion to \$101.1 Billion) and this has been the second annual year of growth, another promising statistic that shows the market has plenty of room to grow. Another interesting demographic to consider is age of the traveler. Although the service does not necessarily gear toward a specific age group, Generation X (35-54) is the highest spending group<sup>15</sup>, which is something that can be used significantly in marketing campaigns. The growth of the car owners has been steadily increasing as

well. Size of the ownership market can be directly correlated to the luxury car market as a whole. From 2010-2015, the luxury car market has had a growth rate of roughly 5.4%<sup>16</sup>. This directly translates to owners who are willing to rent out their personal vehicle. Simply put, the

<sup>14</sup> "Changing Demographics: Current Trends That Drive American Travel 2015." U.S. Travel Association, 23 Apr. 2016. Web.

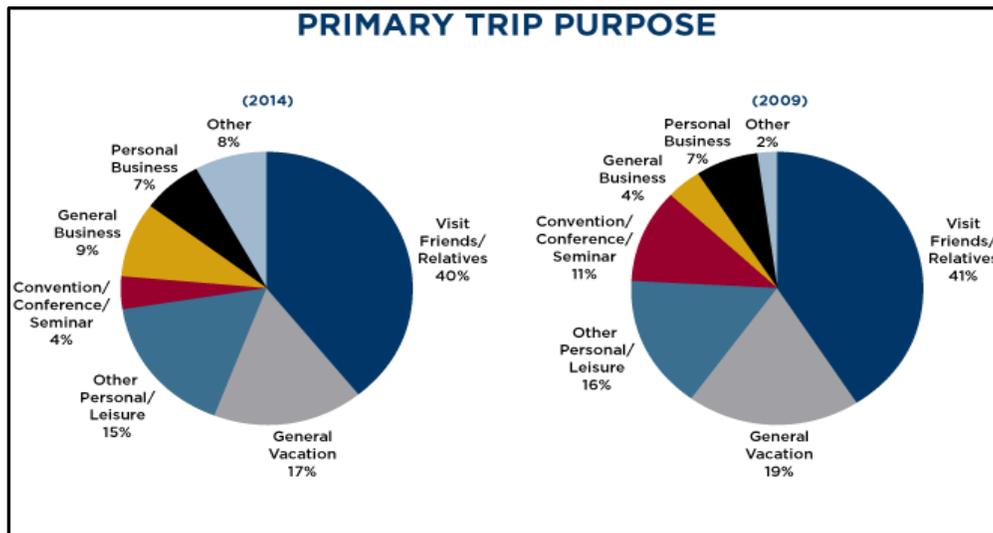
<sup>15</sup> "Changing Demographics: Current Trends That Drive American Travel 2015." U.S. Travel Association, 23 Apr. 2016. Web.

<sup>16</sup> "Global Luxury Car Market Report 2017 - Research and Markets." PR Newswire, 19 June 2017. Web.

combination of easy access and high profits will be irresistible to the growing number of luxury car owners in the United States.

### 3.3 Current Patterns

Beneficial for Ryde, the American market for vacations has been increasing steadily in recent years. In 2017 alone, vacation spending increased by 12.5%.<sup>17</sup> Specifically, those between the ages of 18 and 25 will spend \$1,373, those above the age of 55 will spend \$1,865, and Generation Xers (Ryde’s largest target demographic) will spend \$2,628 in 2018. Since vacationers are looking for the maximum experience for their money, Ryde is a perfect purchase since it provides unforgettable experiences for a relatively bargain price. Studies such as ones conducted by Travel Agent Central also find that 44% of Americans are confident that they will be taking a summer vacation, and 51% are sure that they will take a vacation sometime during the year.<sup>18</sup> Of course, the company’s target market consists of the upper middle class, who are generally more likely to take vacations, but numbers show consistent growth across the board nonetheless.



Statistics showing General Vacations as the Second Highest Primary Trip Purpose

### 3.4 Needs and Sensitivities

Since Ryde provides a luxurious service, the business is heavily susceptible to economic recessions and booms. However, the business model consists of relatively little fixed costs, meaning that except for the startup year, Ryde will almost always operate at a profit regardless of economic conditions (as long as the break-even point of 5,537 vehicles per month in year 3 and roughly 10,000 vehicles per month in year 5 is met, both of which are relatively low numbers compared to projected values). The other major sensitivity out of Ryde’s control is seasonal

<sup>17</sup> Newsdesk. “Stats: American 2017 Vacation Spending Increases by 12.5 Percent.” *Travel Agent Central*, 6 July 2017. Web.

<sup>18</sup> Newsdesk. “Stats: American 2017 Vacation Spending Increases by 12.5 Percent.” *Travel Agent Central*, 6 July 2017. Web.

variation, as shown in the different peak times (notably during summer months) for renting cars versus slower periods. However, this too is protected by the consistently variable cost model and even a nearly 50% decrease in transactions during off seasons would only offset profits by 22% (comparing peak season vs. low season).

The most important sensitivity to Ryde is the consumers' loyalty. An important statistic to consider is that 6 in 10 millennials prefer spending money on experiences rather than material products.<sup>19</sup> Ryde is not here to sell just a material good, but instead, to provide an experience. Driving a supercar is often a once in a lifetime experience, but Ryde can challenge this norm. This sentimental sensitivity is the key to the marketing vision and will resonate with all those who value experiences over materialism.

## 4.0 Competition

### 4.1 Key Competitors

Ryde distinguishes itself from the traditional rental service because the company does not own the vehicles. It is not competing with Hertz, Enterprise, National, Avis, etc. The business model competes primarily with one company: Turo. Turo is a leader by default, since every other comparable company has no national presence and is marginally effective only locally, serving as an advantage for Ryde. As a result, Turo has not needed to create highly competitive strategies or loyalty programs, which is something Ryde will do.

#### Turo

Strengths	Weaknesses
Leader in the Market, owning 90% of the entire industry	Lacks competitive strategies such as loyalty programs and appealing commission rates
Already has attracted a majority of owners and consumers (150,000 cars) and has established brand loyalty	Lacks a large presence in marketing since it relies on repeat customers

### 4.2 Potential Future Competitors

The market sector is fairly new, with Turo being the only major company, providing the service since 2009 and becoming more popular recently. But with any budding and profitable business, soon more companies will join. For example, Getaround is a peer to peer car sharing service as well, however their products are limited to low-value vehicles. As they expand, they could begin new ventures in the areas of California, Las Vegas, and Florida (Ryde's immediate goals



<sup>19</sup> "Changing Demographics: Current Trends That Drive American Travel 2015." *U.S. Travel Association*, 23 Apr. 2016. Web.

of presence) with more luxurious cars. Companies such as Getaround can enter the market due to the market being seemingly niche with few competitors.

In addition, current rental car agencies such as Hertz and Enterprise could join the market of peer to peer car sharing. As a result of the industry's profitability, these companies could join the industry and take away from Ryde's success. Yet these rental car agencies have very structured business models, meaning that they will be unable to adapt as quickly as Ryde will. Even with the companies' financial magnitude, Ryde's loyal consumer base will help to keep a hold of the market.

Potential future competitors make it important to establish Ryde as a major competitor before the industry becomes supersaturated. This is in order to create a superior, attractive business model that can be foundational in the market.

#### **4.3 Entry Barriers for New Competitors**

Lack of representation and experience make up most of the entry barriers. Many existing consumers have found loyalty in competitors and Ryde's marketing strategy must completely highlight its superiority to owners and consumers. Experience, such as disputing insurance claims, vetting consumers for safe records, and managing the interests of both sides of the business can only be gained after the business launches, as no amount of preparation beforehand can prepare Ryde or other companies for the full realities in the market. However, Ryde is completely confident in its ability to adapt quickly and overtake existing competitors such as Turo with its strategic market strategies and unparalleled amenities.

## **5.0 Marketing Plan and Sales Strategy**

### **5.1 Key Message**

Ryde's key message is that it is not just providing a rental car service, but a luxurious experience. This peer-to-peer service benefits both the owner and the consumer by providing high profits for the those who lend out their vehicle and relatively cheap rates for the consumer. Ryde compares itself with luxurious car rental services, not national rental agencies.

### **5.2 Message Delivery**

The key message will be conveyed with Ryde's large marketing campaign. In this, Ryde's ads will be placed in strategic demographic locations (airports, travel magazines, social events, etc.), enticing prospective customers into trying the service. After the customer feels the experience that is promised, Ryde will have gained a lifelong consumer. With the ease of Ryde's site and app, communication between the owner and renter will be a smooth process.

In the current age of technology, businesses can benefit immensely from taking advantage of social media as a way of connecting potential customers. Ryde will be taking advantage of four of the most popular social media sites: Facebook, Twitter, Instagram, and LinkedIn. According to the U.S Travel Association, over 50% of shoppers have patronized businesses based off of their ratings on social media.<sup>20</sup> Ryde's presence on the internet is very important in reaching out to potential customers and owners and maintaining relationships with returning guests.

### **5.3 Web Process**

With Ryde being an internet only business, the web serves as a very important tool. A website will be used by Ryde in order to conduct transactions between consumers and owners, and provide information about the business. The website URL address will be featured on all other forms of advertisement as well. Social media sites will be integrated into Ryde's business as well. Four social media pages will be set up in order to promote the company, in addition to posting events that Ryde will be at, such as the Grammys. The use of these sites will also allow the business to connect with the consumers and owners, promoting the company's image.

### **5.4 Sales Promotions and Methods**

Aside from the massive advertising campaign, Ryde will also include loyalty programs that will reward the customer to continue to use the service. The loyalty program will contain the accumulation of rides that the customer can redeem for free days of driving. If the customer has accumulated enough rides, they could receive cars to drive for free. The owner of the vehicle will still get paid the same amount, as the difference in pay will be covered by Ryde. Ryde will decide on the minimum number of rides after the company has been operating for some time.

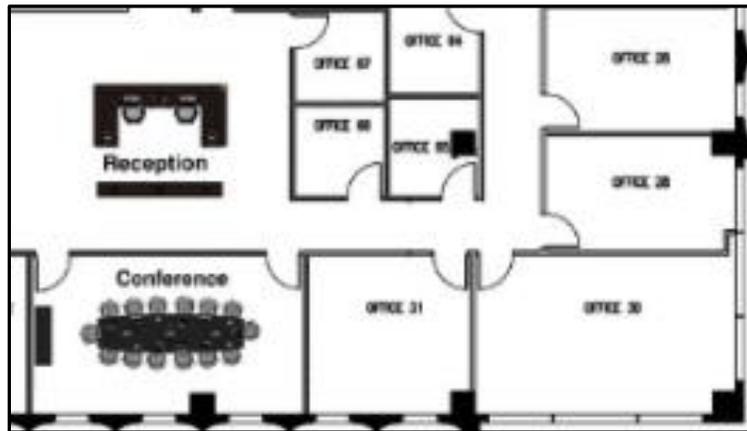
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<sup>20</sup> "U.S. Travel Answer Sheet." *U.S. Travel Association*, 27 July 2017. Web.

## 6.0 Operations

### 6.1 Business Facilities

Ryde will be operating in a 1,500 square foot space in Los Angeles, the first base of operations. It will have an office for each employee and a conference room that can be used freely. The office is located in a WeWork office building, in which multiple companies share a floor. The following image shows the floor plan of Ryde’s office space. Additional features such as restrooms are not shown as they are located on a different location of the floor. The rent for this building will be \$2,250 per month.



*Floorplan of Ryde's Proposed Office Space in Los Angeles*

### 6.2 Production Plan

The general business model for Ryde works fairly simply. An owner of a vehicle can put up his or her car to rent for potential consumers using the Ryde platform. For using the platform, Ryde will take 7% of the renting cost as commission. Most of the communication between the consumer and the owner will occur through the Ryde app, similar to Uber’s current business model.

Some specialties that Ryde will also implement is its own insurance policy platforms. The four options for the consumer are to: decline Ryde’s insurance and become subject to their personal liability insurance, opt for the \$25 insurance policy which will cover up to \$250,000 of liability, \$50 for up to \$1,000,000 of liability, or \$75 for unlimited liability insurance. These rates are charged per day. This will be another revenue source that will mostly be accumulated to pay out insurance claims.

The projection for the insurance claim rate comes from national statistics applied to Ryde’s consumer base. For the first year, for example, Ryde projects to have an average of 5,000 transactions each month. The national rate for vehicle accidents is two percent<sup>21</sup>, but Ryde’s

<sup>21</sup> “Cost of Auto Crashes & Statistics.” RMIIA. Web.

projections use 1% because of a vetting process used to make sure that consumers have safe driving habits. If drivers are to be found to be too unsafe, rentals will be denied. This results in a calculation of 50 accidents per 5000 vehicles. National statistics also show that the average liability insurance payout is \$3000<sup>22</sup>, which is what is used in the projections. The full financial projections for Years 1, 3, and 5 can be found in Section 9.

JSB Insurance, Ryde's partner, will handle all matters relating to insurance claims and incidents. Consumers and owners of Ryde will be redirected to JSB Insurance in the event of an accident, so that liabilities can be covered and legal issues can be settled. Partnering with JSB Insurance benefits Ryde tremendously, as it can avoid spending capital and resources on all the insurance matters that may occur, minimizing the company's risk. In addition, JSB Insurance is based 15 minutes away from Ryde's Los Angeles branch, aiding in quick communication.



Vetting owners and potential consumers is another point of the business. For the owners, Ryde makes sure they have proper registration, sufficient insurance, up to date safety inspections, and other legalities. On the consumer side, the company will request information about the driver's history including previous accidents and if he or she has participated in professional driving programs. In addition, background checks will be conducted on both owners and consumers. Ryde plans to perfect this vetting process as the business expands, due to it being something that requires real life data and experience to accumulate effective results.

Delivering the vehicles from the owner to the consumer is another important point of the company. In connecting owners to consumers, Ryde will create a competitive market within its own business. The major way of accomplishing this is by allowing owners to establish their own rental rates and offering delivery charges. Owners will keep one hundred percent of the delivery fees, however they might benefit even more from not having a delivery fee at all, as it will most likely attract more consumers. In the end, though, it will be completely at the owner's discretion.

Also, to implement strategic marketing strategies to overtake existing competitors, Ryde will be offering loyalty programs for both the consumer and owner. The consumer will receive \$5 credit per \$100 spent using Ryde. The owner will also receive loyalty benefits although these will be far more tailored. Based on consumer reviews and length of membership at the company, owners can qualify to receive more of the money from the transaction (meaning Ryde will take less of a commission).

### **6.3 Workforce Plan**

Initially, Ryde will bring aboard two employees in addition to its three owners. The employees will specialize in marketing and insurance and it is important to make sure their skills exceed the requirements for the job, as progress is most crucial in the beginnings and smooth implementation is critical for progress. Ms. Harvey, the Marketing Manager, will be expected to oversee the

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<sup>22</sup> "Cost of Auto Crashes & Statistics." *RMIIA*. Web.

marketing and advertising aspects of the company, putting Ryde's name in various places to gain publicity and new customers. Mr. Zane, the Insurance Manager, will serve as a liaison between Ryde and the partnering insurance company, JSB Insurance. Employees of Ryde will also be provided with benefits, including health insurance and a 401(k) plan with potential for receiving rewards from consumer loyalty and rewards programs, such as earning free rides to use with Ryde. This will be finalized once the company has been operated for some time.

Each of the employees will be paid \$60,000 annually their first year. Duties range from day-to-day activities consisting of advertising, creating connections, and sorting insurance disputes. However, both the employees and owners will be expected to dedicate essential time outside of normal working day hours, completing items such as promoting the brand and resolving any issues. Again, this is most important in the beginning when Ryde must establish its presence as a company deserving of every consumer and owner's loyalty.

However, situations will inadvertently arise in which outside legal help is required. For this reason Ryde will keep Covington & Burling LLP Law Firm on retainer. They were the #1 Insurance Law Firm of 2017<sup>23</sup> and are based in Los Angeles, very close to the company's first branch. Attorney expenses are budgeted under Consultant Fees which also cover company expenses for sending employees to certain locations to resolve disputes.

#### **6.4 Impact of Technology**

Since Ryde is primarily an E-Business, technology is vital to its success. The website and app are the chosen ways to initiate transactions, because it is intuitive and automates the process, which is vital for a company that plans to secure thousands of transactions every month. Communication between consumers and owners is also done via the app. For these reasons, Ryde will invest sufficient capital (\$56,000) and time (5 months for development and 2 months for testing) into its software prior to release to ensure a flawless design and an appealing user interface. Also, the app and website are the easiest ways to file insurance claims as there would be no feasible way to deal with thousands of claims through phone or appointment.

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<sup>23</sup> "Best Law Firms for Insurance Law." *U.S. News & World Report*, U.S. News & World Report. Web.

## 7.0 Management and Operations

### 7.1 Key Employees

Employee Name	Title	Responsibilities
Suhas Nannapaneni	Financial Director	<ul style="list-style-type: none"> <li>Manage Ryde's finances on a day-to-day basis</li> <li>Oversee items such as company payrolls, expenses, and daily transactions</li> </ul>
Riley Nicosia	Operations Director	<ul style="list-style-type: none"> <li>Oversee the day-to-day operations of Ryde</li> <li>Decide the best direction for the company to pursue</li> </ul>
Hari Vijay	Engagement Director	<ul style="list-style-type: none"> <li>Manage relations with customers of Ryde, and resolve any complaints or issues that may arise</li> <li>Use customer feedback to allow Ryde to constantly improve its operations</li> </ul>
Leanne Harvey	Marketing Manager	<ul style="list-style-type: none"> <li>Oversee marketing and advertising aspects of the company</li> <li>Place Ryde's name in many places to gain publicity and new customers</li> </ul>
Robert Zane	Insurance Manager	<ul style="list-style-type: none"> <li>Direct the company's insurance policies and resolve any insurance claims and/or legal issues</li> <li>Serve as a liaison with JSB Insurance</li> </ul>

### 7.2 Board of Directors and Advisory Committee

Since Ryde is an LLC, a board of directors is not required; however, an advisory committee consisting of Hari Vijay, Suhas Nannapaneni, Riley Nicosia, a JSB Insurance representative, and a representative from Covington & Burling LLP will meet monthly. The discussion in these meetings will consist of updating financials, evaluating the status of the business, and planning for the next month. These meetings will allow all parties to voice their opinion about the business and give the owners guidance.

### 7.3 Consultants

Consultants for Ryde will be lawyers from the 2017 Insurance Law Firm of the Year<sup>24</sup>, Covington & Burling LLP. These lawyers will assist Ryde and its customers with different legal issues in addition to helping navigate insurance claims. Ryde wants the best law firm in order to successfully attend to the needs of consumers while also assisting the company in the best manner possible.



<sup>24</sup> "Best Law Firms for Insurance Law." *U.S. News & World Report*, U.S. News & World Report. Web.

## **7.4 Human Resources**

In addition to the three owners, Ryde will have two additional full-time employees in the first three years of operation. After year three, Ryde will have seven full-time employees, including the owners. At year five, Ryde expects to have twelve total full-time employees. The decision to hire these types of employees are made based on financial standings and expansion plans.

### **7.4.1 Identifying Human Resources**

Ryde has chosen the number of employees based on the expansion stage of the company. Two additional full-time employees will be hired in the beginning (years 1-3) in order to assist with marketing and insurance aspects of the company. After year three, two more full-time employees will be hired due to Ryde's expansion to Las Vegas. Year five will see twelve total full-time employees as Ryde expands further and has offices set up in Miami and Florida.

The hours of operation for the office will be 8:00 am to 5:00 pm PST Sunday-Saturday. The app and website will be fully functional 24 hours a day, allowing for transactions at any time.

### **7.4.2 Recruiting Human Resources**

Ryde will select employees through an application and interview process. The company is looking for people who are willing to devote their time to a startup in addition to a true passion for the company's vision of giving drivers an experience. Upon reviewing applications, Ryde will use a selective process to narrow down the group to ones that are then interviewed. The employees are expected to be personable, as much of the business deals with solving any issues and interacting with others. Responsibilities of the employees will involve working at one of the various offices around the country in order to continue to help establish a nationwide presence.

### **7.4.3 Securing Human Resources**

Ryde will secure employees with high levels of education, primarily using job-finding services and colleges nearby the offices. Upon joining the company, the employees will be expected to undergo training, administered by the three owners, in areas such as resolving customer disputes and overseeing respective regions up to company standards. Training will take approximately one month for an employee as Ryde will deal with thousands of transactions monthly, requiring extensive knowledge and applicable skills on the part of the employee.

## 7.5 Compensation and Incentives

The full-time employees of Ryde, excluding the owners, will initially be paid an annual salary of \$60,000, with raises being earned upon performance and expected inflation rates. In addition, high-quality work will be rewarded with some of the rewards programs that are normally offered to consumers, such as free rides for cars. Employees will be expected to come to their respective office buildings during all of the office hours, unless they are needed at another location to resolve a dispute. Employees will have 10 vacation days and 5 sick days for leave per year. These numbers are subject to change based on their tenure with Ryde. A 401(k) plan will also be given to employees. Health insurance from BlueCross BlueShield will be given to the employees at a rate of \$154.32 per month. This rate falls under the Wages and Expenses section of the financials.

## 8.0 Long Term Development

### 8.1 Long Term Development Goals<sup>25</sup>

Time Frame	Goal
1 year	<ul style="list-style-type: none"> <li>Gain 5% of market share</li> <li>Establish fully in Los Angeles and Southern California</li> </ul>
3 years	<ul style="list-style-type: none"> <li>Gain 10% of market share</li> <li>Establish fully in Las Vegas and every major airport/city in California</li> </ul>
5 years	<ul style="list-style-type: none"> <li>Gain 15% of market share</li> <li>Establish fully in Florida, with a base of operations in Miami</li> <li>Pay back loan fully</li> </ul>
7 years	<ul style="list-style-type: none"> <li>Gain 25% of market share</li> </ul>
10 years	<ul style="list-style-type: none"> <li>Gain 40% of market share</li> <li>Establish presence in England, with a base of operations in London</li> </ul>

### 8.2 Risks and Potential Adverse Results

There are several risks and potential adverse results for the company. The first is in the case of an economic recession. In this scenario, Ryde would be an initial company to take a loss, as it specializes in luxury experiences, and people tend to decrease spending on luxury products first during a recession.

<sup>25</sup> Long-term goals are based on expanding profit potential and accommodating the needs of potential future customers based on market statistics. See Appendix A.

Another risk associated is if less consumers buy insurance than expected. Considering how the majority of Ryde's revenue comes from insurance, this could prove to be a severe hit to the business. Therefore, it is important to emphasize to the consumers the risks associated with driving without the company's insurance. However, if insurance claims and legal costs exceed estimates, a loss could be taken as well. This is why the vetting process is important, as it can help the company minimize the risk for accidents involving the cars, and thereby have less claims being paid.

A different potential adverse result is if the initial advertising does not bring in 5% of the market share as projected. Ryde requires an initial consumer base to spread the word about the business, and as such, marketing and advertising in the startup phase play a very important role in the company's success.

In addition, Ryde could face a risk in potential dishonesty by the owners and consumers regarding documentation or theft. In the instance of theft, the people responsible will be reported to authorities using information provided from their identification that is on file. Trust between Ryde and its consumers will be an important part of the relationship for its success. To ensure proper behavior, the company will enforce consequences to those who purposefully lie or attempt to deceive the company.

### **8.3 Strategy Towards Long-Term Goals**

A major strategy for achieving the long-term goals will be to invest in creating a brand for the company. Creating positive customer experiences and relations will be essential in building the brand. In addition, investing in loyalty programs will be used to help create this type of branding. These monetary developments are important for establishing Ryde as the number one in the market while setting up a presence in most major cities. When moving across the country, Ryde needs to move quickly but with thoroughness in order to avoid ruining the brand image.

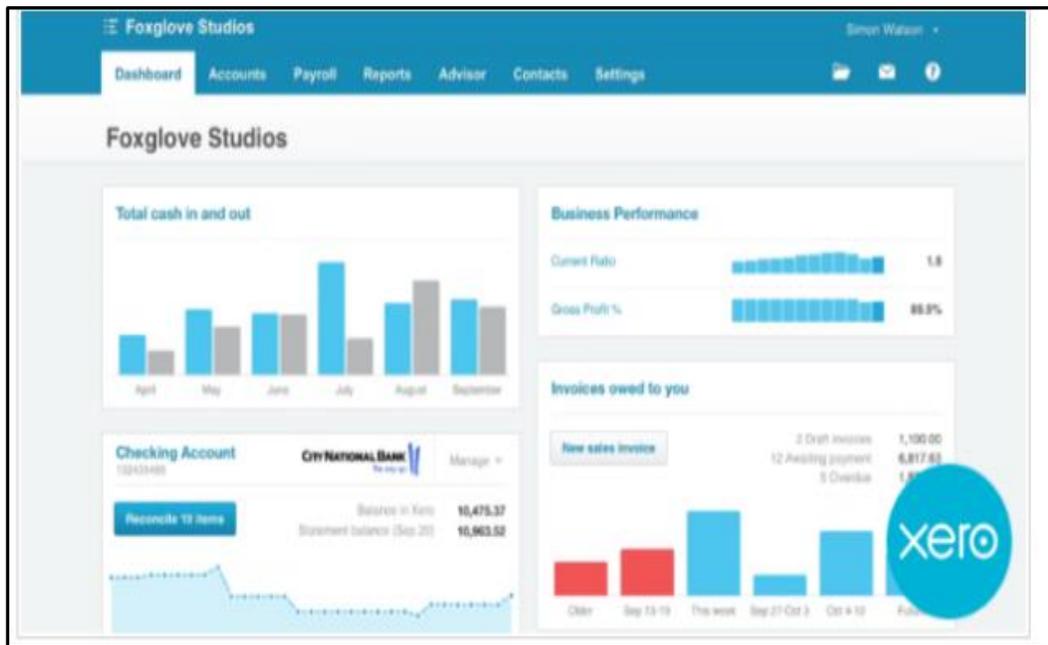
Ryde will heavily rely on advertising in order to achieve these goals of expansion. When expanding to new locations, it is important to build up high anticipation for the company's arrival, and effective advertising will accomplish just that. For example, in Ryde's plan to expand to Miami, an advertising campaign will begin 4 months prior to the launch in order create the anticipation. This is where the marketing managers will play a large role, and it is important for the company's owners to successfully direct these processes.

## **9.0 Financials**

### **9.1 Type of Accounting System**

Ryde will prepare its financial statements using the accounting methodology of GAAP full accrual. Under this methodology, Ryde will record revenues when earned, and expenses when incurred.

Ryde will be using Xero Accounting Services as the software to record its transactions. Xero is a highly awarded program, winning the Expert’s Choice 2017 Award from FinancesOnline.<sup>26</sup> The advantage of using an internet based bookkeeping service is it eliminates the need for physical copies of records. This service will keep all of Ryde’s financial transactions and records organized digitally. In addition to eliminating the need for physical documents, Xero keeps records and transactions in a database that can be retrieved if the company’s computer crashes or breaks down. Xero is also tailored for all types of businesses. With Ryde being a transaction heavy business, this will be perfect for assisting in the organization of records and transactions. Xero is especially useful for Ryde, as it is compatible with PayPal, the program that the car owners and consumers will use for payment. It will assist in collecting money from consumers and paying out money to owners. An example of the layout of the Xero software is shown below.



Xero Accounting Services

9.2 Financial Assumptions

Rental Service Revenue	<ul style="list-style-type: none"> <li>Gain 5% of market share since it is based in Los Angeles, one of the highest traffic cities</li> <li>Assume profits are collected from a 7% commission on all sales</li> </ul>
Insurance Revenue	<ul style="list-style-type: none"> <li>80% of consumers will purchase insurance since they will be renting out higher end vehicles that would hurt their personal liability insurance</li> <li>The average insurance policy purchased will be \$50 as it is projected to be the most popular selection</li> </ul>

<sup>26</sup> “15 Best Accounting Software Systems For Your Business.” *Financesonline*. Web.

Insurance Claims	<ul style="list-style-type: none"> <li>The average crash rate is 2% nationwide.<sup>27</sup> Ryde assumes 1% for its users.</li> <li>On average, a liability claim is \$3,000 nationwide.<sup>28</sup> Ryde assumes the same.</li> </ul>
Legal Fees	<ul style="list-style-type: none"> <li>Legal Fees to Covington &amp; Burlington LLP Law Firm fall under Consultant Fees in the Financial Tables</li> </ul>

### 9.3 Financial Projections

**Ryde's Projected 1st Year Financials**  
(Figures are in US Dollars)

Year 1 (2019-2020)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Year End
<b>Rental Service Revenue</b>	36,250	50,353	48,456	61,560	66,664	61,768	52,873	38,977	22,082	22,187	21,293	20,399	502,862
<b>Insurance Revenue</b>	165,714	230,185	221,513	281,417	304,749	282,368	241,705	178,180	100,946	101,426	97,339	93,252	2,298,794
<b>Total Revenue</b>	<b>201,964</b>	<b>280,538</b>	<b>269,969</b>	<b>342,977</b>	<b>371,413</b>	<b>344,136</b>	<b>294,578</b>	<b>217,157</b>	<b>123,028</b>	<b>123,613</b>	<b>118,632</b>	<b>113,651</b>	<b>2,801,656</b>
<b>Insurance Claims</b>	124,285	172,638	166,134	211,062	228,562	211,776	181,278	133,635	75,709	76,069	73,004	69,939	1,724,091
<b>Rent</b>	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	27,000
<b>Website and App Maintenance</b>	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
<b>Salary and Wages</b>	32,040	32,040	32,040	32,040	32,040	32,040	32,040	32,040	32,040	32,040	32,040	32,040	384,480
<b>Office Expenses</b>	600	600	600	600	600	600	600	600	600	600	600	600	7,200
<b>Advertising</b>	50,333	60,333	65,333	70,333	75,333	66,333	59,333	49,333	40,333	35,333	50,333	50,333	672,996
<b>Consultant Fees</b>	8,500	12,000	11,000	14,000	18,000	16,000	14,000	7,000	6,500	4,500	2,500	4,000	118,000
<b>Utilities</b>	550	550	550	550	550	550	550	550	550	550	550	550	6,600
<b>Loan Interest</b>	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	12,252
<b>Total Expenses</b>	<b>225,579</b>	<b>287,432</b>	<b>284,928</b>	<b>337,856</b>	<b>364,356</b>	<b>336,570</b>	<b>297,072</b>	<b>232,429</b>	<b>165,003</b>	<b>158,363</b>	<b>168,298</b>	<b>166,733</b>	<b>3,024,619</b>
<b>Profit</b>	<b>(23,615)</b>	<b>(6,894)</b>	<b>(14,959)</b>	<b>5,121</b>	<b>7,057</b>	<b>7,566</b>	<b>(2,494)</b>	<b>(15,272)</b>	<b>(41,975)</b>	<b>(34,750)</b>	<b>(49,666)</b>	<b>(53,082)</b>	<b>(222,963)</b>
<b>Beginning Cash Balance</b>	184,000	160,385	153,491	138,532	143,653	150,710	158,276	155,782	140,510	98,535	63,785	14,119	
<b>Cash Inflow (Outflow)</b>	(23,615)	(6,894)	(14,959)	5,121	7,057	7,566	(2,494)	(15,272)	(41,975)	(34,750)	(49,666)	(53,082)	
<b>Ending Cash Balance</b>	<b>160,385</b>	<b>153,491</b>	<b>138,532</b>	<b>143,653</b>	<b>150,710</b>	<b>158,276</b>	<b>155,782</b>	<b>140,510</b>	<b>98,535</b>	<b>63,785</b>	<b>14,119</b>	<b>(38,963)</b>	

<sup>27</sup> Fetterman, Evan. "How Many Car Accidents Occur Per Year?" *Fetterman & Associates, PA*, 27 July 2015. Web.

<sup>28</sup> "Cost of Auto Crashes & Statistics." *RMIIA*. Web.

**Ryde's Projected Yearly Statements**

Years	Year 1	Year 3	Year 5
Car Rental Revenue	\$502,862	\$1,005,548	\$2,508,322
Insurance Revenue	2,298,794	4,597,588	6,896,382
<b>Total Revenue</b>	<b>2,801,656</b>	<b>5,603,136</b>	<b>9,404,704</b>
Insurance Claims	1,724,091	3,448,182	5,172,273
Rent	27,000	54,000	81,000
Website and App Maintenance	72,000	144,000	216,000
Salary and Wages	384,480	568,960	1,153,000
Office Expenses	7,200	14,400	21,600
Advertising	672,996	695,992	1,018,998
Consultant Fees	118,000	192,000	354,000
Utilities	6,600	13,200	19,800
Loan Interest	12,252	12,252	12,252
<b>Total Expenses</b>	<b>3,024,619</b>	<b>5,142,986</b>	<b>8,048,923</b>
Net Profit Before Taxes	(222,963)	460,150	1,355,781
Taxes	-	102,913	577,593
<b>Net Profit</b>	<b>\$(222,963)</b>	<b>\$357,237</b>	<b>\$778,188</b>

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## Appendix A

Wells Fargo was chosen as the preferred financial institution due to its support of small businesses as well as for its simple application. All owners have preexisting accounts and good credit with Wells Fargo which will help to secure the loan. The following information is needed to obtain this loan, and the application must be filed at a Wells Fargo location.

<b>Business Information</b>	Business Name: Ryde Business Address: 811 Wilshire Boulevard, Los Angeles, California 90017 Business Phone Number: (323)-266-7319 Business Fax Number: 323-488-0679 Tax Identification Number/SSN: XXX-XX-XXXX Date your business was established: March 15, 2019 Ownership type: Limited Liability Corporation (LLC) # of Owners: 3 owners Projected Annual Revenue: Varies Business-banking account number(s): XXXX XXXX XXXX XXXX
<b>Owner Information (1)</b>	Name: Suhas Nannapaneni Home address: 936 S Olive St, Los Angeles, CA 90015 Home phone number: 213-457-4897 Social Security Number(s): XXX-XX-XXXX Citizenship: U.S. Citizen Annual household income: \$XXX,XXX Personal bank account number: XXXX XXXX XXXX XXXX
<b>Owner Information (2)</b>	Name: Riley Nicosia Home address: 770 S Grand Ave, Los Angeles, CA 90014 Home phone number: 213-999-9345 Social Security Number(s): XXX-XX-XXXX Citizenship: U.S. Citizen Annual household income: \$XXX,XXX Personal bank account number: XXXX XXXX XXXX XXXX
<b>Owner Information (3)</b>	Name: Hari Vijay Home address: 1200 S Grand Ave, Los Angeles, CA 90015 Home phone number: 213-318-6342 Social Security Number(s): XXX-XX-XXXX Citizenship: U.S. Citizen Annual household income: \$XXX,XXX Personal bank account number: XXXX XXXX XXXX XXXX
<b>Contact Information</b>	Primary contact (must be an owner of business): Hari Vijay Primary contact phone number: 213- 623-8993 Primary contact email address: <a href="mailto:hari.vijay@ryde.com">hari.vijay@ryde.com</a>