Business Foundations Capstone Framework for Analysis

Sharezam: Social Collaboration of Spotify and Shazam

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Situational Analysis

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Product or Service– Sharezam

Currently…

- Shazam is a music identification app, which can identify songs played via an algorithm which matches the tune to its unique digital fingerprint. Spotify is a music streaming service, where users can create their own playlists, follow other users to see what songs friends are listening to and listen to playlists curated by friends and Spotify
- The collaboration of Shazam and Spotify allows for consumers to explore new music on the go through Shazam and add songs to current playlists they listen to in Spotify
- There is an option in Spotify to have a 'My Shazam Tracks' playlist, which automatically adds any song identified within the Shazam app to this unique playlist on the consumer's account
- Shazam allows consumers to follow artists to see what they Shazamed, but not other users of the application
- Being able to see what music other friends are listening to is a feature in Spotify many users enjoy as it enables them to discover new music

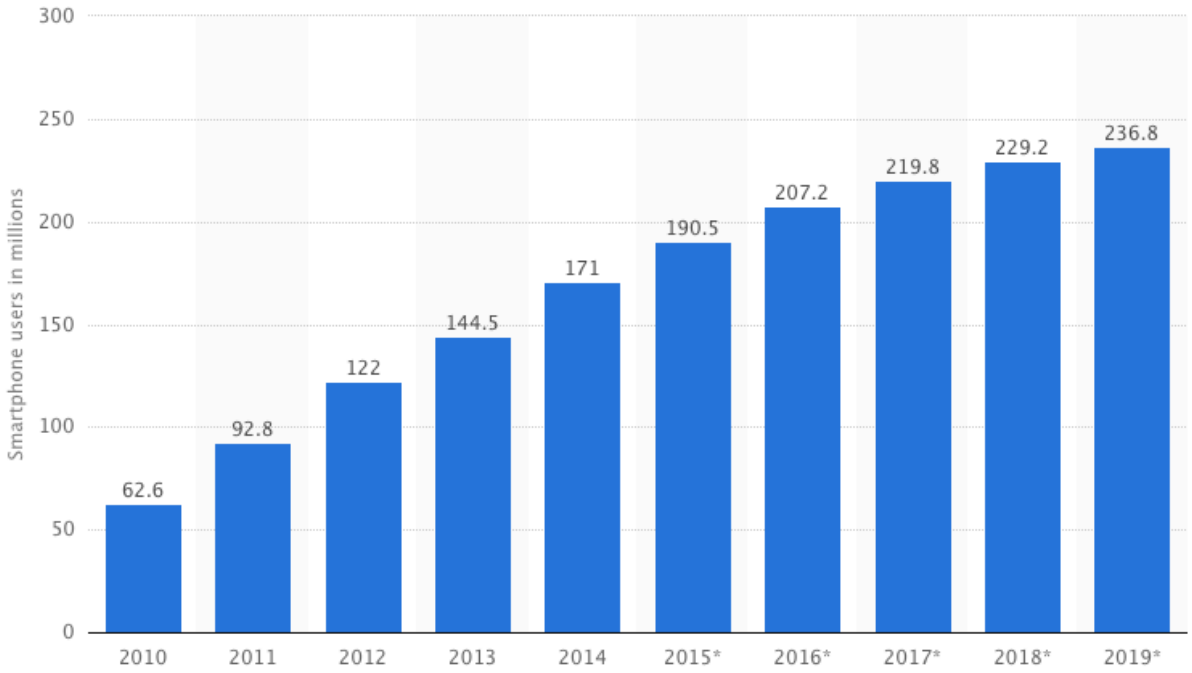
With Sharezam…

- Through a new feature in Shazam called **Sharezam**, the consumer will be able to **follow other Shazam users**. In the immediate Shazam app, the consumer will be able to view the past three songs that the other users 'Shazam'. In **Spotify a unique playlist called 'Sharezam Tracks' will form** based on the all of the songs that have been Shazamed by these users in a specific time period, that can be set.
- This will allow for Shazam to increase social networking among users and encourage users to utilize Spotify to continue sharing and learning about different music from varying users.

External Environment –

Relevant economic, social, political, legal, technological trends

- Shazam and Spotify are both legal applications to be used in the US and have partnerships to be used on smartphone platforms[1,2]
- The smartphone market has tripled in the past five years and continues to increase with the projected number of smartphone users in the US in the near future[3]



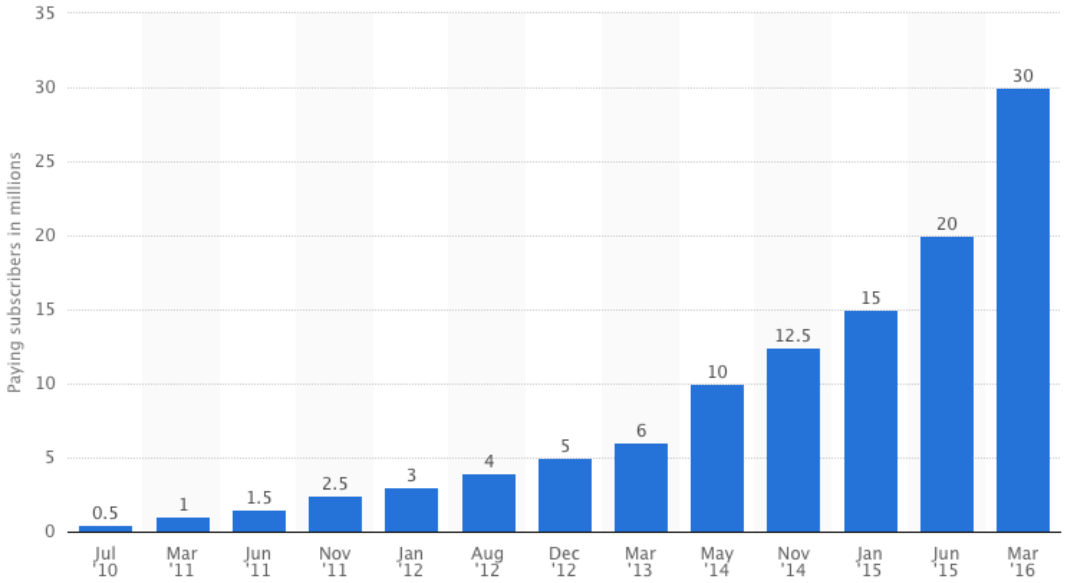
Smartphone Users in the United States from 2010-2019 (projected)

[1]http://www.shazam.com/terms
[2] https://www.spotify.com/us/legal/end-user-agreement/
[3]http://www.statista.com/statistics/201182/forecast-of-smartphone-users-in-the-us/

External Environment –

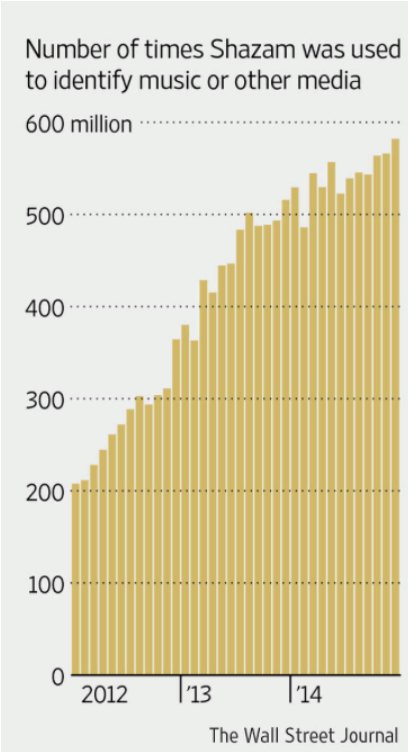
Relevant economic, social, political, legal, technological trends

- Spotify's ability to have subscribers pay instead of only use the free version of the app has exploded in the recent years as shown below[1]



Spotify Paying Subscribers July 2010-March 2016

- Consumers have also used Shazam more over recent years to identify songs, seen to the right[2]



- The continuing growth of smartphone, Spotify and Shazam markets, suggests that the volume of downloads per application will also increase; more applications will likely hit to market to attract customers so it is critical Shazam and Spotify continue to adapt with new features to maintain their existing customer base

[1]http://www.statista.com/statistics/244995/number-of-paying-spotify-subscribers/
[2]http://www.wsj.com/articles/music-discovery-company-shazam-valued-at-around-1-billion-1421780459

External Environment –

Relevant economic, social, political, legal, technological trends

- From the Pew Research Center, the following smartphone usage trends were found:
  - Those between 18-65 are at least **twice as likely** to have a smartphone as those over 65
  - Adults who have a **college degree** are more likely to have a smartphone than those without
  - 50% of Adults earning under $30,000 USD/year own a smartphone, while **71% of those between $30,000-75,000 have a smartphone**
  - Adults living in **rural areas are less likely** to have a smartphone compared to city dwellers

Smartphone Ownership Highest Among Young Adults, Those With High Income/Education Levels

% of U.S. adults in each group who own a smartphone

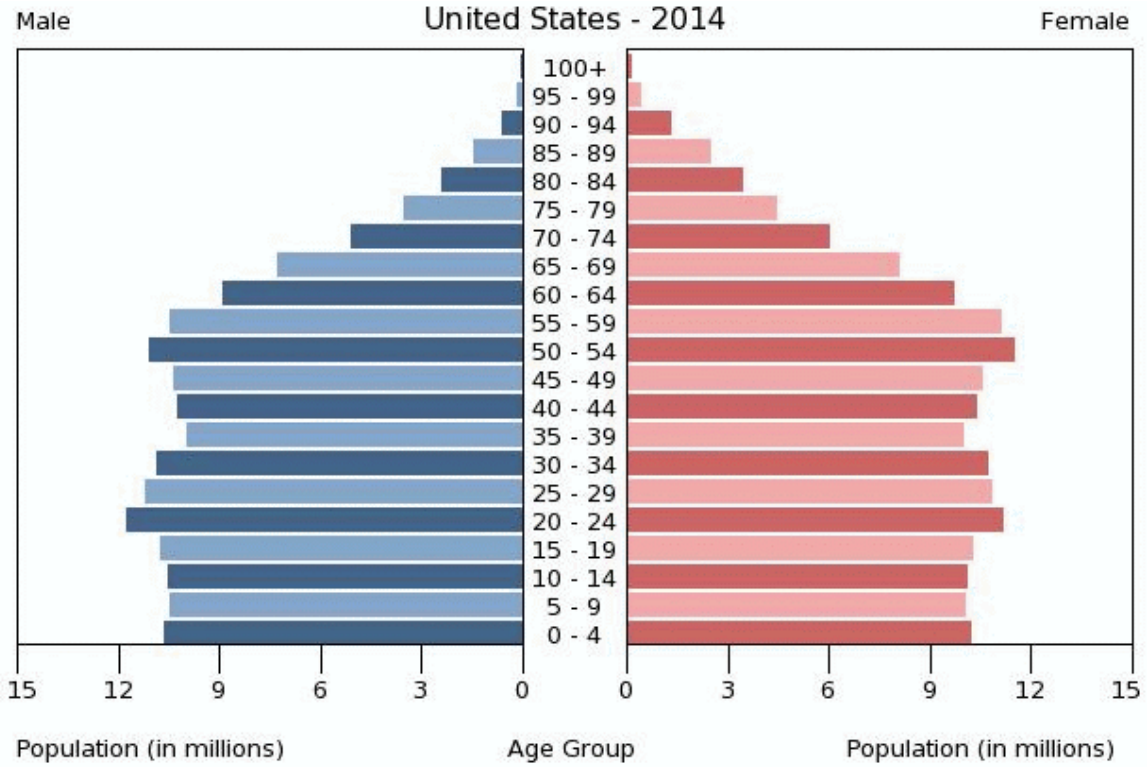
All adults	**64%**
Male	66
Female	63
18-29	85
30-49	79
50-64	54
65+	27
White, non-Hispanic	61
Black, non-Hispanic	70
Hispanic	71
HS grad or less	52
Some college	69
College+	78
Less than $30,000/yr	50
$30,000-$49,999	71
$50,000-$74,999	72
$75,000 or more	84
Urban	68
Suburban	66
Rural	52

http://www.pewinternet.org/2015/04/01/us-smartphone-use-in-2015/pi_2015-04-01_smartphones_07/

External Environment –

Nature and extent of demand (demand elasticity & size of the market)

- The market size is all US adult smartphone carriers
  - Estimating a population of 320 million adults in the US and from the previous chart that 64% of adults have a smartphone, **204.8 million adults in the US have a smartphone**
  - This market will increase, as the number of adolescents aged 10-19 is about equivalent to the total population of Americans over 70[1], and with an increase in the younger generation comes an increase in the number of adults and thus the smartphone market

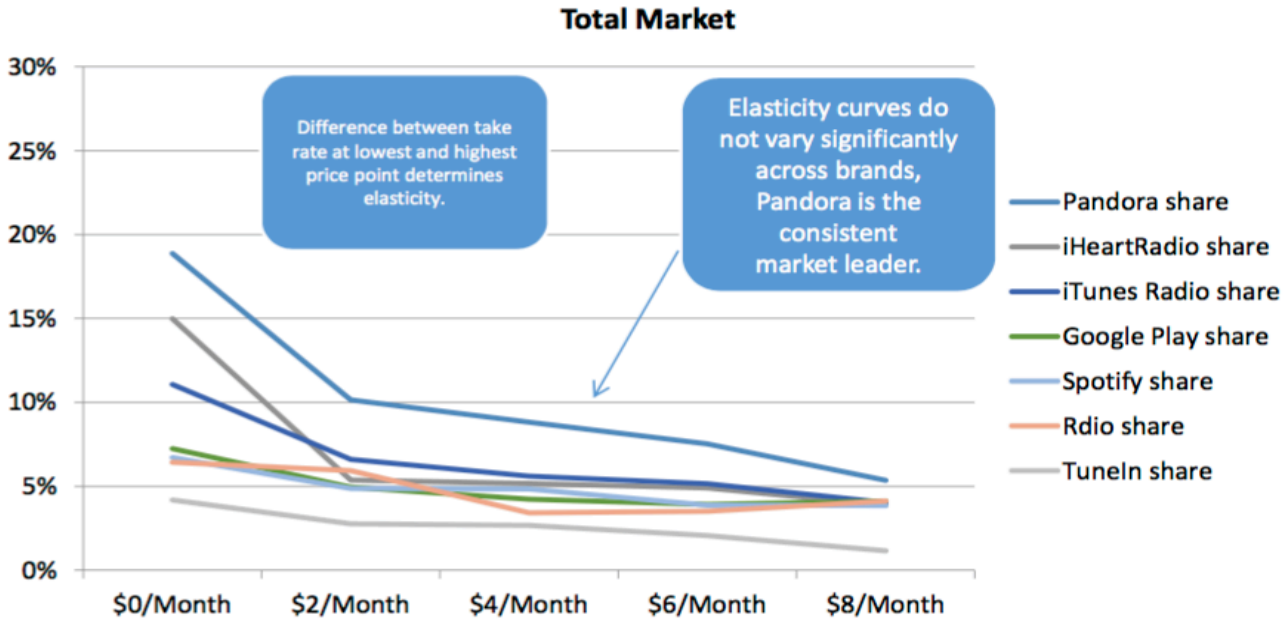


[1] http://www.indexmundi.com/graphs/population-pyramids/united-states-population-pyramid-2014.gif

External Environment –

Nature and extent of demand (demand elasticity & size of the market)

- Only 10% of music buyers across the US spend over $10 a month on music[1]
- A regular Spotify subscription costs $9.99/month and the psychological interpretation of the .99 may convince more people to subscribe since it is less than $10. This price listing will likely convince more consumers to subscribe and is more valuable to Spotify than cashing an additional $0.12/year/customer
- The following graph illustrates the elasticity of the music streaming industry[2]:



- The entire music streaming industry is elastic up to $2/month, meaning that the market is very responsive to changes in price of the product up to this point. This indicates that Spotify and Shazam should not alter their pricing strategies drastically, if at all

[1] https://musicindustryblog.wordpress.com/2015/01/13/what-spotifys-december-growth-tells-us-about-pricing/
[2] http://clearvoiceresearch.com/wp-content/uploads/2014/05/Music-Presentation-May-2014v2.pdf

External Environment –

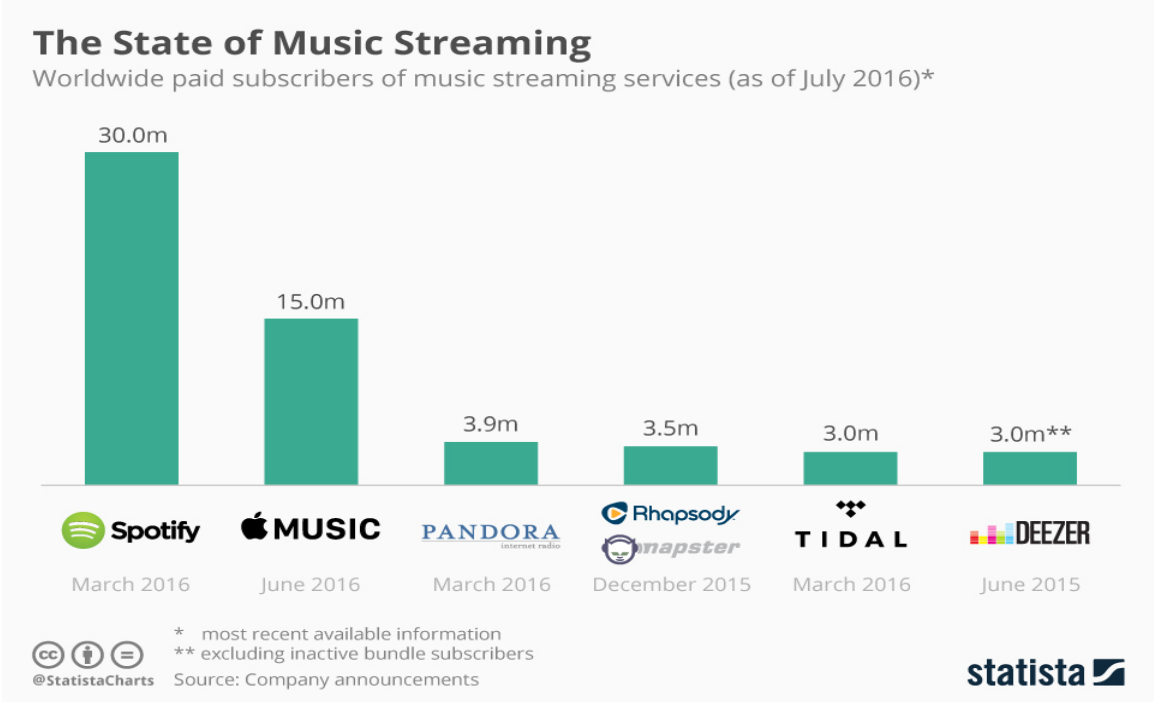
Nature and extent of demand (demand elasticity & size of the market)

- **The purpose of Sharezam is to both a) allow users to better track friends within Shazam, and b) expand their musical repertoire by cataloguing all of the listened tracks of their friends in Shazam in a playlist in Spotify. With an increase in the millennial generation, more Shazam users will be looking for ways to virtually interact with friends**

- To encourage consumers to actively use Sharezam, it is important that it remain a free feature within both Shazam and Spotify. If Sharezam requires an upfront cost, users are unlikely to subscribe to this feature since they are unaware how it will improve their streaming experience. Therefore, it would be very elastic to price.

External Environment –
Industry Competition

- In the music streaming industry, Spotify leads by a vast margin[1]



- In the Google Play Store, Shazam ranks 9th, while its competitors are far behind with SoundHound coming in at 36th, and MusixMatch at 63rd.

[1]https://www.statista.com/chart/5152/music-streaming-subscribers/

External Environment –

Industry Barriers (entry/exit barriers)

- *Consent*: Both Spotify and Shazam need to agree on the use of Sharezam. If Spotify does not approve, users will not be able to compile an ongoing list of songs their friends identify through Shazam
- *Cost*: Shazam would have to pay a cost for programming the feature; Shazam needs to be convinced that Sharezam will generate more users for both it and Spotify
- *Ease of Use*: If Sharezam is not user-friendly, not many consumers will see value in it and it will have been a wasted investment for Shazam. Therefore, it is critical that it is appealing and easy for consumers to maneuver

External Environment –

Industry structure – Competition

Shazam Competition

Company	Price[1]	Main Abilities	Additional
Shazam	Free-$6.99 (one time fee for ad free listening)	Identify songs, add to Spotify playlists, form Pandora station based on song heard	Follow artists on Shazam
SoundHound	Free-$6.99 (one time fee for ad free listening)	Identify songs based on track or humming, add to Spotify playlists	Hands free capabilities
MusixMatch	Free	Provides lyrics to identified music, translate lyrics, connect to Apple Music or Spotify Premium accounts	Display lyrics in other languages,

Spotify Competition

Company	Price[1]	Main Abilities	Current Subscribers	Songs in Library
Spotify	Free-$9.99/ month for Premium (ad free)	User generated playlists, can follow other users' or Spotify made playlists, form radio station from song, suggests songs based on history, offline listening	75 million	30 million
Apple Music	3 mo free then $9.99/month	Stream tracks from iTunes store, integration of personal music owned, suggest songs, internet radio, voice controls, offline listening	11 million	37 million
Pandora	Free-$4.99/ month	Create radio stations based off of song, genre or artist	81.8 million	1.5 million

1 Data found from iTunes App Store

External Environment –

Industry structure – Competition

Shazam Competition Conclusions:

- SoundHound is the most similar to Shazam in terms of services offered
- User reviews comparing the two apps suggest that Shazam is faster at identifying songs, while SoundHound is the only brand to offer the unique feature of identifying a hum; while a neat feature, most users prefer speed over a rare occasion of needing a hum idenitfied[1]

Spotify Competition Conclusions:

- Apple Music offers services best resembling those of Spotify
- Apple Music launched in 2015 compared to Spotify in 2006, which explains for gap in subscribers
- Passive music listeners will likely choose Spotify since there is a free version, whereas Apple Music only allows for 3 months free
- Avid music listeners who have been loyal users of Spotify will be hard to convince to switch to Apple Music since the two applications offer very similar features; listeners who are new to the streaming industry may join Apple Music if they already use iTunes since it is on the same application

[1]https://www.reddit.com/r/androidapps/comments/41vrg5/which_is_better_soundhound_or_shazam/

External Environment –
Marketing Channels

Shazam Marketing Channels:

- Corporate Partnerships[1]
  - Target: consumer 'Shazams' a commercial and takes consumer directly to online page of what commercial advertises
  - Toyota: consumers 'Shazam' ad during SuperBowl for a chance to win a new car
  - Coca-Cola: users can 'Shazam' lyrics printed on a Coca-Cola bottle and then create lip sync to the song Shazam identifies, took part in 'Drinkable Commericals' if TV watchers 'Shazamed' a Coca-Cola commerical
- Social Media: Facebook, Twitter, Instagram

Spotify Marketing Channels:

- Corporate Partnerships[2]
  - Starbucks: customers in store can influence songs Starbucks play by rating playlist on Spotify, based on location
  - Bose: SoundTouch allows for Spotify playlists to be played through speaker systems throughout a house
  - Ford: FordPass program allows for users to have Spotify app as entertainment option in car
- Social Media: Facebook, Twitter, Instagram

Having a diverse array of marketing options for both companies allows for them to attract a variety of users

[1] http://www.nfcworld.com/2015/06/02/335662/shazam-launches-visual-recognition-marketing-platform-with-global-brands/
[2] http://www.billboard.com/articles/business/6844194/starbucks-spotify-partnership-app-integration, https://media.ford.com/content/fordmedia/fna/us/en/news/2016/03/22/ford-spotify-team-up-to-enhance-experience-for-fordpass-members.html

Internal Environment –
Resources

- **Top Management**
  - Having Shazam's Top Management and Board of Directors behind Sharezam is integral so it can be advertised in press statements and at events
- **Marketing**
  - Marketing plan is detailed in future slides and is crucial to alert users of Sharezam, in order to encourage Shazam users to engage in Spotify
- **Production**
  - Once the software is developed, it will require maintenance for software engineers to check for bugs and produce upgrades; however it will not require a factory for manual production as the product is virtual
- **Finance**
  - The cost of developing the software of Sharezam will need to be budgeted and approved by Finance department as well as predict profits that can be made from the alliance with Spotify. Negotiations regarding Spotify's monetary contribution to Sharezam development will be handled by the Finance department
- **R&D**
  - Market research is important to conduct prior to engineering Sharezam to quantify if users of the application would use this feature, as well as after the release to receive customer feedback

Internal Environment –
Brand diagnosis

On Shazam's website the following statement is listed in the company segment:

"Shazam is a mobile app that recognizes music and TV around you. It is the best way to discover, explore and share the music and TV you love. Shazam connects more than 500 million people. It took us 10 years to reach 1 billion tags, 10 months to reach 2 billion, 3 months to go from 10 to 12 billion... It's an amazing app, available now in the Apple, Android and Windows stores. And we're always looking for new and innovative ways to delight our users."

Shazam Current Brand Positioning

- Statement on website includes phrases "TV around you", "share the music and TV you love" and "delight our users" which comes off as personal and that Shazam prioritizes its customers
- Before Shazam, there was no application to identify unknown songs; Shazam was created to fill this void
- Point of Parity: Shazam is a mobile app that identifies music and TV
- Point of Difference: connects 500 million people, favorable brand name association, people now use it as a verb to 'Shazam' a song
- Shazam logo is bright, simple and blue, which a color psychologically linked with efficiency[2]

[1]http://www.shazam.com/company
[2]http://www.colour-affects.co.uk/psychological-properties-of-colours

Internal Environment –
Brand diagnosis

- **Shazam Current Pricing Strategy**
  - ✧ All users initially download a free app and can use Shazam to identify songs, add to Spotify playlists, follow artists; but do experience advertisements on the app while doing so
  - ✧ Avid Shazam users may be persuaded to upgrade to Shazam Encore, which is a one time cost of $6.99 so they can enjoy the application without any advertisements

- **Shazam Current Distribution Strategy**
  - ✧ As indicated in the brand positioning statement, Shazam is available on multiple platforms in the Apple, Android and Windows Store. This make it accessible to a large segment of people, rather than only one brand of Smartphone.

[2]http://www.gizmodo.co.uk/2015/05/a-partnership-with-google-means-shazam-is-officially-a-verb-now/

Internal Environment –

Critical Factors

Factors that will Help Sharezam	Factors that may hinder Sharezam
1. Adding a feature to Shazam is easier than forming a completely new app so it is likely that the software engineering upfront costs should not be too steep	1. Profit-if Shazam does not think that Sharezam will serve a benefit to attracting more users or strengthening the existing partnership with Spotify, it is unlikely they will pursue this
2. Shazam users will quickly be introduced to Sharezam since it is in Shazam, and they don't have to download a new app to use	2. Perceived need: people can already follow friends on Spotify and might not see need to be able to follow them on Shazam as well
3. People enjoy the ability to connect with friends on forms of social media	3. If Spotify does not agree to use Sharezam as well, it will only be a feature available in Shazam-would still be beneficial to Shazam users but would likely be more limited
4. Shazam is coming off new experiential advertising with Coca-Cola so people are familiar with Shazam brand name	

Segmentation, Targeting & Positioning

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Market Analysis & Segmentation –

Who is the market?

- The market is all smartphone users, as they are the ones with the capability to access Shazam on the go
- The following data was released by the Pew Research Center, illustrating their findings in 2015 regarding smartphone users, assuming a US population of 320 million[1]

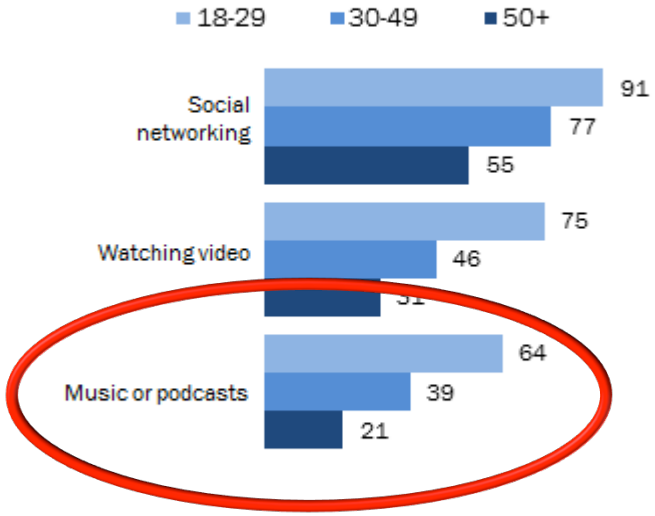
Smartphone Ownership Highest Among Young Adults, Those With High Income/Education Levels

% of U.S. adults in each group who own a smartphone

All adults	**64%**
Male	66
Female	63
18-29	85
30-49	79
50-64	54
65+	27
White, non-Hispanic	61
Black, non-Hispanic	70
Hispanic	71
HS grad or less	52
Some college	69
College+	78
Less than $30,000/yr	50
$30,000-$49,999	71
$50,000-$74,999	72
$75,000 or more	84
Urban	68
Suburban	66
Rural	52

Use of Smartphones for Social Media, Video Watching, and Music/Podcasts is Especially Common Among Young Users

% of smartphone owners in each age group who used the following features on their phone at least once over the course of 14 surveys spanning a one-week period



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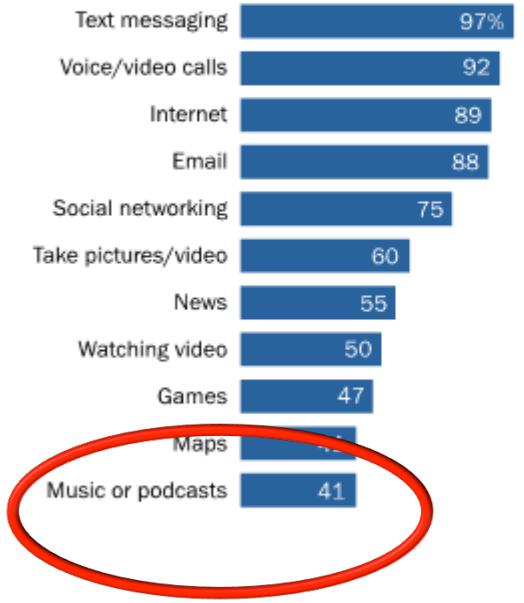


- From the data, it shows over **207 million Americans have smartphones, with close to 85 million having used their phone for music** or podcast listening in the past two weeks. This is Shazam's current market.

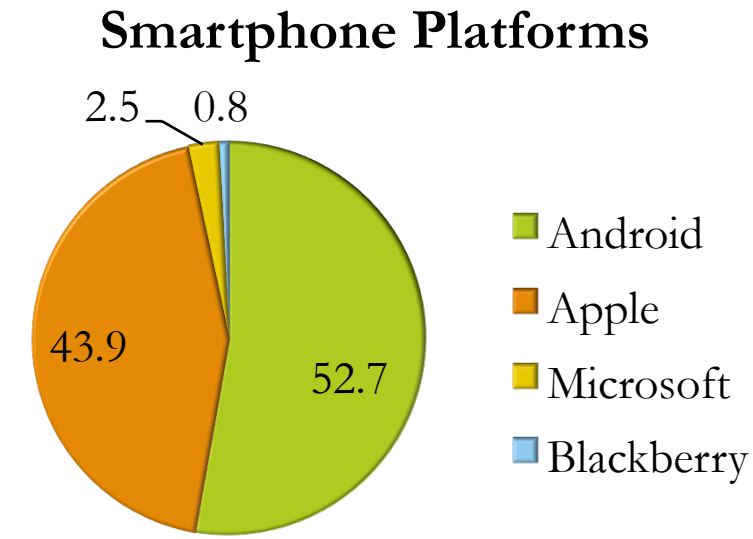
[1]http://www.pewinternet.org/2015/04/01/chapter-one-a-portrait-of-smartphone-ownership/

Market Analysis & Segmentation –

What does the market buy?

- The market buys a variety of smartphones which come on different platforms, all which have the capability to run Shazam[1]

Top Smartphone Platforms 3 Month Avg. Ending Feb. 2016 vs. 3 Month Avg. Ending Nov. 2015 Total U.S. Smartphone Subscribers Age 13+ Source: comScore MobiLens	Share (%) of Smartphone Subscribers		
	Nov-15	Feb-16	Point Change
Total Smartphone Subscribers	*100.0%*	*100.0%*	*N/A*
Android	53.1%	52.7%	-0.4
Apple	43.1%	43.9%	0.8
Microsoft	2.8%	2.5%	-0.3
BlackBerry	1.0%	0.8%	-0.2



[1]https://www.comscore.com/Insights/Rankings/comScore-Reports-February-2016-US-Smartphone-Subscriber-Market-Share

Market Analysis & Segmentation –

When and where does the market buy?

- Consumers can purchase phones through many mediums, such as brand stores like Apple or Microsoft, or carrier stores like Verizon Wireless or Sprint to name a few.
- Shazam is a app that can be downloaded at any point for free, or and a one time cost of $6.99 to upgrade to Shazam Encore
- A premium subscription to Spotify begins with a free 30 day trial and costs $9.99/month after, with different options available for student and family package
- On GooglePlay, the application store for Android devices, Spotify and Shazam are the 3rd and 10th most downloaded free apps *in the music division*, respectively[1]
- On the Apple App Store, the application store for Apple devices, Spotify and Shazam are the 3rd and 8th most downloaded free apps *in the entire store*, respectively[2]

[1] https://play.google.com/store/apps/category/MUSIC_AND_AUDIO/collection/topselling_free
[2] https://www.appannie.com/apps/ios/top/united-states/music/iphone/

Market Analysis & Segmentation –

Why does the market buy?

- The market buys **Shazam to identify unknown music**
- The market buys **Spotify to have control over when and what they want to listen to music**
- Music apps on smartphones are most popular with the millennial generation, as it eliminates the burden of carrying around an extra device, like an iPod if they want to listen to music, and enables them to discover new music they might not otherwise listen to

Market Targeting –

Who is the target audience(s)?

- It can be calculated that there are over 207 million Americans who use smartphones, with 34.5 million of those users being millennials (those aged between 18-29)
- Shown previously, **64% of the millennial generation,** compared with 21% of consumers over 50, use smartphones to listen to music,
- This makes the millennial generation of smartphone users, or 22 million people, the target audience Sharezam will focus on, even though it is available for all smartphone users
- A study through Feed.fm showed that while 53% of the total US population listens to streaming music, a concentrated 80% of millennials listen to streaming music, with ½ millennials saying they listen to streaming online music to replace listening to the radio[1]
- Sharezam will be most effective with millennials since it encourages online streaming music and virtual social interaction, which are both becoming popular trends in today's society

[1]http://feed.fm/the-millennial-consumer-and-the-music-industry/
Picture: http://www.502poweryoga.com/wordpress/wp-content/uploads/2015/07/friends-with-phones.jpg

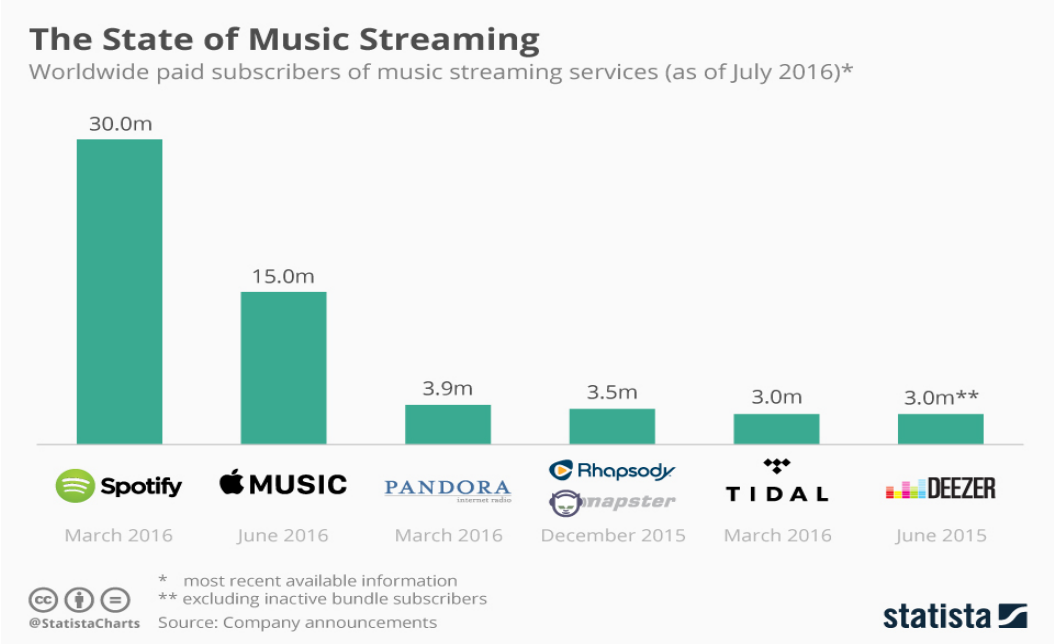
Market Positioning –

Past Partnerships that Indicate Future Successes

- The most recent effort of Shazam's marketing is a launch of 'Shazam for Brands' in Spring 2016
  - The goal is to promote productive advertising, so when a user is looking at a specific song, they will see advertisements that best correspond to the artists or genre, and are determined by user tracked data[1]

- Another deal Shazam made in early 2016 was with Coca-Cola in a campaign called 'Share a Coke' where users could scan lyrics that appeared on a Coca-Cola bottle through Shazam, and would have the opportunity to then create a lip-sync video of that song[2]

- While these partnerships are useful for generating both recognition and revenue with brands outside of the music industry, Sharezam will allow Shazam to create a stronger bond with Spotify, the leader of the music streaming industry, shown before and also below[3]



[1]http://www.macrumors.com/2016/04/20/shazam-for-brands-user-activity/
[2]http://www.businesswire.com/news/home/20160419006631/en/Shazam-Announces-Initiative-Built-Advertisers-Shazam-Brands
[3]https://www.statista.com/chart/5152/music-streaming-subscribers/

Market Positioning–

Brand Positioning

- As of June 2016, **Shazam** has been downloaded over 500 million times , with an average of **120 million users monthly,** and adding 13 million a month[1]
- As seen on the previous slide, **Spotify is the most popular music streaming service** with 30 million paid subscribers and additional 55 million ad-based subscribers[2]
- Shazam users are more likely to sign up with Spotify than other streaming services, since Spotify has a competitive advantage of quality and a recognizable name, evident by the numbers of current users for each music streaming application

- **Sharezam will link the two music applications together and simultaneously engage consumers**
- Without knowing details of product, **consumers can have an idea of what Sharezam is** based solely on the **brand name** as it combines the words 'Share' and 'Shazam'; indicating to consumers that they can share what they Shazam
- Millenials are the most likely to share their music with friends due to growth of social media and millennial usage of smartphones seen in earlier slides, therefore it is reasonable that they are the target segment for Sharezam

[1]http://expandedramblings.com/index.php/shazam-statistics/
[2]https://www.statista.com/chart/5152/music-streaming-subscribers/

Market Positioning –
Communication objectives

- Shazam users will become aware of the features of Sharezam by a few strategies
  - When users sign in on the application through Facebook, Shazam will ask if the user would like to follow their friends who have linked accounts as well
  - Every two weeks when the application is opened for the first time, a screen will pop up on the Shazam homepage asking the user if they would like to learn about Sharezam to connect with their friends
  - Whenever a user is using Shazam, there will be in-application advertisements promoting Sharezam
  - Once they use Sharezam within Shazam, there will be an option available to connect to Spotify, where the user can either connect signing into an existing account or creating a new one
  - Once a user uses Sharezam, they can 'refer' Facebook friends who are not on Shazam to sign up and experience Sharezam

- Spotify users will become aware of the features of Sharezam by a few strategies
  - If a Spotify user does not already have a Shazam account linked, Spotify can prompt the user asking if they would like to connect to Shazam
  - If a user already has Shazam linked to their Spotify, Spotify will prompt the user to explore both 'My Shazam Tracks', if they do not currently use this feature, and 'Sharezam Tracks'
  - Spotify users can follow others through username or a linked Facebook, so if the user would like to learn about Sharezam tracks and is not linked, Spotify can prompt them to link a Facebook account as well
  - If a user opts not to use Sharezam, once every two weeks, Spotify will prompt the user if they would like to learn more about Sharezam Tracks

Operations Plan

Operations Plans –

How does Sharezam work?

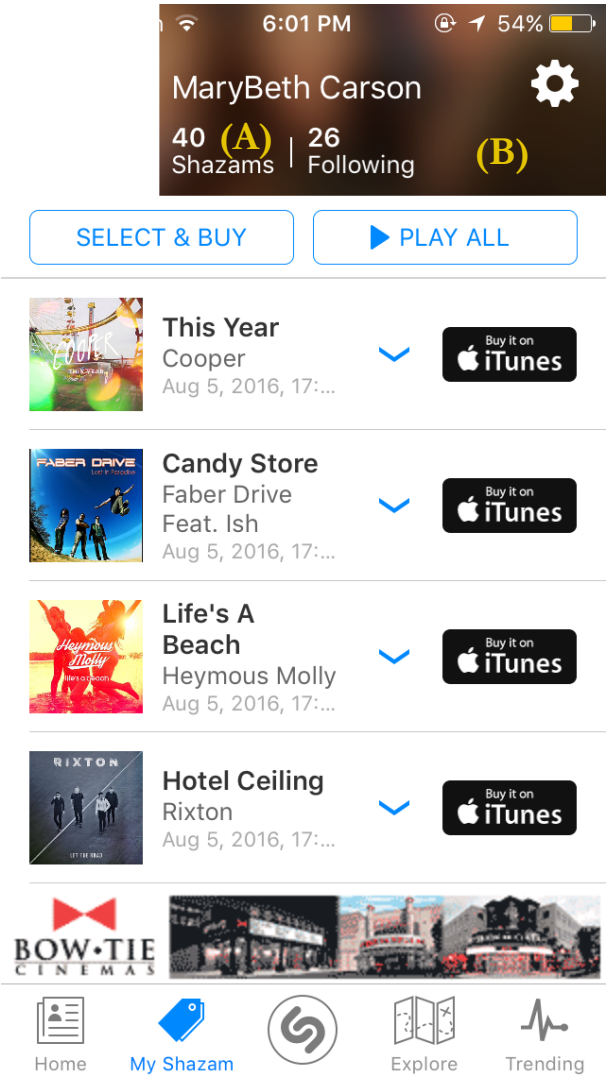
- Sharezam is a feature within Shazam so there will not be any need for consumers to download additional application to access Sharezam; therefore the distribution channels are the same as Shazam-download through an application store

- The 'My Shazam' section of the current application lists past songs that the user has Shazamed and the artists that the user follows **(A)**

- With Sharezam there will be an option to follow friends through Facebook and to view the most recent three songs that each Facebook friend has Shazamed. This will appear in a 'Sharezam' section under the 'My Shazam' tab as indicated to the right **(B)**

- When the user taps on the Sharezam section, a list of their Facebook friends will appear who use Shazam and the user can create a customized list to have certain friends at the top for quick access. Under each friends name will be the date of their Shazam. If the user clicks on the friend's name, the user will be able to see their friend's past 3 Shazam

- Users will have to agree to a 'Terms and Conditions' when they click to use Sharezam tab for the first time to ensure that all users give consent for their Facebook friends to view their Shazams



Operations Plans –

Design to Maximize Cost, Quality, Variety and Responsiveness of Sharezam

Cost Efficiency	Quality	Variety	Responsiveness
1. Assess computer engineering that will be necessary to set up Sharezam and the collaboration with Spotify 2. Determine if any costs exist with Spotify for the collaboration	1. Through quality control, monitor how quickly the service updates for maximum product performance 2. Track customer satisfaction by releasing a survey that pops up on Shazam each month asking users their opinion about Sharezam	1. Monitor how many friends a user typically is interested in and follows on Shazam 2. Try different layout of Sharezam based on featuring friends who are listening to similar music versus friends the user typically looks at	1. Every month for first year and two months thereon after, work with Spotify to track Sharezam users and if they changed app usage at all; analyze for any correlation 2. Track the number of users directly on the Shazam app who use Sharezam multiple times

Financial Plan

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Financial Plan –

Projected EBIT

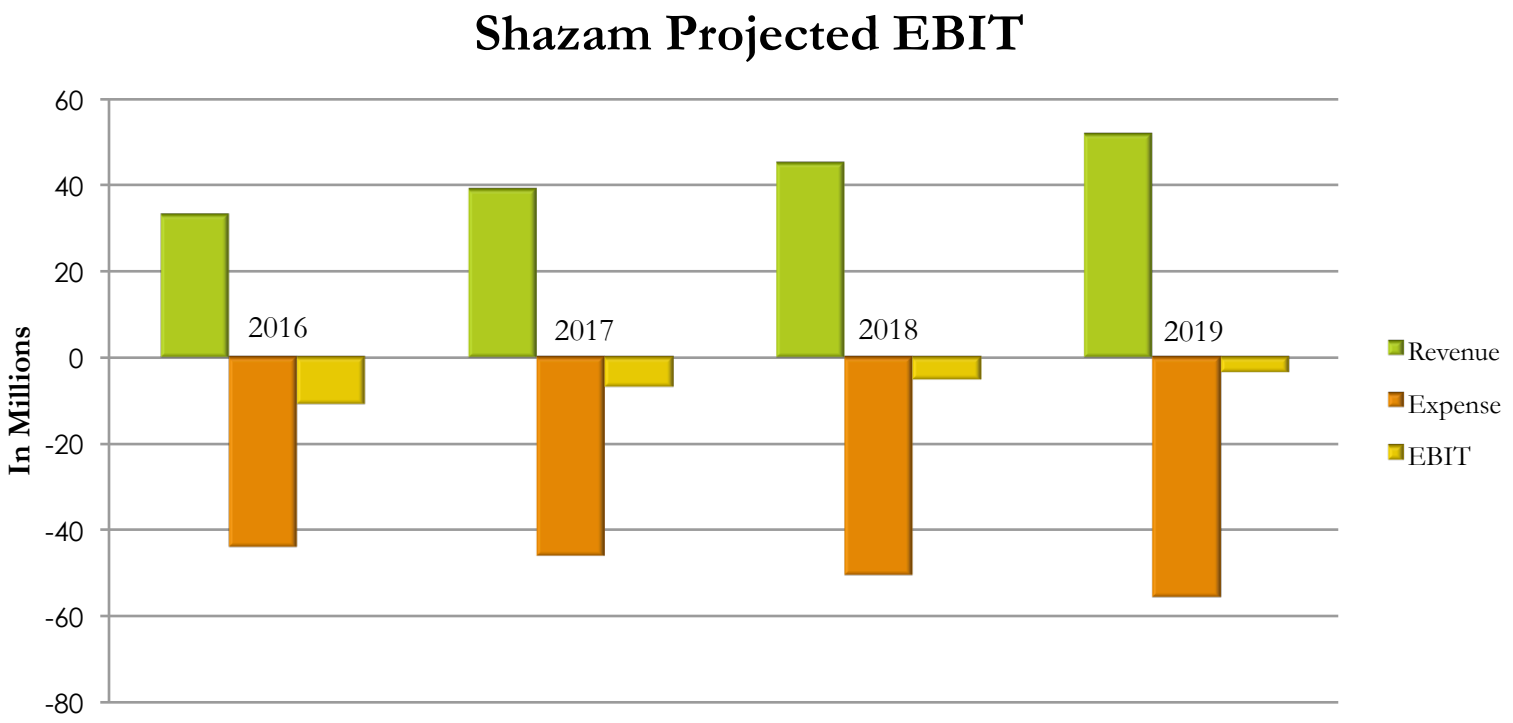
	2016	2017	2018	2019
Initial Market Size (millions)	207			
Market Size Growth Rate	1	6.2%	4.3%	3.3%
Projected Market Size (millions)	207	219.8	229.2	236.8
Initial Market Share (Percentage)	41			
Projected Market Share Growth Rate	1	10.8%	10.8%	10.8%
Projected Market Share	41	45.4	50.4	55.8
Revenue Per User in USD (Revenue in 2015/users)	0.39	0.39	0.39	0.39
User Generated Revenue (millions)	**33.2**	**39.1**	**45.2**	**51.8**
COGS-Software Development	3.5	2.5	2.5	2.5
Advertising Expense	6	7.5	9	10
Market Research Tracking Users	5	4	4	4
Legal Fees	10	10	10	10
General and Administrative	15	17	19	21
PP&E	4.5	5	6	8
Total Expenses	**44**	**46**	**50.5**	**55.5**
EBIT	**(10.8)**	**(6.9)**	**(5.3)**	**(3.7)**

http://www.investopedia.com/articles/personal-finance/010815/how-shazam-makes-money.asp
http://www.digitalmusicnews.com/2015/08/30/shazams-matching-algorithm-cant-identify-any-money/

Financial Plan –
Assumptions Explained

- Initial Market Share comes from data that there out of the 207 million market size, 85 million smartphone users use their phones for music; this is another way to explain the target audience
- Market Size Growth rate comes from the graph in the external environment section, projecting smartphone users in the future
- Market Share Growth rate is calculated from data that in June 2016, there were 120 million users and 13 million added a month; this growth rate is assumed constant for next 3 years since no better data could be found
- Since no data detailing the subscribers to Shazam Encore could be found, the average profit per user for Shazam was calculated by taking the total revenue from 2015 (http://musically.com/2015/08/29/shazam-120m-users-loss-2014/) divided by the total users of Shazam. This is assumed to stay constant over next 3 years
- Assume that Shazam users will use Sharezam and after a month of Sharezam being on the market, analysis can be done that will more accurately predict the direct revenue effect of introducing Sharezam compared to previous months' revenue
- COGS, Advertising Costs, General Administrative were approximated looking at similar company costs when introducing new feature and from digital music news article cited on previous slide
- Legal fees remain constant for rights to stream music and share information

Financial Plan –



- As seen in the projected EBIT, although both the revenue and expenses are increasing, the EBIT remains negative but is decreasing in negativity, meaning it is approaching a break even point
- To encourage the initial usage of Sharezam, it is important for it to begin as a free feature in the application, but certain promotions or premium features could be developed and added on for a fee to generate revenue, if there is enough user interest to engineer such an upgrade

Integration & Evaluation

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Timetable of Activities: Market Entry

	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17
Phase 1	✔	✔											
Phase 2		✔	✔	✔									
Phase 3					✔								
Demo Testing						✔	✔	✔					
Final Review								✔	✔				
Initial Release										✔			
Monitor											✔	✔	✔

I. Phase 1: Discuss with Shazam Management approval for Sharezam, begin recruiting for software engineers to create product, discuss with lawyers legal fees and contracts that will need to be addressed, open dialogue with Spotify to incorporate into Spotify's playlists options

II. Phase 2: Development of Sharezam within Shazam, work with marketing team to promote both within Shazam and Spotify, finalize legal contracts Shazam may need to sign with Spotify and Facebook

III. Phase 3: Status of Sharezam presented to marketing, management and engineering executives, and test promotion features within application, design a catchy logo to associate Sharezam with

IV. Demo Testing: Release Sharezam to 100,000 Shazam users who are also registered on Spotify, with following breakdown: 50% ages 13-23, 30% users 24-35 and 20% users over 35; all users should be in top 25% of active users in their age breakdown

V. Final Review: address both design interface and technical problems received in feedback from Demo Testing

VI. Initial Release to all Shazam Users

VII. Monitor users' usage of Sharezam within Shazam and work with Spotify to get usage statistics of Sharezam within Spotify, look for ways to encourage users to refer others to use Sharezam, release monthly surveys to enhance feature with user inputted suggestions

Evaluation and Data Collection

Evaluation Criteria

Frequency of Usage of Sharezam	It is important to see not only total users of the Sharezam feature, but how many users use Sharezam multiple times and how often they go to use Sharezam when on the application
Subscriptions to Spotify	Look to see if users who did not use Spotify before Sharezam opened a Spotify within a month of using Sharezam. *The overall project description asks to describe a service that will encourage adoption of a streaming service and the most clear cut way to do so is by looking at subscription numbers*
Customer Satisfaction	Look at ratings given by customers on surveys that will be asked within the Shazam app regarding Sharezam

Data Collection

- How often a Shazam user uses Sharezam, versus using Shazam for previous capabilities such as music identification or TV ad promotions
  - This will be collected continuously by tracking the time users are on 'Sharezam' tab of app versus other tabs of Shazam
- Total Number of Sharezam Users
  - Follow if there are trends in the number of users per month, as well as the age and gender demographic of users
  - Follow users to see the frequency a user uses Sharezam, or if they only use a few times before stopping use of feature
  - Can use this data to develop improved marketing and evaluate if target audience is as predicted or if it has shifted
- Evaluate if Sharezam users primarily use *Sharezam on Shazam*, or if they use *Sharezam Tracks Playlist in Spotify*
  - Would need to have access to Spotify user data, or get data from analysts at Spotify, which would be specified in contract prior to release of Sharezam
- Customer Satisfaction Ratings will be collected by analysts after users rate Sharezam on pop up survey

Evaluation: Scenarios for Failure

Possible Scenarios for Failure should be considered before development of the application so safeguards can be implemented to prevent these failures and plans for how to tackle them (if they do occur) can be formed

Failure Possibilities	Proposals to Fix
Spotify does not want to collaborate with Sharezam	Keep Sharezam within Shazam only; will still attract more consumers to Shazam. Find out why Spotify is not interested in collaboration to try to change their mind
Shazam users check out Sharezam once, but don't tend to go back to use multiple times	Form and distribute surveys to understand what users do not like about Sharezam and brainstorm ways to improve feature, such as for users to have ability to leave comments to other users about their music selection
Subscriptions to both Shazam and Spotify stay stagnant and do not increase over time as Sharezam is present in market	Make changes to application design interface, as users look for easy to use and efficient designs on mobile devices, extend Sharezam to be able to show what TV shows/promotions users are tagging as well