

Venture Pitch

Need2Read

Enhanced Digital Books

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Venture Overview

Research highlights the importance of child literacy,

"It has been established that literacy is linked to health, employability, and income (Canadian Language & Literacy Research Network, 2009; Grenier, 2008; McCain et al, 2007)."

"When children enter school 'familiar with reading,' they almost always become good readers in the early grades and are far more likely to become better learners throughout their school years and beyond (National Children's Literacy Website, 2012)."

Today with increasing numbers of parents working full-time coupled with trends of larger classrooms, children are less likely to receive sufficient one-to-one support to develop their full literacy potential. While nothing can replace a parent reading with their child, Learn2Read believes that using existing technologies they can provide an improved alternative resource. An enhanced digital book designed to help children develop important literacy skills with less adult intervention.

Traditional books are starting to be given a run for their money by new interactive digital books such as the popular Dr. Seuss's [The Cat in the Hat](#) designed for the iPad. Children can play this like a movie, read along with the narration or read it themselves in the traditional form. Need2Read believes this type of book-app can be further enhanced and wants to develop a range of books that adds voice recognition to its functionality. Children reading Need2Read books can then have instant feedback about their pronunciation and reading fluency. Currently until readers become fluent they rely on others, such as parents or teachers, to give them this type of feedback.

Existing freely available digital media creation software will be used to develop Read2Learns's books in conjunction with voice recognition software Application Programming Interfaces (API) such as Maluuba's [nAPI](#) and Nuance's [Dragon Mobile SDK](#).

Read2Learn's Enhanced Digital Books

The National Reading Panel Report (National Reading Panel, 2000) identified five essential skills children need to master in order to be able to read.

1. **Phonemic awareness** – being able to recognise and use individual sounds to create words.
2. **Phonics** – being able to understand the relationship between written letters and their equivalent spoken sounds.
3. **Fluency** – being able to read text quickly and accurately.
4. **Vocabulary** – understanding the meaning of words.
5. **Comprehension** – being able to understand and construct meaning and usefulness from text.

With these skills in mind Learn2Read proposes a series of digital books that help children develop phonemic and phonic awareness, increase fluency and vocabulary levels, and ultimately help them to read comprehensively.

The books will have the following functionality:

Reading modes	Read to me	Play the book like an animated movie.
	Read along	Read by following the narration as text is highlighted.
	Read it myself	Read freely in the traditional manner.
	Read and record	Read aloud and save the voice recording to share.
	Read and check	Read aloud as voice recognition gives instant feedback on pronunciation and reading fluency.
Other features	Tap to hear	Develop phonemic and phonic skills by tapping on words to have them sounded out.
	Double tap to learn	Develop vocabulary by double tapping on words to display illustrated descriptions of its meaning and usage.

Pricing and Distribution

Research shows consumers are currently prepared to pay more for digital books than they are for mobile applications. For this reason Read2Learns products will be marketed as digital books or book-apps rather than as pure mobile applications.

With mobile apps selling for an average of around \$3.37 in the iTunes App store and \$4.10 in the Android store (Hughes 2010) and eBook prices averaging at around \$4.97 LearnToRead's titles will be released below these average prices at \$ 2.99 in all stores.

To maximise potential uptake of these books they will be made available in as many different formats as possible. These formats will include: iOS, Android, Windows mobile, RIM as well as an online format viewable from any computer running Windows, Linux or Mac OS with a browser. Other interactive mobile devices formats will be consider as they gain market share. It is envisaged the technologies used to develop for one platform can easily be leveraged for use on the others.

Distribution of the books will be via online marketplaces such as Apple's iTunes, Google Play, Windows Store, BlackBerry's App world as well as from LearnToRead's own website. Each of these marketplaces currently takes 30% of the revenue on all items sold.

Customers

Primary Market

Parents of young children learning to read in North America, the UK and Australasia are the largest portion of the primary target demographic of Learn2Read's titles. They are joined by kindergartens and primary schools, centers promoting early childhood literacy and libraries in the same regions.

Secondary market

In addition to the primary market it is envisaged the Learn2Read books would be interesting for both non-profit and for-profit organisations that are focused on improving literacy through out the world. For example, [Worldreader](#) with their mission to "make digital books available to all in the developing world"

Future markets

Once successful in English speaking markets the digital books will also be released and marketed in other widely spoken languages.

Marketplace

In analysing the market for Read2Learns products we need to consider a number of factors. This includes trends in the adaption rates of tablets, which some analysts predict will reach numbers like over 155 million tablets being shipped by 2014, as well as digital books and mobile application statistics.

A recent article reported that in the US,

“From 2007 through 2011, e-book sales have more than doubled every year. Revenues from children’s and young adult e-books were up to \$27.7 million in May 2012 from \$7 million in May 2011, a 297% increase (Greenfield, 2012b)”

The UK book publishing industry also saw overall digital book sales increase by 54% in 2011 (Publishers Association, 2012) as well as digital children's books sales in the first half of 2012 being up 171% (Cellan-Jones, 2012) as highlighted in the figure below.



: PA Statistics Yearbook 2011, The Publishers Association 2012

The mobile application market is seeing similar increases. [IDC](#) (2010) predicts that global downloads will reach 76.9 billion in 2014 and will be worth US\$35 billion. [Canalys](#) (2011) also predicts that direct revenue from the sale of apps, in-app purchases and subscriptions across smart-phones and tablets will rise to \$36.7 billion by 2015.

Competition



Figure 1: Grimm's Rapunzel 3D interactive book

(source <http://uxmag.com/articles/interactive-ebook-apps-the-reinvention-of-reading-and-interactivity>)

There are a number of different digital products aimed at the early readers market. There are basic e-books such as the popular [Disney Digital books](#) that are not much more than a digitised version of their traditional hard copy version.

Increasingly publishers are releasing more interactive e-books/apps that are designed to utilise the features of mobile devices such as touch, sound and video. Examples include the 3D interactive pop-up book [Grimm's Rapunzel](#) from StoryToys. The Dr Seuss franchise which is reported to have sold 7.2 million hard covers (Perritano 2012) has also found success with Ocean Media's book-apps version of their titles with 1 million of paid sales to date (Dredge 2012). Oceanhouse Media's version of the Cat in the Hat now takes advantage of the mobile devices audio recording capabilities and kids can now record and share readings.

In addition to digital books there are a vast number of mobile and computer applications aimed at helping young learners to read. These are mostly targeted at one specific reading skill such as Cambridge English Online Ltd's [Phonetics Focus](#), who unsurprisingly focus on helping learners with their pronunciation skills as does [Click N Read](#) Phonetics, an online-based reading program. See figure 2 for an overview of current learn to read offerings in the iTunes App store.

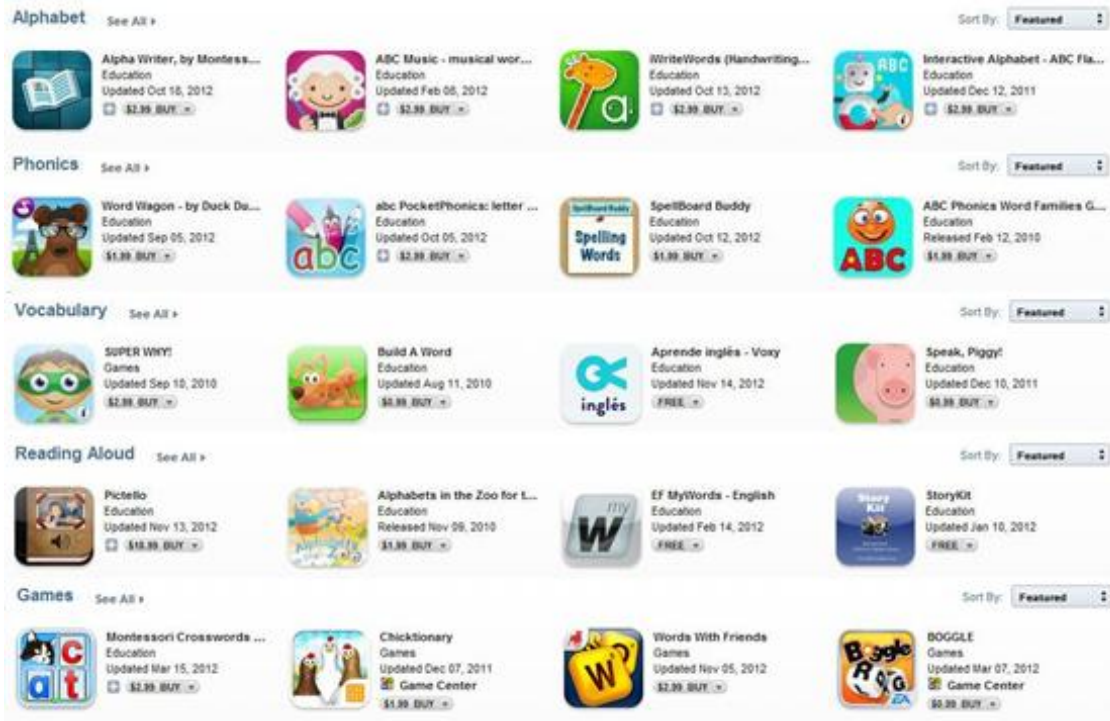


Figure 2: Selection of the featured reading applications currently available through iTunes ranging from free to \$18.99








In addition to the above purely digital product offerings, [LeapFrog](#) markets a Tag Reading System. This consists of a battery operated pen like device that is used in conjunction with tagged physical books. Children move the pen over the text to hear the story.



Figure 3: Tag Reading System (source <http://www.leapfrog.com/taglearntoread/how-tag-works.html>)

The following table provides an overview of some of the more popular learn to read products and their prices.

Table 1: Digital products for early readers

PRODUCT		PUBLISHER	PLATFORM	PRICE
	Disney Digital books : Disney classics as eBooks.	Disney	iPad/iPhone	\$3.99+
	Grimm's Rapunzel : popup 3D digital books.	StoryToys	iPad/iPhone	\$3.99
	The Cat in the Hat : interactive storybooks.	Oceanhouse	iPad/iPhone	\$3.99
	Phonetics Focus : phonemic charts, high-quality native-speaker audio, listen & record, scored quizzes.	Cambridge English Online	iPad/iPhone	\$2.99
	Click N Read : interactive cartoon animated online phonics lessons	ClickNKIDS	PC/MAC	\$59.95
	TNT Reading Tutor : letter recognition, phonemic awareness, phonics, mental processing speed, auditory discrimination, working memory, and attention	BrainTrain	PC/MAC	\$49.00
	Tag Reading System : touch and talk device that brings stories to life.	LeapFrog	Tagged Books	\$49.00+

While there is clearly already many learn-to-read products on the market they are not yet providing the full functionality Read2Learn proposes with its enhanced digital books. Many popular digital books engagingly bring stories to life for children but do not provide much in the way of a learning experience. Other learn-to-read software tends to focus on an individual reading skills in isolation and do not seem to instil a love of reading nor engagement in reading.

Read2Learn aims to bring together the child engagement current interactive books provide with the skill developing tools of other software in a single authentic reading and learning environment. With the help of voice recognition it aims to help children advance on their own where they would normally require the assistance of an accomplished reader.

Roadmap

To minimise risk and loss of capital during the first year all business activities will be performed on a part-time basis. The developer will continue with other paid employment until Need2Read sales warrant the option to work full time on the business.

Year 1 2013

GOAL: sell 100,000 books.	
Marketing	Perform a thorough market analysis and create marketing strategy.
Operations	Apply for patent.
Development	Create first title to be released by April 2013. Release a <i>lite</i> free/trial version and a full paid version.
Development	Create the Need2Read website with social media features and SEO considerations to be launched by April 2013.
Development	Release 2 new titles before Christmas 2013.

Year 2 2014

GOAL: sell 200,000 books.	
Development	Release 5 new titles.
Development	Release existing titles in French, German and Spanish versions.
Marketing	Look for publishers and individuals to partner with to release new books.

Year 3 2014

GOAL: sell 400,000 books and release Need2Read's software platform.	
Operations	Hire additional developer and graphic artist.
Development	Release 10 new titles (5 being partnerships with publishers or independent authors).
Development	Release existing titles in other popular languages.
Operations	Seek additional funding to develop/release Learn2Read's software as a platform for publishes/independent authors to produce their own enhanced digital books.
Development	Develop and release the software platform.

Risks and challenges

The following lists the main identified risks that can potentially influence Need2Read's success.

1. Without a patent there is nothing to stop competitors creating similar products.
2. Software projects are notorious for going over budget and taking longer than planned.
3. It could prove more difficult than predicted to port the technologies to other formats/platforms.
4. Currently it is very difficult to differentiate in the iTunes and Google play marketplaces. This is particularly true for kids products, neither iTunes nor Google Play currently have categories for kids. As a side effect trends currently show parents tend toward bigger known brands when buying children's products.
5. The venture relies heavily on 3rd party software and APIs which introduces more risk than if the product was created using just dedicated in-house software.

Investment

Learn2Read is looking for an investment partner (50:50) that is willing to contribute initial funding of \$3000. This amount will be matched by the founder to establish the first round of funding at \$6000.

Ideally this investor/partner will have good business acumen and marketing experience; someone able to help put finesse on the business strategy and marketing plans.

Currently success in the mobile application marketplaces is highly correlated to it becoming a featured app (unless you have an astronomical amount to spend on marketing). To become a featured app ease-of-use and the graphic quality are paramount. Due to this fact, a large portion of the initial funding will go towards graphic costs. The remainder of the initial funding for this venture will be allocated in the following manner:

FUND ALLOCATION		
1	Graphics (logo, screen-shots, illustrations)	3000
2	Website hosting	500
3	Software licensing	500
4	Marketing campaign	1500
5	Patent application	500
		6000

Learn2Read Team



Melissa Ayers, Founder and Developer (Montreal, Quebec)

An experienced software engineer that has worked on a diverse range of products from network equipment to cloud based web applications.

Melissa is passionate about both technology and education and is enthusiastic about how technology can be leveraged to enhance learning environments.

Melissa holds a BSc in Computer Science, a Post Graduate Diploma in Business and Administration and is currently completing a Masters of Educational Technology.

Contact Information

If interested in a partnership or require further information contact Melissa via melissa.ayers@gmail.com or +1(514)773-1900.

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