

# Venture Pitch

**LevelMe**

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Education Apps  
Valerie Wells



An Education App

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## **LevelMe**

This venture will design, implement and market an exciting new app for the mobile market called LevelMe. LevelMe will enable an individual with a smart phone equipped with a camera to take a picture of a page of a book, evaluate it based on a number of leveling models, and produce a readability score that provides an appropriate reading level for the book. This will enable parents, teachers, students and educational professionals to provide exactly the appropriate books to learners in order to enhance their reading skills. LevelMe can be used any time and any place and will enable any book to have its reading level assessed on demand. By providing this flexibility, the application can be used by teachers as part of professional practice and parents who wish to purchase books for their children.

LevelMe will be available in parent and professional mode. The professional mode will provide much more flexibility for the user, enabling them to choose the leveling model to be deployed and providing a more detailed analysis. It is planned to develop for the iPhone market initially and then expand to the Android space.

A preliminary technical feasibility has been completed and it has been confirmed that the app can be readily deployed. [Algorithms](#) for the most popular reading level models are readily available and mobile OCR (optical character recognition) engines are available for licensing. An effective and efficient user interface will be designed to enable a rich experience for the user of the application.

Using the existing networks established by the founder, the app will be beta tested in a school setting and feedback incorporated into the product.

Longer term goals for the venture include establishing the company brand as an authoritative source for book leveling, providing services to educational systems beyond K-12 and forming partnerships with small to medium sized publishers. Other languages will also be considered for implementation.

## **The Demand**

Reading proficiency is a fundamental skill for everyone to succeed in society. In order to gain this proficiency, it is accepted practice to provide books to a learner at an appropriate, but challenging, reading level.

However, identifying books at the appropriate level for the specific learner is a significant challenge for teachers and parents. The conventional method to categorize the reading level of a book is to rely on the predetermined reading level assigned by the publisher. Generally, only the



larger publishers provide this information and it is often unclear how this categorization was derived.

It has been our experience that a number of educational publishers suggest reading levels that are notoriously high, based on content, vocabulary and length. In some cases, the level is even higher than the same book in mass market publication. Conversely, some mass market publication reading levels are too low where the reading level indicated is appropriate for the vocabulary and length but the content is far more mature.

## The Market

This venture has considered the market from two perspectives; the emergence of smartphones as the device of choice and the number of school age children. While these statistics require further analysis, it is evident that the market is sufficient to support our revenue targets.

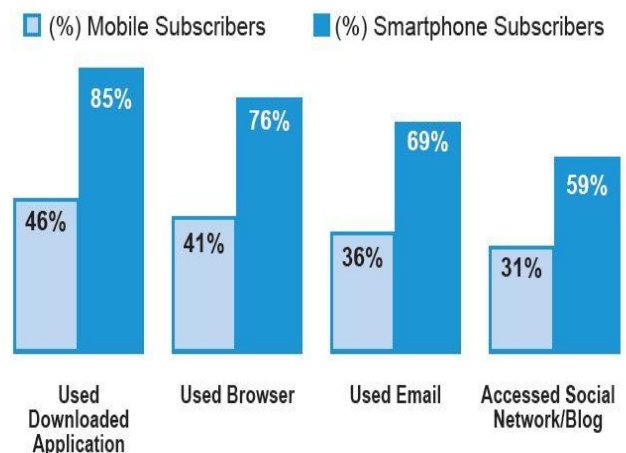
The rapid growth of the number of mobile devices has been present for a number of years. Most recently, smartphones in Canada and the US are rapidly overtaking feature phones as the device of choice. This is an exciting opportunity for app developers as consumers increasingly utilize apps as tools in all aspects of society, including education.

Significant usage statistics include:

- [8.5 million](#) Canadians own smart phones
- According to [Ipsos Inter@ctive Reid Report \(2011\)](#), smartphone ownership in Canada increased by over 50% since previously measured in the spring of 2010. Similar penetration rates exist in the United States.
- The [Ipsos Inter@ctive Reid Report \(2011\)](#) also reports that smartphone owners spend 17.3 hours per week using their device.



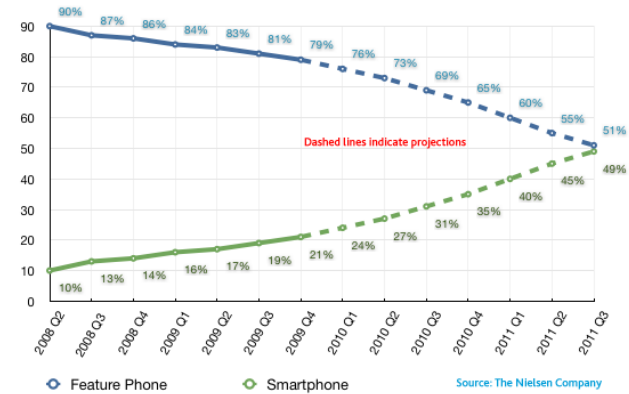
## Select Mobile Internet Activities/Month in Canada





- As of December 2011, [45%](#) of Mobile subscribers in Canada now have Smartphones.
- According to comScore's report , [2012 Mobile Future in Focus](#), at the end of 2011, there were 97,866,000 smartphone users in the U.S.

U.S. Smartphone Penetration & Projections



- There are approximately 5 billion mobile phones in the world, [1.08 billion](#) are smartphones.

Another and equally important consideration of the market available for the LevelMe app is the primary target audience that will benefit from the product. School age children will be the ultimate beneficiaries of LevelMe.

- The Statistics Canada 2011 Census reports [5,607,345](#) children aged from 0 to 14 years.
- The United States Census Bureau reports [45,820,000](#) children aged from 3 to 14 years.

Educational professionals are also critical to the success of the LevelMe venture:

- The Council of Ministers of Education, Canada reports [15,500 schools and 310,000 educators](#) in Canada.
- The National Center for Education Statistics reports [4,278,000](#) instructional staff in the United States in 2008.

These statistics provide a broad and rough view of the market size for LevelMe. It does not include secondary markets such as small book publishers, adult learners and complimentary app developers.



## The Competition

The following table outlines companies that provide a competing product or service:

Company	Product/Services	Cost
<a href="#">Pearson</a>	<ul style="list-style-type: none"> <li>• Publishes leveled books and book sets</li> <li>• Searchable data base of scholastic books by title, grade level or guided reading level</li> </ul>	<ul style="list-style-type: none"> <li>• Categorized books for \$6.99 and up</li> <li>• Free (Teacher account required)</li> </ul>
<a href="#">Scholastic</a>	<ul style="list-style-type: none"> <li>• Publishes leveled books and book sets</li> <li>• Searchable data base of scholastic books by title, grade level or guided reading level</li> </ul>	<ul style="list-style-type: none"> <li>• Categorized books \$6.99 and up</li> <li>• Free</li> </ul>
<a href="#">Micro Power and Light Co.</a>	Readability Formula Software <ul style="list-style-type: none"> <li>• Windows operating environment</li> <li>• Determines accurate Flesch-Kincaid Grade Level, Dale-Chall Readability Raw Score, Powers-Sumner-Kearl Grade Level</li> </ul>	<ul style="list-style-type: none"> <li>• \$59.95 (single computer)</li> <li>• \$419.64 (site licence)</li> </ul>
<a href="#">Alora Studios</a>	eReadability app for iPad <ul style="list-style-type: none"> <li>• Type or copy and paste text into app to receive readability scores</li> <li>• Determines accurate Flesch/Kincaid Grade , Dale-Chall Readability Raw Score, Powers-Sumner-Kearl Grade Level</li> </ul>	<ul style="list-style-type: none"> <li>• \$0.99</li> </ul>
<a href="#">Matrix Information Systems</a>	Readability Score App for iPad/iPhone <ul style="list-style-type: none"> <li>• Type or copy and paste text into app to receive readability scores</li> <li>• app determines an accurate Flesch score and Flesch/Kincaid Grade</li> </ul>	<ul style="list-style-type: none"> <li>• \$0.99</li> </ul>
<a href="#">Beaverton School District Leveled Books Database</a>	<ul style="list-style-type: none"> <li>• Searchable data base of leveled books</li> </ul>	<ul style="list-style-type: none"> <li>• Free</li> </ul>

LevelMe has a distinct advantage over these competitors. The larger publishers provide reading levels for their own catalogue only. Software based applications require the user to type in



representative text to have the book assessed. This is cumbersome and would not be practical in most instances.

LevelMe will enable parent or teacher to take a picture of a page of text and have it evaluated instantly. This will permit books to be categorized anytime and anyplace, including schools, bookstores and libraries. LevelMe will also provide significantly more information than is available by the competitor's products. In particular, the professional mode will enable a teacher to select the appropriate model to be used to evaluate the text and provide a detailed explanation of the resultant reading level classification of the text.

### **The Team**

Valerie Wells, Founder and CEO, has been an educator for 21 years with a background in special education specializing in reading. Most recently, Valerie has focused on educational technology and is nearing completion in a Master's degree in the field. Mathew Follett is an IT professional with 30 years experience who has been focused on design and implementation of technology solutions for the education sector for the past 15 years. Their skills are complimentary to ensure a successful product and wide spread adoption of the LevelMe app.

Expertise in marketing/sales expertise is also essential to the success of the venture. A marketing firm with experience in social media and mobile application business marketing will be engaged for that purpose.

### **The Investment Opportunity**

LevelMe founders are seeking an investment of \$225,000 for a 50% stake in the venture.

After careful consideration of the various business models available, LevelMe will use a multi-pronged approach to revenue generation. This business model has been informed by reviewing business models of similar ventures and researching revenue strategies from the web, including articles from [Inc.](#) and [Laurs](#).

LevelMe will use a [freemium](#) business model that will see the app released for free with an upgrade to the professional mode available for \$11.99. The free version will contain ads using advertising services like [Google AdSense](#), [AdMob](#), [Greystripe](#) or [InMobi](#) to drive traffic to small educational publishers and complementary education apps.

The professional mode will be ad free and contain a host of features not available in the parent mode.

The freemium business model has a long lead time to realize significant revenue. The principals will supplement the revenue stream by providing consulting services to school boards and small



education publishers. In addition to revenue generation, this will enable the venture to promote the LevelMe app and identify partners for testing and collaborative activities.

LevelMe will be launched initially for the iPhone audience, but will be quickly followed with an Android version in order to capitalize on this rapidly emerging market.

Future directions for the venture include providing the app in alternate languages and specifically targeting the adult learning market.

Five year revenue projection:

### Revenue Projection

Year	Ad Revenue	Professional Sales	Consulting	Total	Expenses	Profit	ROI	
		Units	Revenue					
12/13	\$10,000	200	\$1,679	\$50,000	\$61,679	\$205,000	-\$143,321	
13/14	\$30,000	2,000	\$16,786	\$50,000	\$96,786	\$183,750	-\$86,964	
14/15	\$100,000	20,000	\$167,860	\$20,000	\$287,860	\$187,688	\$100,173	\$50,086
15/16	\$200,000	50,000	\$419,650	\$20,000	\$639,650	\$191,822	\$447,828	\$223,914
16/17	\$250,000	75,000	\$629,475	\$20,000	\$899,475	\$196,163	\$703,312	\$351,656
								<b>\$625,656</b>

### Estimated Expenses

Year	Salaries	Marketing	Operating	Total
12/13	\$75,000	\$100,000	\$30,000	\$205,000
13/14	\$78,750	\$75,000	\$30,000	\$183,750
14/15	\$82,688	\$75,000	\$30,000	\$187,688
15/16	\$86,822	\$75,000	\$30,000	\$191,822
16/17	\$91,163	\$75,000	\$30,000	\$196,163

Expenses will be strictly controlled and include salary for the developer, allowances for engaging a marketing firm with expertise in app business models. A modest budget for operating expenses has also been that include provision for licensing of the mobile OCR engine.

As these estimates demonstrate, the original investment of \$225,000 will be used to support the venture for the first two years and will return \$625,656 in the subsequent three years.



## Venture Analysis

As with any entrepreneurial venture, there are risks associated with the venture. The following list outlines these risks and suggests ways to mitigate these risks:

- The Market Analysis is preliminary and has only examined absolute figures for smartphone penetration and school age children. Further analysis is required.
- Revenue projections need to be further refined by examining similar education ventures offering apps to the consumer and professional market.
- Marketing expertise is essential to the venture and engaging an appropriate firm will be critical.
- It assumed that small children's book publishers will be receptive to partnerships. This needs to be confirmed.
- The smartphone app market is growing increasingly more crowded, the LevelMe app will need to be of the highest quality in order to distinguish itself from the competition.

LevelMe has huge potential to be successful for the following reasons:

- The expertise of the founder and developer in educational technology and reading will ensure the app is of high utility. Their networks will enable the app to be tested in a real world setting and gain awareness among educators.
- The technical feasibility of the app has been confirmed. There is very low risk that the app cannot be implemented as envisioned.
- The ability to instantly assess the reading level of any book is unique. No competitors offer this service.
- The preliminary market research suggests a huge emerging market for the LevelMe app.
- As educational technology continues to be integrated into educational settings, the professional version of LevelMe will be in demand.
- It is anticipated that as LevelMe gains popularity, ideas for other complementary apps will emerge.
- As a virtual company, operating costs will kept to a minimum