

# Writing a Business Plan for your App or Software Idea

---

A business plan is necessary to make your software or app idea into a reality. It should outline the vision, development costs, and marketing strategy.

# About Us

Your mobile app or software idea must have a solid business plan before it can take shape. This plan should outline its vision, development costs, and marketing strategy.

Creating an app or software product requires careful planning and execution, and trying to build one without a plan can result in failure. Lacking a clear project structure or facing delays due to slower development times can cause your app idea to fall apart.

Without a business plan in place, you won't have a way to market your idea or attract investors. That's why it's crucial to have a plan before investing time and resources into bringing your idea to life.

In this article, we'll guide you on how to create a comprehensive business plan for your app.

## Why is a Business Plan Important?

App and software development can be costly and presents potential risks, and writing a business plan is crucial for reducing that risk and attracting investors for your product.

Apps that have a well-planned creation process tend to grow faster and attract more investment. This is because having a clear understanding of your goals allows you to effectively track progress and plan for the future.

A comprehensive business plan also makes a strong impression on potential investors and showcases the mission of your app.

Anticipating what lies ahead is the essence of writing a business plan. To do that you must, for example, carefully analyze the development costs, team size, and man-days required.

## How to Write a Business Plan for Your App or Software Idea

We've explained the benefits of having a business plan for your app - now let's explore the process of writing one. Let's take a look at the different parts of a business plan:

- Executive Summary
- General Information
- Monetization Strategy
- Market Analysis
- Marketing Strategy
- Finances



# The Executive Summary

Your business plan should start with a brief introduction of your company and app. This summary serves as a quick overview of the rest of the plan and should be clear and concise.

The aim of this section is to communicate your app's unique value proposition to the reader. You can achieve this by answering key questions, such as:

- What is the purpose of my app?
- What sets my app apart from the competition?
- Who is my target audience?

Answering these questions will give the reader a good understanding of your app's goals and unique features, which is crucial in attracting potential investors.

Well-defined goals not only serve as a personal roadmap, but also demonstrate transparency and help investors easily determine if the product aligns with their needs.

To increase your chances of securing funding, it's crucial to have a compelling summary that clearly explains the purpose of your app and your vision for its future growth.

## General Information

### Business Overview

In this section of the business plan, you will outline the values that guide your business, its objectives, and present your app concept.

Investors will want to understand your business values, how it operates, and its profit-making strategies. Keep this section focused on the critical elements of your business, including:

- Core values
- Business goals and objectives
- Key factors for success

Next, you'll present your app concept by addressing a problem and explaining how your app aims to solve it. This will help highlight your app's unique value proposition (UVP). For instance:

Problem	Solution
Customers want an easier way to communicate and collaborate with their colleagues.	Our app will offer robust, easy-to-use communication, collaboration, and productivity features for businesses.



Make your app's value proposition brief and clear by demonstrating how it addresses the issue(s) and distinguishes itself from others. Use the "what-how-why" approach when writing to achieve this.

## Company Overview

Following the introduction to your business, it's crucial to give the reader a general overview of your company. This should include information about:

- Company Structure
- Location
- Type of Entity
- Number of Employees
- Targeted Market
- Mission and Vision Statement

This section's primary concern is letting investors know exactly what your product is all about.

## The Management Team

Finally, it's important to introduce your management team and highlight their skills. This personalizes your business plan by showcasing the individuals behind your company and their expertise.

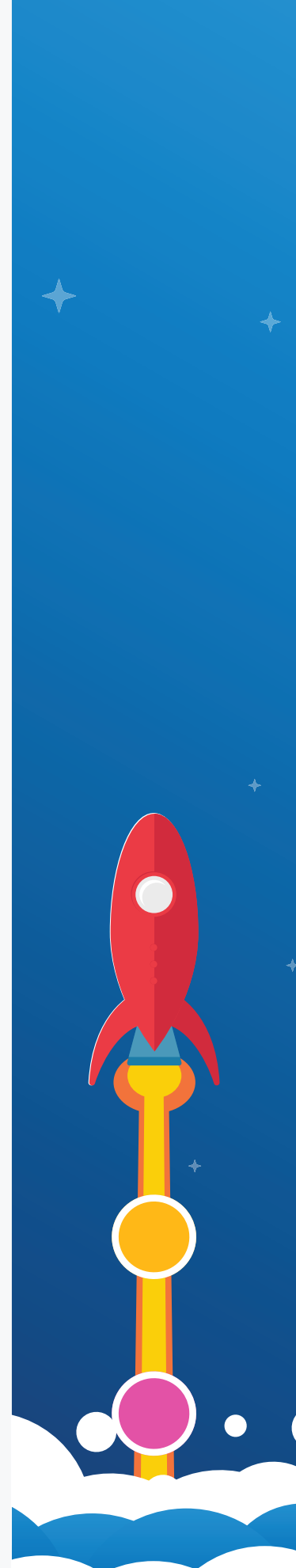
Begin by adding a photo for each team member. Then, provide some details about each person, such as their name, title, and work background. To add a unique touch, you can also include their hobbies or interests.

When approving writing team member descriptions, consider descriptions that are more personalized and that help establish a human connection with the reader. This can be beneficial when presenting your business plan, and the choice of approach will depend on the target investor.

## The Technology Team

As with the management team, it's important to introduce the team behind your app or software product's technology. This is an excellent opportunity to showcase the team's technological prowess and instill confidence with the investors in your ability to deliver on your product's promises.

As with the management team, begin by adding a photo for each team member. Then, provide some details about each person, such as their name and title, but for the technology team, focus on their prior experience, the kinds of products they have worked on and the technologies they have implemented.



# Monetization strategy

A monetization plan is a crucial component of your business plan that calculates the expected return on investment (ROI) based on your selected business model and details the methods to generate revenue from your app.

To develop an effective monetization strategy, it is important to stay informed on current and future mobile app industry trends to avoid potential pitfalls and outdated practices.

Here are some of the most common app monetization strategies:

- Subscription Model
- Freemium Model
- In-app Purchases
- In-app Advertising

The strategy you choose should depend on the type of app you are building and your target audience. For example, the subscription model is appropriate for apps that provide content rather than features, and have users who are willing to pay.

Statistics show that the majority of apps today follow a free model, combined with either in-app purchases or advertising, as they offer more flexibility and scalability than paid or freemium models.

Keep in mind that your monetization strategy should not be set in stone and should be flexible enough to adapt to changing mobile app trends and your app's evolving goals.

## Market Analysis

To effectively promote your app, it's important to have an understanding of the industry and the competitive environment.

As such, the next step in creating your business plan involves conducting a market analysis and a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis. The aim is to demonstrate the short and long-term potential of your app concept and examine its strengths and weaknesses.



### Market Forecast

To validate the viability of your app idea, a market forecast is required.

Market forecasts determine the existence of a genuine market for your app and can forecast its success over time. They are based on market research.

Since they are often conducted by external companies, they bring additional credibility and serve as the cornerstone of any marketing plan. Including a market forecast in your business plan reinforces your unique value proposition and demonstrates its market viability.



Market forecasts can be conducted using three different methods: qualitative methods, time series analysis and projections, and causal models. Ensure you select the method that gives you the necessary data to support your assertions.



## SWOT Analysis

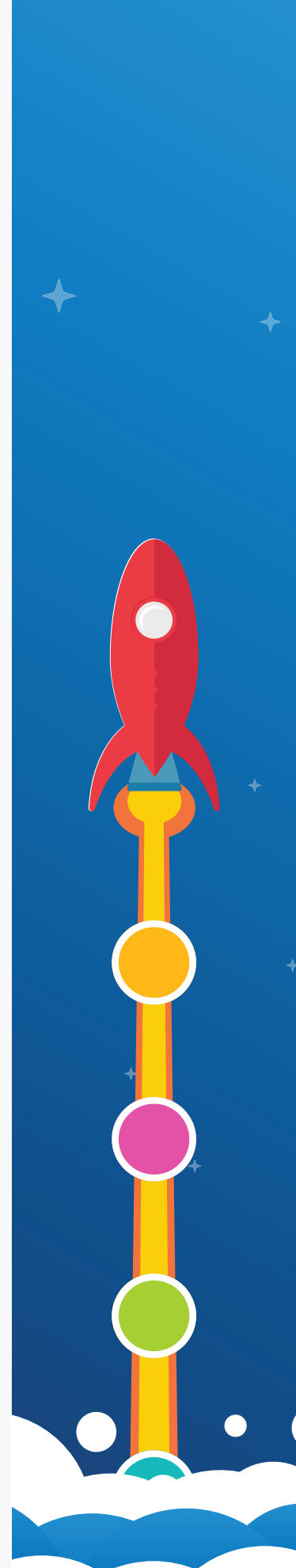
Your market analysis should comprise a strategic examination of the strengths, weaknesses, and opportunities of your app, as well as any threats that could potentially affect your app.

Similar to any other analysis, a SWOT analysis is data-based. The data from the market forecast you included in the previous section can be utilized to complete this analysis.

The objective is to present your findings within the SWOT framework. Here are some questions to assist you:

Strengths	Weaknesses
<ol style="list-style-type: none"> <li>1. Which business process do you find to be the most successful?</li> <li>2. What assets does your team have that make them stand out?</li> <li>3. What kind of technology do you utilize that is distinct from others?</li> <li>4. What competitive advantage do you have?</li> </ol>	<ol style="list-style-type: none"> <li>1. How can your business become even more competitive?</li> <li>2. Which business process can use improvement in the future?</li> <li>3. Is there a technology gap present?</li> <li>4. Are there any open job positions on your team?</li> <li>5. Is your current company location suited to accommodate your target market?</li> </ol>

Opportunities	Threats
<ol style="list-style-type: none"> <li>1. Is your target market growing?</li> <li>2. Which upcoming trends will encourage people to use your app?</li> <li>3. How will the perception of your business change after the app's release?</li> <li>4. Are there any events that may impact your business positively?</li> </ol>	<ol style="list-style-type: none"> <li>1. Who are your biggest competitors?</li> <li>2. Do you have the required manpower to develop the app?</li> <li>3. Are there any technical challenges standing in your way?</li> <li>4. Is there a chance the market trends may change drastically in the future?</li> </ol>



The main advantage of a SWOT analysis is that it highlights the obstacles your app will encounter and identifies the areas of weakness that need improvement.

For instance, if a company lacks a well-established market reputation, the analysis would reveal this weakness. This enables the company to allocate resources to address the issue and establish a reputation as part of their marketing strategy.

## Marketing Strategy

After presenting your market analysis, it's time to delve into your marketing strategy. Using the information gathered, you must determine how you will reach potential users, introduce them to your app, and convert them into customers.

To formulate a marketing strategy, start with a smaller scale and make decisions based on data collected. Then, you can expand your reach and extend the time frame. The initial purpose of a marketing strategy is to experiment with ideas and determine which ones are most effective in the market.

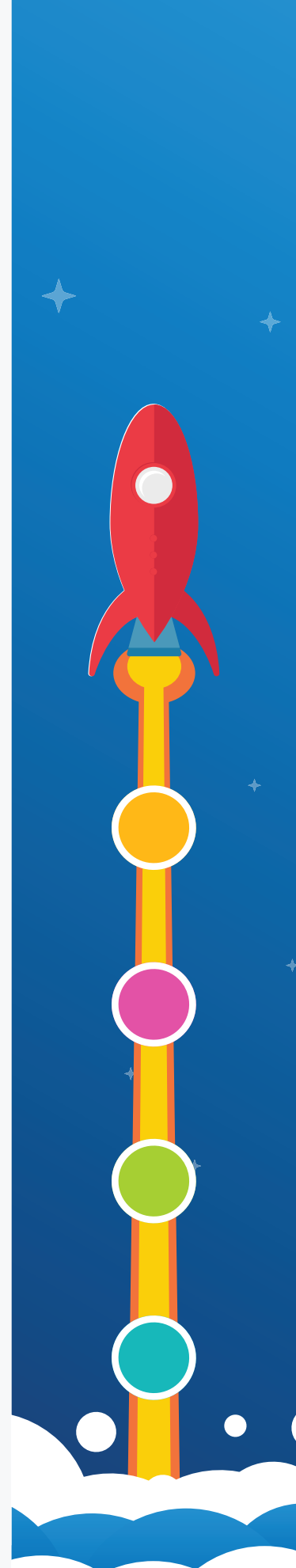
Examine your competitor's customer acquisition strategies for ideas. The more information you gather, the easier it will be to create a strong strategy.

In your app marketing strategy, consider experimenting with different marketing channels such as:

- Content marketing
- Advertising
- Organic marketing
- Social media
- App store marketing

In crafting your marketing strategy, consider the unique benefits each marketing channel offers. For instance, advertising can yield quick results, but its impact is limited by budget. Conversely, organic and content marketing may not deliver immediate results, but they can help build your app's future discoverability.

Incorporating the insights and data collected in your market analysis, the channels selected will become part of your marketing mix. It's essential to remember that marketing strategy is an ongoing process and subject to market changes, and an agile approach is recommended. Keep in mind that even the best market research can't always predict changes.



# Finances

It's crucial to outline your present and future finances after finalizing your marketing strategy.

One of the major reasons for start-up failures is insufficient funds, and this section of your business plan is vital for ensuring the success of your app idea.

The objective is to present a financial projection for the future by outlining your funding needs, projection, and exit strategy. This serves as a reference for potential investors.

## Funding Projection

The funding projection assesses the cost of developing and promoting your app in the coming years. The best format for presenting a funding projection is through a table, dividing all financial tasks into categories and assigning a portion of your budget for each one. Then, distribute the allocated funds over the desired time frame.

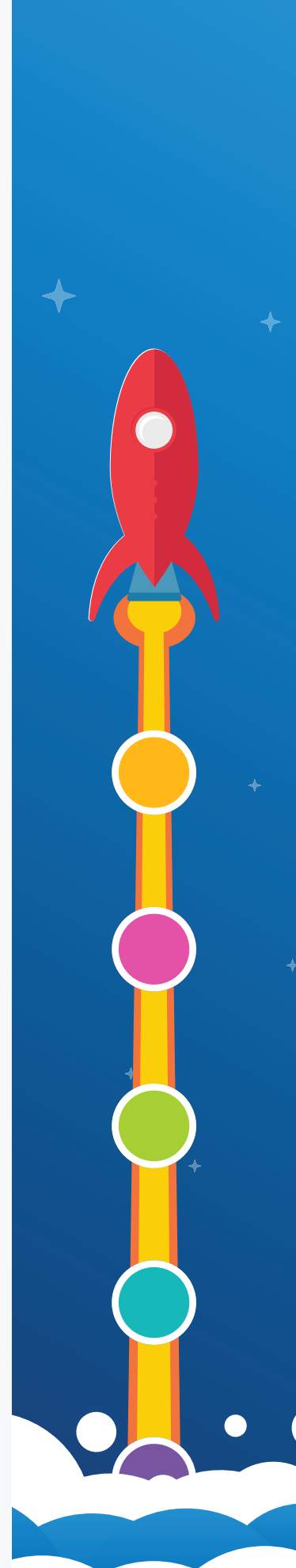
This is what a funding projection table should look like:

When making your financial projections, be mindful of potential fluctuations in costs and plan for some wiggle room. As previously noted, the market can be unpredictable, so it's wise to have a contingency fund in case of unexpected expenses.

## Funding Requirements

Inform potential investors of the funding needed to bring your app to fruition once your funding projection is completed.

Drafting the funding requirements is simple. Indicate the desired funding amount and the equity you are willing to provide, such as a company ownership percentage.



## PROJECTED FINANCIAL STATEMENTS

### Pro Forma Annual Income Statement

Report Date	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Currency	USD	USD	USD	USD	USD
Revenues	\$ 1,488	\$ 58,630	\$ 225,351	\$ 456,443	\$ 924,511
Sales & marketing	\$ 135,000	\$ 138,007	\$ 64,427.37	\$ 130,495.75	\$ 264,315.32
Operations & support	\$ -	\$ 13,248	\$ 53,321.34	\$ 108,000.80	\$ 218,752.46
Technology, net	\$ 50,000	\$ 30,991	\$ 24,113.34	\$ 48,840.86	\$ 98,925.74
General & administrative	\$ -	\$ 8,358	\$ 33,641.45	\$ 68,139.77	\$ 138,015.10
Depreciation & amortization	\$ 31	\$ 1,877	\$ 9,083	\$ 23,677	\$ 53,238
Total cost & expenses	\$ 185,031	\$ 195,198	\$ 184,586	\$ 379,154	\$ 773,246
Income before provision for income taxes	\$(183,543)	\$(136,568)	\$ 40,765	\$ 77,288	\$ 151,265
Total current income taxes	\$ -	\$ -	\$ 11,892	\$ 22,546	\$ 44,125
Net income	\$(183,543)	\$(136,568)	\$ 28,874	\$ 54,743	\$ 107,140

### Pro Forma Annual Cash Flow

Report Date	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Currency	USD	USD	USD	USD	USD
Net income	\$(183,543)	\$(136,568)	\$ 28,874	\$ 54,743	\$ 107,140
Depreciation & Amortization	\$ 31	\$ 1,877	\$ 9,083	\$ 23,677	\$ 53,238
Provision for doubtful accounts	\$ 2	\$ 95	\$ 364	\$ 737	\$ 1,492
Accounts receivable	\$ -	\$ 5,622	\$ 16,403	\$ 22,736	\$ 46,052
Prepaid expenses & other assets	\$ -	\$ 187	\$ (195)	\$ 3,581	\$ 7,253
Accounts payable	\$ -	\$ (181)	\$ (192)	\$ 3,514	\$ 7,117
Accrued payroll	\$ -	\$ 4,522	\$ (246)	\$ 4,508	\$ 9,131
Net cash flow from operating activities	\$(183,510)	\$(136,063)	\$ 21,675	\$ 60,861	\$ 124,812
Capitalized website & development costs	\$ -	\$ (1,395)	\$ (5,616)	\$ (11,375)	\$ (23,039)
Purchases of property & equipment	\$ (72)	\$ (2,836)	\$ (10,899)	\$ (22,076)	\$ (44,715)
Net cash flows from investing activities	\$ (72)	\$ (4,231)	\$ (16,515)	\$ (33,451)	\$ (67,754)
Founders Paid-In Capital	\$ 35,000	\$ -	\$ -	\$ -	\$ -
Angel Paid-In Capital	\$ 300,000	\$ -	\$ -	\$ -	\$ -
Net cash flows from financing activities	\$ 335,000	\$ -	\$ -	\$ -	\$ -
Net change in cash & cash equivalents	\$ 151,418	\$(140,294)	\$ 5,159	\$ 27,410	\$ 57,058
Cash & cash equivalents, beginning of year	\$ -	\$ 151,418	\$ 11,124	\$ 16,284	\$ 43,694
Cash & cash equivalents, end of year	\$ 151,418	\$ 11,124	\$ 16,284	\$ 43,694	\$ 100,751

### Pro Forma Annual Balance Sheet

Report Date	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Currency	USD	USD	USD	USD	USD
Cash & cash equivalents	\$ 151,418	\$ 11,124	\$ 16,284	\$ 43,694	\$ 100,751
Accounts receivable, gross	\$ 149	\$ 5,863	\$ 22,535	\$ 45,644	\$ 92,451
Allowance for doubtful accounts	\$ 2	\$ 95	\$ 364	\$ 736.51	\$ 1,491.77
Accounts receivable, net	\$ 146	\$ 5,768	\$ 22,172	\$ 44,908	\$ 90,959
Prepaid expenses	\$ 3,406	\$ 3,593	\$ 3,397	\$ 6,978	\$ 14,232
Total current assets	\$ 155,122	\$ 26,443	\$ 64,751	\$ 141,960	\$ 299,885
Computer equipment & other equipment	\$ 72	\$ 2,908	\$ 13,807	\$ 35,883	\$ 80,598
Developed software	\$ -	\$ 1,395	\$ 7,011	\$ 18,386	\$ 41,425
Property & equipment, gross	\$ 72	\$ 4,303	\$ 20,818	\$ 54,269	\$ 122,024
Less accumulated amortization & depreciation	\$ (31)	\$ (1,909)	\$ (10,992)	\$ (34,669)	\$ (87,906)
Property & equipment, net of depreciation & amortization	\$ 41	\$ 2,394	\$ 9,827	\$ 19,601	\$ 34,117
Total assets	\$ 155,162	\$ 28,837	\$ 74,578	\$ 161,561	\$ 334,003
Accounts payable	\$ 3,706	\$ 3,525	\$ 3,334	\$ 6,848	\$ 13,965
Accrued payroll	\$ -	\$ 4,522	\$ 4,277	\$ 8,784	\$ 17,915
Long-term liabilities	\$ -	\$ 5,901	\$ 23,205	\$ 47,424	\$ 96,478
Total Liabilities	\$ 3,706	\$ 13,949	\$ 30,815	\$ 63,056	\$ 128,358
Investor Equity	\$ 335,000	\$ 335,000	\$ 335,000	\$ 335,000	\$ 335,000
Retained earnings	\$(183,543)	\$(320,111)	\$(291,237)	\$(236,495)	\$(129,355)
Total stockholders' equity	\$ 151,457	\$ 14,889	\$ 43,763	\$ 98,505	\$ 205,645

Include a summary of the intended use of the investment, including the planned pace of spending. Milestones are an effective way to demonstrate to potential investors how their funds will be utilized.



The milestones in your funding projections are binding, making it crucial for you to fulfill them.

Ensure that the milestones are supported by quantifiable data to avoid potential complications from setting unrealistic goals.

Detailing your funding requirements provides investors with a clear understanding of what you are offering and the expectations if they choose to invest in your app concept.

## Exit Strategy

An exit strategy, as the name implies, outlines the conditions under which you would be willing to sell your business or a portion of it to potential investors.

Even if you have no immediate plans to sell, it's still advisable to establish your terms for doing so, as unexpected opportunities may arise.

There are various types of exit strategies, depending on your objectives, including:

- Quick sale through broker or site such as Flippa
- Lifestyle company exit
- Mergers and Acquisitions
- Management and Employee Buyouts
- Sale of your stake to a partner or investor
- Initial Public Offering (IPO)

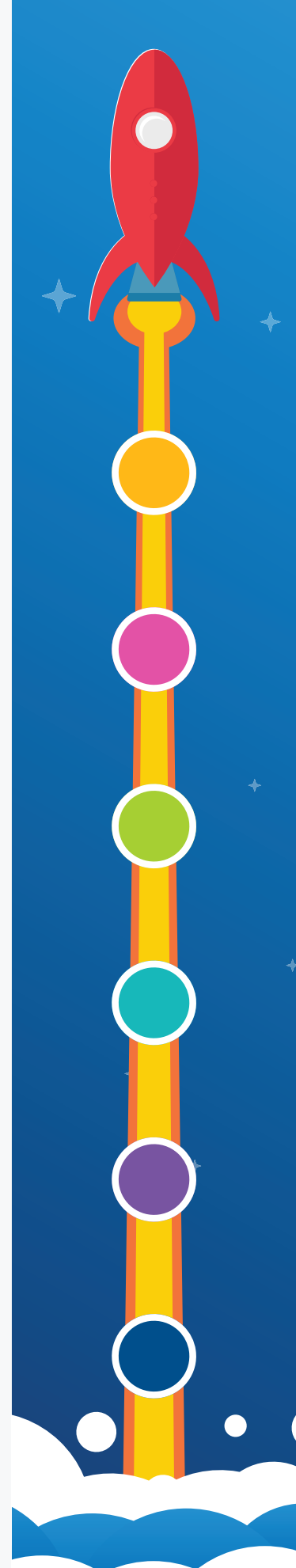
An exit strategy provides investors with a clear understanding of how your personal and business goals align, adding further value to your business plan.

## Final Thoughts

A business plan is crucial for reducing the risks associated with app development and attracting potential investors.

Not only does it provide a roadmap for the future, but it also demonstrates the viability of your ideas and approach. Without a business plan, developing your app becomes much more challenging.

Remember, each business plan is unique and tailored to your specific goals and aspirations. There is no one-size-fits-all solution and copying someone else's plan will not be effective. Your business plan should be based solely on your own goals and the research data you have gathered.





## 100 Days Performance Guarantee

We offer a 100-day performance guarantee, ensuring that any issues or bugs within that period will be fixed at no additional cost to you, to ensure the product meets your expectations.

**SCHEDULE A NO OBLIGATION-FREE CALL**



# CAP DIGISOFT

ISO 27001 Certified

**Phone:** +1(214)988-9484, **Email:** [info@capdigisoft.com](mailto:info@capdigisoft.com), **Web:** [www.capdigisoft.com](http://www.capdigisoft.com)

**Address:** CAP Digisoft Solutions, Inc., 2770 Main Street, Suite # 93, Frisco, TX 75033.