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Business Plan: Step

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of Marketing, Operations & Management

December, 2021

Department of Marketing, Strategy and Operations

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Thank you all!

Abstract

This project has the goal of creating a business plan to verify the economic viability of the creation of a blockchain-based social media platform that helps users to combat procrastination on diverse activities.

Procrastination has been a part of human existence for centuries and it happens mainly because we want to avoid negative moods. With the emergence of new technologies, a case can be made that this phenomenon has increased as we have millions of contents to choose from, that we can access in a very easy way, as all we have to do is reach in our pockets and unlock our smartphones.

Decision paralysis, no social pressure, uncertainty of what to do are just some of the reasons that lead us to procrastinate. Step will be the social media platform that contributes to its user's awareness of long-term procrastination effects and that helps them tackle it using positive reinforcement methods such as a token economy.

In this paper, you will find:

A thorough research of the literature on these topics; An explanation of the method used to validate the business idea; A contextual analysis to the companies' environment and its industry; A brief explanation of how the social media platform will be structured and on its business model; An internal and competitive analysis; An implementation plan on Marketing and Operations.

To finalize, a financial analysis will be done to check the viability of the project within its first 5 years of activity.

Keywords:

- ✓ Business Plan
- ✓ Procrastination
- ✓ Social Media
- ✓ Blockchain
- ✓ Web 3.0
- ✓ Token economy

Resumo

Este projeto tem o objetivo de criar um plano de negócios para verificar a viabilidade econômica da criação de uma rede social baseada em blockchain que ajude os seus usuários a combater a procrastinação em diversas atividades.

A procrastinação tem feito parte da existência humana há séculos e acontece principalmente porque queremos evitar humores negativos. Com o surgimento de novas tecnologias, pode-se comprovar que este fenômeno se intensificou, pois temos milhões de conteúdos à sua escolha, aos quais podemos aceder de uma forma muito fácil, pois basta desbloquear os nossos smartphones.

Paralisia de decisão, ausência de pressão social e incerteza do que fazer são apenas alguns dos motivos que nos levam a procrastinar. A Step será uma rede social que contribui para a consciencialização do usuário sobre os efeitos da procrastinação de longo prazo e que os ajuda a enfrentá-la usando métodos de reforço positivo, como a economia de tokens.

Neste artigo, irá encontrar: Uma pesquisa completa da literatura sobre todos estes diferentes tópicos; Uma explicação do método usado para validar a ideia de negócio; Uma análise contextual do ambiente da empresa e da sua indústria; Uma breve explicação de como a rede social será estruturada e o seu modelo de negócios; Uma análise interna e competitiva; Um plano de implementação em Marketing e Operações e, para finalizar, será feita uma análise financeira para verificar a viabilidade do projeto nos primeiros 5 anos de atividade.

Palavras-chave:

- ✓ Plano de Negócios
- ✓ Procrastinação
- ✓ Redes Sociais
- ✓ Blockchain
- ✓ Web 3.0
- ✓ Economia de Tokens

Classificação JEL: M13 - New Firms/Start-ups; I20 - General

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Acronyms

WWW – World Wide Web

dAPP - Decentralized Application

App - Application

EU28 - European Union 28 members (At that specific time frame)

DEX – Decentralized Exchange

ETH - Ethereum

BTC - Bitcoin

VAT – Value-added tax

IRS – Imposto sobre o rendimento das pessoas singulares (Personal income tax)

NPV – Net Present Value

IRR – Internal Rate of Return

1 Literature Revision

1.1 Procrastination

Procrastination is defined as an irrational behavior that leads people “to voluntarily delay an intended course of action despite expecting to be worse off for the delay” (Steel, 2007, p. 66).

Procrastinators refer to it as something that is not under their control and that it happens repetitively even though they would like to start the task as soon as possible (Klingsieck, 2013a; Van Eerde, 2000). They usually feel a sense of discomfort when procrastinating specially because there is a fear towards a possible failure that procrastination may end up causing (Hagbin, McCaffrey, & Pychyl, 2012). Besides that, it is also emotionally burdening because normally it is described as a stressful experience and there are also feelings of guilt and shame associated with it (Myrick, 2015; Reinecke, Hartmann, & Eden, 2014; Sirois, 2013).

That is why procrastination is also defined by Steel, as the “quintessential self-regulation failure”. Self-regulation englobes the processes that are needed in order for us to use our cognitive, emotional and behavioral resources to reach a certain objective (Baumeister & Heatherton, 1996).

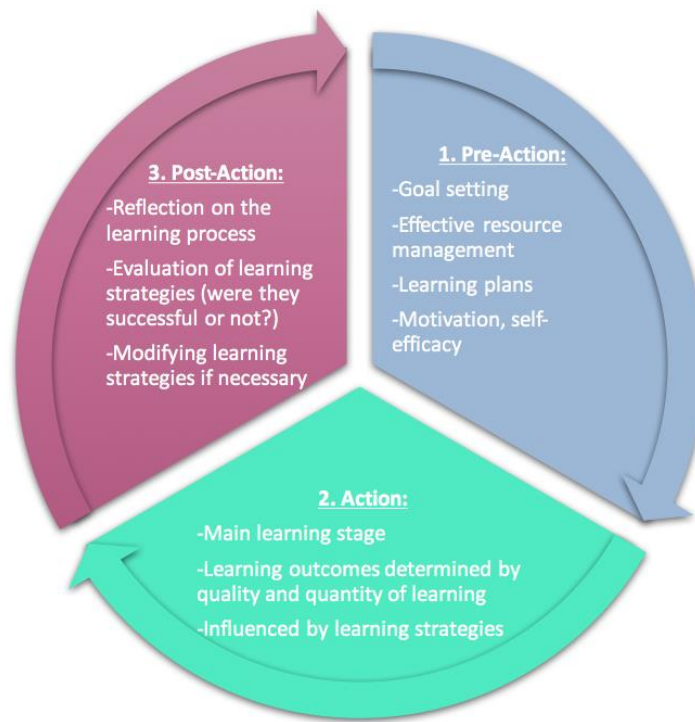
According to the literature, there are three self-regulation phases:

Phase I: Pre-actional phase

Phase II: Actional phase

Phase III: Post actional phase

Figure 1: Three phases of Self-regulation



From: Bovey L, Schoology (2017)

In phase I, procrastination is associated with a lack of self-determination towards the incomplete task (e.g., Senecal, Julien, & Guay, 2003) and related to issues on task planning and prioritizing (e.g., Lay & Schouwenburg, 1993).

During phase II, procrastination leads to a lack of concentration on the task at hand due to several distractions that occur (e.g., Dewitte & Schouwenburg, 2002).

Finally, in phase III, there is a low self-efficacy which then influences the procrastinator's motivation for the next task, starting with the next pre-actional phase.

It is important to distinguish procrastination from strategic delay. On the contrary to procrastination, strategic delay is considered a self-regulation strategy that may be useful on achieving goals (Corkin, Yu, & Lindt, 2011; Grunschel, Patrzek, & Fries, 2013; Klingsieck, 2013a; Krause & Freund, 2014).

Most of the studies on procrastination focus solely on academic procrastination. Therefore, when exploring its causes, it is necessary to take this into consideration. However, it looks as though the causes for academic procrastination mirror the exact general procrastination causes, which are:

- Fear of Failure & Perfectionism: “overall academic procrastination appears to be related significantly to socially prescribed perfectionism” (Onwuegbuzie, 2000). Other’s expectations for their work, usually leads students to procrastinate. There is a fear of failure to meet colleagues and professors’ high expectations.
- Identified Motivation & Intrinsic motivation: Students tend to procrastinate when the only source of motivation is external. For example, when they are solely motivated by societal or their parents' wishes. On the other hand, according to the self-regulation theory, when both of these types of motivation are on the positive side, it can decrease procrastination (Steel, 2007).
- Studies also show that procrastinators postpone their tasks mainly because of fun alternatives (Dewitt and Schouwenburg, 2002) as our brain values more certain outcomes over uncertain ones even when the latest leads to more gains.

1.1.1 Long-term procrastination

When asked, most people would acknowledge that they procrastinate from time to time. However, it has been shown that procrastination is, in some cases, a chronic tendency (Ferrari, Diaz-Morales, O’Callaghan, Diaz, & Argumedo, 2007).

As such, an important question is whether procrastinators can change these behaviors. The literature has been quite divided on that regard. Some researchers claim that it is a stable behavior, that is attributed to genetics (Gustavson et al., 2017; Gustavson, Miyake, Hewitt, & Friedman, 2014) and others believe that people change this behavior during their lifetime and that these behaviors can change whether procrastinators are conscious or unconscious of it. (Beutel et al., 2016).

In 1996, Kuhl related “self-regulation” to an unconscious form of improving and “self-control” to the conscious form of improving. As such, self-control is more important when long-term goals are at stake and some immediate gratification distractions need to be abdicated (Laibson, 1997; O’Donoghue and Rabin, 1999a).

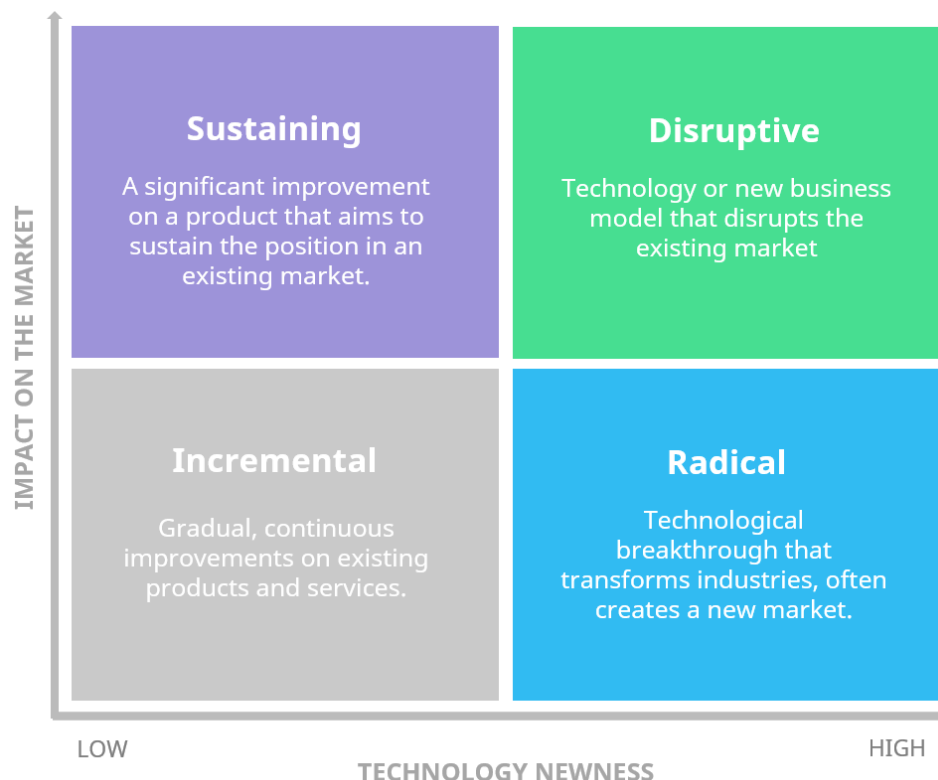
To sum up, procrastinators do not intend to delay a task at hand. However, they experience the so-called intention-action gap. As procrastination is irrational and self-defeating, most procrastinators assume that it would be preferable to change their behavior but encounter a lot of obstacles during the process and end up conforming with this discontent feeling that has a negative effect on one’s goals (cf. Grunschel & Schopenhauer, 2015).

1.2 Innovation

We tend to connect the idea of innovation with new products, ideas, methods and technology. However, in an article for Forbes, Theodore Henderson also defines innovation as a “process of uncovering new ways to do things” meaning that, for example, a restructured business model may be considered a source of potential innovation.

On the innovation matrix, there are 4 types of innovation that distribute itself according to the technology newness and the impact on the market:

Figure 2: Types of Innovation



From: Kylliäinen J, Types of Innovation – The Ultimate Guide with Definitions and Examples, Viima (2019)

Markets are getting more competitive as time rolls and innovation is a key factor that helps companies to penetrate markets and create its “blue ocean”.

1.2.1 Social Media

As described by its creator Tim Berners Lee, the evolution of the “world wide web” (www) from web 1.0 read-only format to web 2.0 read-write format, brought a lot of new concepts that were unknown to the world, one of the biggest being social media.

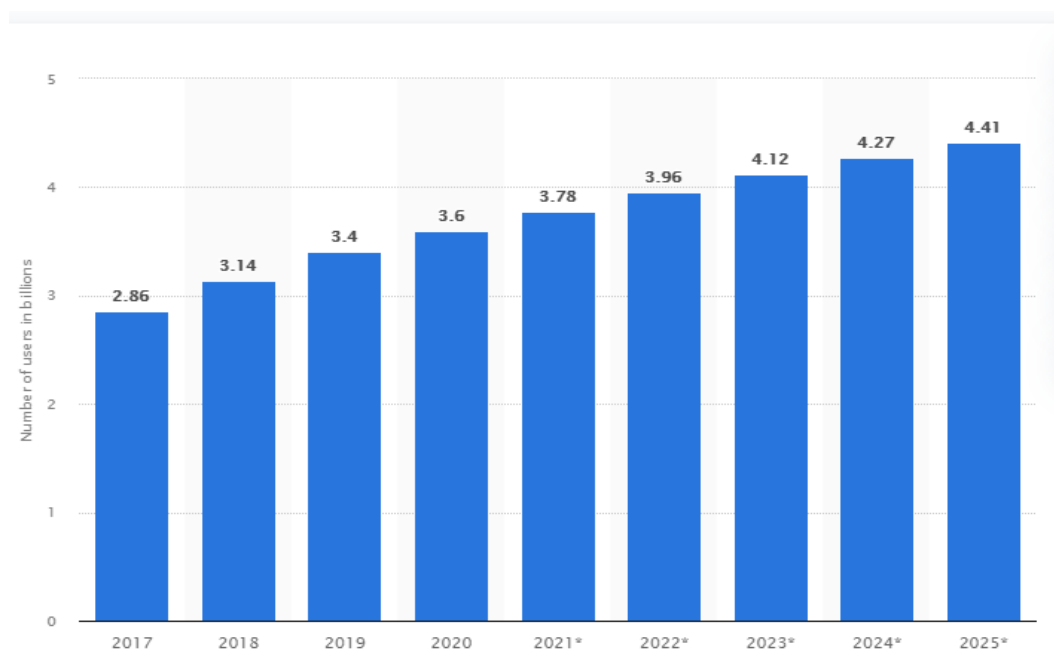
Social media consists of several user-driven platforms that promote and facilitate communication. These platforms provide user-friendly tools that allow everyone to interact and network through it.

Miranda et al. (2016; p304) defined social media as a medium where ordinary people are able to generate news as opposed to traditional media where only professional journalists could do so.

There are several use cases for social media, the biggest ones being for personal, professional, political and marketing purposes.

People have an increasing need for social media to satisfy their needs such as connecting with their loved ones, stay up to date on daily news, new events, etcetera. That is why until 2025, it is predicted that 4.4 billion people, approximately 56% of world population, will use at least one social media platform.

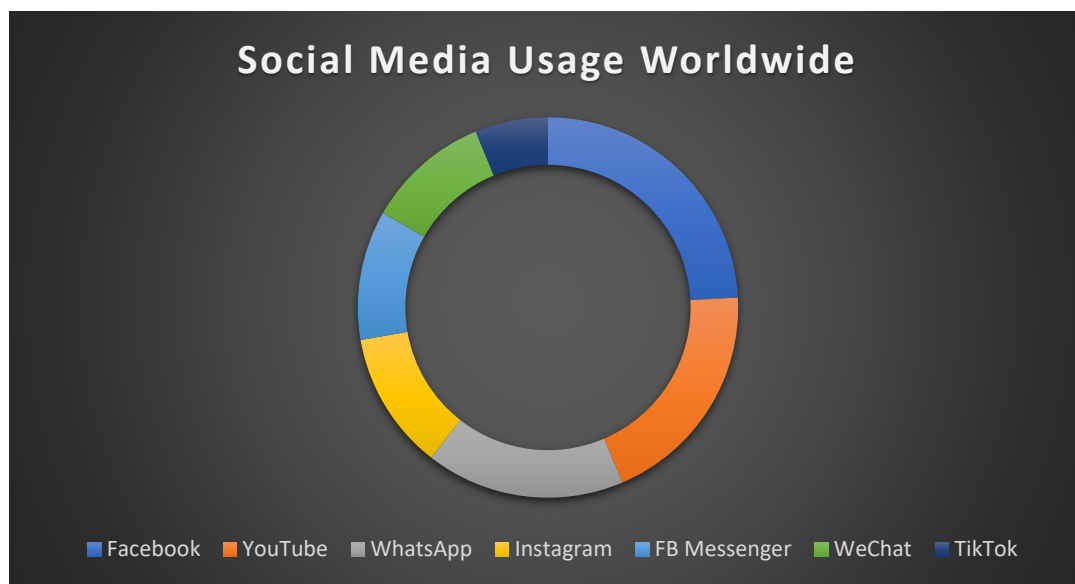
Figure 3: Number of Social Network Users Worldwide from 2017 to 2025 (in billions)



From: Statista (2021)

When this topic is approached, some big applications quickly come to mind such as Facebook, Twitter, Instagram and YouTube. These platforms have an enormous influential power on a diverse range of things such as politics, consumer behavior, venture capitalism and entrepreneurship (Greenwood and Gopal 2015).

Figure 4: Most Used Social Media Platforms in 2021



From: Author (2021)

With power comes a lot of responsibility. Facebook, for example, has been in the spotlight for the recent breaches in security that allowed an external company, Cambridge Analytica, to collect data from its users and used it to influence people mainly for political purposes.

As the old saying says, “if you are not paying for the product, you are the product”. Even before the Cambridge Analytica scandal, Facebook had been under investigation for the misuse of its user’s data.

In its essence, Facebook’s business model is to use user’s data to monetize personalized ads. For example, in 2020 98% of Facebook’s revenue came from advertising as, on average, the company gains 32 dollars for each user worldwide. However, in order not to be dependent on that end, Facebook has an innovative plan to restructure its entire business model with the creation of its own cryptocurrency, the Libra.

The white paper for Libra was released in June 2019. Since then, it has been a source of preoccupation from regulation entities. For example, Facebook’s CEO was called for a public testimony by the House of Representatives Committee on Financial Services to explain the Libra project.

Following all the regulator's heat, Facebook decided to postpone Libra’s launch to 2021 in order to improve it and adapt it to all regulators’ needs. By then, it was also decided to re-call it Diem.

Diem Network will function through its permissioned/private blockchain run by the Diem association in Switzerland.

Facebook is therefore reinventing itself while following a global innovation trend, the tokenization of the economy through blockchain technology.

1.2.2 Emerging Technologies

Blockchains have grown exponentially over the last couple of years. This growth has occurred mainly due to the big cryptocurrencies buzz. However, it is still a very recent technology that will certainly continue to emerge for years to come (Kshetri, 2018).

But what is it and how does it work? Putting it simply, a blockchain is a decentralized data structure that allows transactions or digital events to take place without a central authority working as an intermediary.

Each transaction or digital event needs to be verified and a consensus must be reached in order for it to process it. By processing, meaning that another block would be added to the chain referring to blocks that were added previously.

There are several features from blockchain protocols. Here are a few that are common to all of them:

- Immutable: It is almost impossible to change the data of a block;
- Irreversible: For cryptocurrencies, it prevents the double spending problem;
- Distributed system: All parties involved have a copy of the ledger;
- No Centralized Authority: It doesn't require a central authority/server to run it;

The concept of blockchain was created in 2009 by Satoshi Nakamoto's whitepaper that introduced the biggest cryptocurrency to date: Bitcoin. Since then, other cryptocurrencies and blockchains have been created with the runner up being the Ethereum blockchain which introduced the concept of "Smart Contracts" which serve as traditional contracts but are completely digital with no need for a third party to serve as an intermediary. So, the biggest advantage is that with Smart contracts no trust is necessary except for trusting the smart contract code.

There are a number of different use cases for blockchain which range from transportation, financial, risk management, healthcare, media (Grover et al., 2019) and many others still to be explored such as voting.

Besides financial decentralization, blockchain technology is opening a lot of opportunities, a major one being what is believed to be the new era of the web, a decentralized one: web 3.0.

Three main forces will be driving the next generation web: artificial intelligence, blockchain and the Internet of Things.

Distributed ledgers such as blockchains will promote the decentralization of data that may threaten the web's centralized status quo. As data ownership gets more valued by individuals and not only by tech giants, the appearance of decentralized applications (dAPS) is inevitable.

While Facebook is innovating and adapting to the new trend of cryptocurrencies, it will be a very centralized one with a centralized blockchain. However, the trend is decentralized applications because it gives data ownership to the user. Applications like Bitclout, Hive or Steemit are appearing and differentiating themselves from big social media platforms through decentralization and giving data ownership to the user.

As defined by Steem (Steemit's blockchain), "Steem is a social blockchain that grows communities and makes immediate revenue streams possible for users by rewarding them for sharing content. It's currently the only blockchain that can power real applications via social apps like Steemit."

The Steemit project was officially launched in July, 2016.

According to Steemit, 50,000 users received approximately \$30 million from 2016 to the end of 2017 from interacting in the platform. Also, contrary to other cryptocurrencies, Steem's value is directly correlated with its utilitarian value and not on speculations which is the case for many cryptocurrencies.

There are 3 main factors that distinguish crypto-economics from traditional economics:

1. Does not have any central server meaning that it is less likely to get hacked which could allow for a trust-less economy.
2. It can easily apply incentive systems according to user interaction.
3. It is transnational meaning that, for example, a transfer of Bitcoin from Portugal to United States is practically the same as a national transfer (within the country; from Portugal to Portugal on this example)

Other than this, this kind of incentive system also allows businesses to cover the initial investment costs with cryptocurrency tokens. However, crypto-economics is dependent on the

quality of a token economy model. Token economy is a system that reinforces target behaviors by providing secondary reinforcers in the form of tokens which can then be traded for primary reinforcers such as cryptocurrencies.

2 Methodology

Since Christmas of 2020, 3 experiments have been done in order to validate whether this business idea had a market or not. These experiments consisted of Christmas or birthday presents in the form of a 1-year conditional contract (“if... then”) that would reward the second party if certain conditions were met.

In these 3 experiments, the second party was the birthday subject and the first party consisted of a group of people, such as family and friends.

1. On the first contract, the second party would have to exercise daily. As a reward, the first party would add a certain amount of euros to the contract’s “staking pool”. During the first month of the contract, for each day that the second party would exercise, a reward of 5 euros would be added to the staking pool. For the other 11 months, the reward added to the same pool would be 1 euro. At the end of the contract, the second party needed to choose one non-profit organization with which the first party will organize an event in which the earned rewards will be used.

This contract has been very well succeeded. It served as a tool for the first party to disregard procrastination and exercise daily, which was a goal that was set beforehand.

2. On the second contract, the second party would have to meditate daily. As a reward, the first party would also add a certain amount of euros to the contract’s “staking pool”. During the first month of the contract, for each day that the second party would meditate, a reward of 2 euros would be added to the staking pool. For the other 11 months, the reward added to the same pool would be 1 euro. During the contract, when earned rewards are met, the second party gets to enjoy some experiences such as the subscription of a meditation app, canyoning, sport tickets, etcetera with the earned rewards.

This contract has been successful. However, not as much as the one in the first contract due to a lack of awareness and feedback from the first party. This constant feedback was considered extremely important for the success of the contract.

3. On the third contract, the second party would have to play the guitar or the piano daily. As a reward, the first party would also add a certain amount of euros to the contract's "staking pool". For each day that the second party would play the guitar or the piano, a reward of 1 euro would be added to the staking pool. During the contract, when earned rewards are met, the second party would earn some gifts.

This contract was not successful as the first party failed to explain and motivate the second party.

On all contracts there were some crucial clauses in common that directly combat the causes of procrastination and serve as motivation fuel to the second party. However, there were also some differences between the 3 contracts so that it would be possible to get a feeling for the ones that would function better. All of the parties involved were interviewed and gave their feedback on the whole idea and the specific clauses around it.

Common to all contracts were the following:

- The conditional clause (exercise, meditation, playing the guitar or piano), was already something that the second party would want to start but was procrastinating on for a long time.
- A calendar in which the second party would find the detailed activities for the day and the month. This calendar was updated monthly by the first party. According to the first parties interviewed, this turned out to be a very important tool because it made it simple for them. There was no decision paralysis of "what am I going to do?".

Since the seventh month of the contract, the second party would also be present during this update so that the knowledge would be transferred. Later on, during the ninth month, the first party would be given full control of this calendar and would be the only person responsible to update it. This gradual transition is also described by the second parties as a crucial point because it prepares for the future when there is no longer a contract or first party to help. According to them, because of it they will definitely continue with these tasks after the contract finishes.

- There would be a monthly report sent to a group chat with the first and second parties where it would state the successful vs unsuccessful days. This would be an opportunity for the first party to provide feedback on the second party's performance. According to the interviewees, this feedback was crucial and it gave them a sense of accomplishment

and a sense of urgency to perform in the following month due to this “beneficial social pressure”. However, it is crucial that this feedback is well given regardless of the situation, whether well performed or not as well.

According to the interviewees, the contract that did not succeed, had some clear reasons for that:

1. The first party was much larger than the ones in the other contracts. It consisted of approximately 30 friends from different social groups. This factor decreased the contract’s effectiveness.
2. There was a clear lack of communication between the first and second party of the contract.
3. None of the first party members were integrated in the second parties’ day-to-day life. A member that is included in the daily life of the second party is extremely important as it is seen as a “big motivation factor”.
4. There was no reward difference between the first month and the remaining ones. This worked in favor of the first contracts because it encouraged the first party to start on day one and create a habit that would surpass the obstacle of a declining reward.

Because of all those reasons, the second party interpreted it as an unpleasant social pressure that would force her to do something and, as a result, there were no successful days. There is clearly a thin line between positive and negative pressure on others. This is a perfect example that everyone involved needs to be aligned for this to work. Otherwise, it is seen as the opposite of what it is meant to be.

3 Market Analysis

3.1 Market Definition

Social Media, as we know it today, has been around since the appearance of the first internet forums in the mid-1990s. It has since then evolved to the big platforms we know today such as Facebook and YouTube.

The first decentralized social media applications (diaspora) started launching in 2010, just 4 years after Facebook. However, the adoption rate has been very low so far as Facebook went on to have 2.8 billion users and diaspora roughly half a million users.

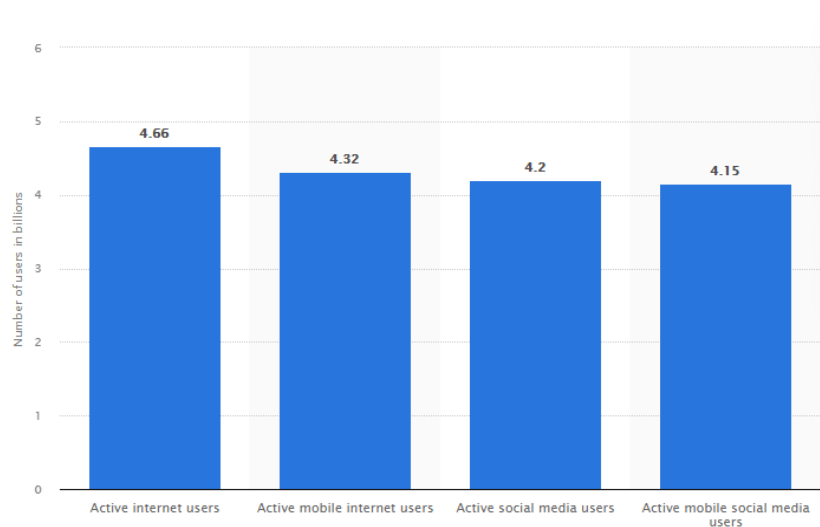
The greatest challenge for these first decentralized social media applications was that they could only retain a minority that understands the technology behind it, in their platform. However, with cryptocurrencies and blockchain getting more mainstream attention, this market is expected to grow substantially. That is why it also grabbed the attention of tech giants. For example, Twitter has now announced that they will be launching their own version of a decentralized social media, bluesky.

3.2 Potential Market

As it is a substitute service, the potential of the dAPP social media market mirrors the already achieved potential of social media giants.

In order to use social media, there is one crucial requirement: access to the internet. As of January 2021, 4.66 billion people had access to the internet. From those, 4.15 billion were active users of social media platforms.

Figure 5: Global digital population as of January 2021 (in billions)



From: Statista, 2021

Every year this number increases as more people have access to the internet and smartphones – just in 2021, there was an increase of 520 million people using social media compared to the previous year.

Statista's worldwide social media usage forecast for 2023 was indeed achieved in 2021. The speed of worldwide adoption of the internet and the web has been tremendous and it is expected to continue to increase every year.

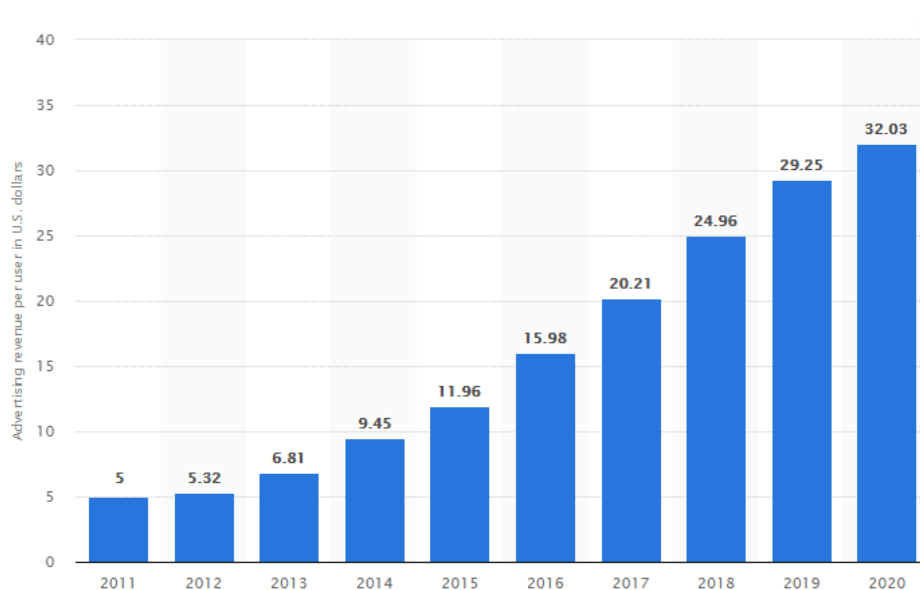
According to the Globe NewsWire, in 2019 the whole social media market was valued at 192.950 billion dollars and it is expected to reach a market size of 939.679 billion dollars by 2026, illustrating what could be Step's total addressable market.

It is a global market with a huge potential. However, as it happened before with traditional social media platforms, it is predicted that the youngest generations, such as millennials and Generation Z, will be the first to adopt this kind of technology and the other generations will follow after.

Our business model also requires trust from the user to circulate money online in the form of cryptocurrencies and/or tokens. According to Statista, it is expected that in 2021, 2.14 billion people purchase goods online.

Taking the assumption that of these 2.14 billion people, half are willing to invest 20 dollars in crypto and/or tokens, we would have a service addressable market of 21.4 billion dollars.

Figure 6: Facebook's average revenue per user (ARPU) from 2012 to 2020 (in US Dollars)



From: Statista, 2021

Knowing that this is a very competitive market, we may take an assumption that within 5 years Step can achieve 1% of worldwide social media usage. Meaning that, Step would have 44.1 million active users.

Assuming also we can achieve 29% the revenue per user that Facebook achieved in 5 years (\$11.96), we would get that our revenue would be approximately 150 million dollars. This would be our serviceable obtainable market.

4 External Analysis

4.1 PEST Analysis

This analysis has the goal of giving an understanding of the broad environment where the company is positioned at by looking into the political, economic, social and technological aspects that surround the company.

As we are referring to a social media platform, there should be a global target. However, since the company will start its operations in Portugal, it would be more practical marketing wise to target Portuguese youth on the first stage of its promotion. As such, this PEST analysis is also taking that into account.

4.1.1 Political Aspects

There have been many regulation concerns among the cryptocurrency community. We have seen both sides of the coin with bitcoin, the biggest cryptocurrency. On one side, China has banned bitcoin transactions and bitcoin mining (cryptography process that verifies the legitimacy of a transaction and that enters new bitcoins into circulation). On the other side, El Salvador declared bitcoin as legal tender in September of 2021. Recent news has also given the possibility of other countries following El Salvador's example.

In Portugal, it is legal to transact and to mine cryptocurrencies. Portugal is even considered a cryptocurrency destination as it has held various cryptocurrency summits. This is mainly because of its entrepreneurship environment and due to the fact that by law, cryptocurrencies are not taxed unless an individual buys and sells cryptocurrencies for a living.

According to data from the World Bank, Portugal was considered, in 2019, the 15th most politically stable country in the world (Annex A). This is because it is rare that a government in Portugal doesn't fulfill its 4-year mandate and observing the trend of recent years, we may conclude that usually a government is even more than 4 years in the power seat. For example, the current government of the socialist party has been active since 2015 and it is predicted to stay at least until the next elections that will happen in 2022 (7 year-mandate).

On the other hand, according to Transparency International, in 2020 Portugal ranked as the 33rd least corrupt country (Annex B). In this year, the country had the lowest score ever on the corruption perception index.

Unlike other countries such as China (that have very strict regulations regarding social media and where only a few organizations are approved by the government and can therefore operate), there aren't a lot of social media related regulations in Portugal. Since this is a fairly new reality, the law hasn't yet been given the necessary time to adjust to it.

4.1.2 Economic Aspects

Since the creation of bitcoin in 2009, the first and biggest cryptocurrency to date, the cryptocurrency market has seen an unprecedented growth. On October 2021, there are more than 12,500 cryptocurrencies listed on coinmarketcap.com, which have an overall value of 2,29 trillion dollars from which approximately 1.4 trillion (63%) are from the top 2, Bitcoin and Ethereum, and 1.7 trillion dollars (74%) are attributed to the top 10.

Social Media dApp Steemit's token is ranked at 193rd with a market capitalization of 253 million dollars. However, it has been surpassed by Hive that is ranked 164th with a market capitalization of 337 million dollars.

In Portugal, as seen on Annex C, although there was a clear drop in PIB per capita during the 2010 crisis stable growth has been the rule since then. On the other hand, according to data from Eurostat which can be consulted on Annex D, the unit nominal labor cost has increased significantly, and it is even superior to the average of the European Zone countries. As for the consumer confidence index, data from the European Commission indicates that Portugal has recovered substantially from 2012 till 2019 when it reached similar values to the average of the European Zone countries (Annex E).

4.1.3 Sociocultural Aspects

Per national statistics institute (INE), in 2019 Portugal had a population of approximately 10,3 million and it is expected to decrease to 8,2 million until 2080 (see Annex F).

As previously mentioned, younger generations are key for the adoption of cryptocurrencies and for this new version of the web, including the new social media platforms.

In Portugal, this might present a challenge as the country's age pyramid reflects the aging population problem that Portugal has. According to predictions from INE, available on Annex G, this pyramid will even get thicker at the top and thinner at the bottom as we can see on Annex H, the active population (15- to 64-year-old) will decrease from approximately 6,5 million to 4,1 million and the non-active population will be much higher than the youth population: from

(0- to 14-year-old). This is and will continue to be a result of the low birth rate in Portugal (Annex I).

4.1.4 Technology Aspects

According to research made by the European Commission, available on Annex J, Portuguese people are increasingly connected to the Internet and are close to EU28 countries' average. As we may observe in Annex K, the percentage of Portuguese population that uses the Internet more frequently are people between 16 to 34 years old but especially students as 98% of them use the Internet on a regular basis. Most of the Internet utilization is done at home or through mobile devices (Annex L).

On the other hand, as we may analyze on Annex M, there is still some concern among Portuguese people regarding Internet security. Mainly among the oldest generations, there is a fear when it comes to buy or order products or services and to download applications as it may carry unwanted viruses that damage the device that is being used.

4.2 Porter's 5 Forces Analysis

This analysis has the goal to understand the drivers of profitability for the social media industry which is crucial in order to be able to identify the strategies that Step can formulate, implement and control with the ambition to improve its industry attractiveness and have a strategic position in relation to its different competitive forces.

4.2.1 Bargaining Power of Suppliers

Social media platforms need supply mainly for their technology equipment such as software and hardware providers, servers, data center and office supplies. There is a high supply coming from diverse and quality suppliers for this kind of product in the market. For those reasons, the bargaining power of suppliers in this industry is usually low.

4.2.2 Bargaining Power of Customer

On a general note, social media platforms are free for the regular user. The revenue from these companies come from individuals or other companies that pay for advertisements on their platform. As such, the latest would be considered the direct customer whereas the user is a means to get more advertisers.

These diverse individuals or companies that are advertising on a specific social media platform, have a lot of alternatives to do it that are as easily reached and that can also be effective in targeting the audience, which is their main goal. For example, they could opt to advertise in

radio, television, etcetera. For the advertisers, it would imply a very low switching cost meaning that it is also very difficult for social media platforms to retain existing customers. It solely depends on one thing: the popularity of the platform itself.

On the other hand, decentralized social media platforms that, due to its different business model, have the user as its direct customer, may lead to a reduced bargaining power from their customers. This is because, once the user invests in the social media token there is also an interest that it succeeds so it can generate more profits.

4.2.3 Threat of New Entrants

It is extremely difficult to develop a social media platform because of the current traditional business model, for it to be successful it needs to be among the most popular, otherwise advertisers will not choose that platform as it doesn't reach as many potential clients as they want. Therefore, there is a high cost of brand development and high cost for customer retention associated with traditional social media platforms.

As for decentralized social media platforms, the difficulty of developing the platform itself is even greater due to blockchain technology that needs to exist in parallel. However, as it is a recent technology, new platforms are entering the market and will continue to enter in the future. As such overall, there is a moderate threat of new entrants in this market.

4.2.4 Threat of Substitute Services

Advertisers have a wide range of advertising platforms to choose from. The high availability of these platforms has a strong effect on the industry of social media. Whether it is social media, radio, television or others, the switching costs for the advertisers are very low.

For all those reasons, it can't be denied that there is a moderate to high threat of substitute services in this industry.

4.2.5 Rivalry Among Competitors

When we think of social media platforms there are some tech giants that immediately come to mind. That is because there are a small number of entities that were able to popularize their platform. Advertisers pay more for a certain platform depending on the time users spent on it. Although there are few big players in the industry, the rivalry between platforms is quite big and that is also why there have been times where big social media platforms buy other upcoming and trending platforms.

These technologies are constantly innovating and if there is a lack of innovation from one firm, the users will migrate to other platforms. So, there is a constant need of innovating in this industry that is in pair with the substantial growth it has.

5 Business Model

Step is a decentralized social media application that helps its users combat procrastination through smart contracts.

Just like in our validations that are detailed in the methodology section of this paper, there will be two parties (individuals or groups) in which the first party commits to reward the second party when the desired outcome is met. When the desired outcome is not met, the second party will be able to use those rewards by transferring it into a new smart contract. Users will also be able to “sign” smart contracts to commit themselves.

The platform will enhance the user experience through some tools that will keep both parties even more motivated:

- As both parties agree to the contract, the amount of tokens decided as reward, are immediately kept in the staking pool. During the duration of the contract, the reward can increase because it will have an annual percentage rate associated with it;
- When designing a contract, the first party will have an option to keep it private or to go public. The private contract works in a similar way than the traditional contracts, where only the parties involved are able to see all the contents. On the other hand, the public contracts make it possible for anyone with the application on its device to see the contents. The latest might be beneficial in the way that rewards are not only the ones that the first party committed. In addition to those, there are variable rewards that will be dependent on the amount of feedback received on the posts. The more feedback, the better the rewards.
- Just like on the traditional contract, both parties involved need to agree and sign it. However, with smart contracts the rewards committed by the first party are captive and on the exact time that the first party registers a successful outcome, the reward is received and can instantly be seen by everyone involved. This will be a motivation source for the second party as each little step forward has a visible and instant reward. In a certain way, it is a beneficial instant gratification method.

When the contract is private, only both parties are involved in the whole project. On the other hand, when the contract is public, everyone on the network can interact in many different ways, such as:

- Reacting to the publications by liking it or commenting; The more reactions and comments a publication has, the more rewards in the form of tokens are added to the staking pool;
- Donating to the reward staking pool;
- Follow the progression of that person and use it as a source of motivation for personal goals;

The public contract option opens up possibilities for individuals or companies to take advantage. For example, gymnasium chains might want to endorse their clients on this kind of contract to increase their clients' motivation to exercise which would ultimately increase their satisfaction rates.

There are a number of possibilities for decentralized apps to generate revenue, from which some are common to traditional apps such as advertisement, freemium services and subscriptions. Other than that, due to the blockchain technology, there are other ways to generate revenue that differs from traditional apps which is launching a token and charging percentages for transaction fees.

Step is going to create its own token, Z. This token will be the main form of exchange within the application, meaning that second parties of the smart contracts would be rewarded in Z and that first parties of that same smart contract, will need to deposit a chosen amount of this token. Whenever a transaction is made within the app, a fee will be charged by Step. This fee will decrease each year as it will follow the user adoption trend. The more people use the app, the less fee percentages will be applied.

In a token economy, the sustainability of any project is dependent on the token's value and its tendency to increase or decrease over time. As in a regular economy, the price of a token is determined by supply and demand on the market. When users hold their tokens for a long period, the supply decreases which consequently increases its value. As such, it is crucial to have users holding the token for an appropriate amount of time and that is why the staking system is the most appropriate for Step's goal of sustainable growth.

Step is a social media platform which usually means that as the number of users increase, there will be a higher probability that quality contents are posted on it. That is why Step will be using a business growth-linked strategy which also means that the bigger the network gets, the more incentives there are for participation.

6 Internal Analysis

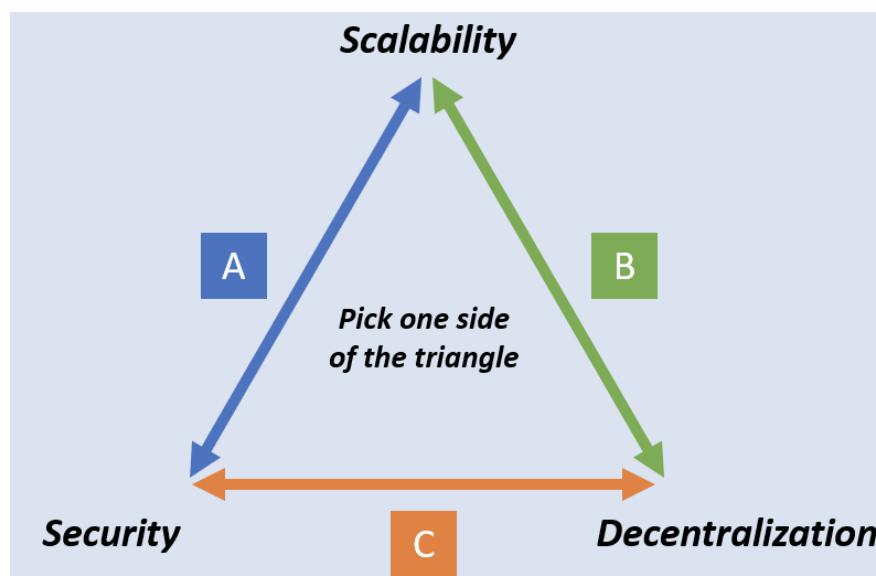
Strengths

- First-to-market social media using personal smart contracts
- High-quality business model when comparing with traditional social media
- It is a tool that helps to solve a problem that most of the population identifies itself to it
- Scalability: It is an application, which implies that everyone that has access to the internet can use it which as observable on figure 5, englobes 4.6 billion people;

Weaknesses

- High technology costs and a large implementation time needed
- Lack of experience from the founder
- Blockchain trilemma: Decentralization, security and scalability; These 3 factors are exclusive meaning that for a blockchain to have one of the 3 factors very well developed, it conceded on the other 2 factors;

Figure 7: The blockchain trilemma



From: Asia Token Fund, 2021

7 Vision

The vision is a forward-thinking statement. It describes the company's fundamental goals and where it wants to be in the future (Greenstein, 2012). It should provide guidance and inspiration not only to customers but also employees and everyone involved in the organization. Simplicity is also key when it comes to creating a vision statement. Bearing that in mind, Step's vision statement is: To be the biggest and most positive social media decentralized application

8 Mission

The mission statement is the reason for the company's existence, its contribution to society (Mirvis, 2010). It also describes the way the company will reach its vision. It also needs to be clear so that all parties involved understand the company's purpose. Taking that into consideration, Step's mission statement is: To provide a platform that develops tools where everyone can invest in themselves or on their loved ones while optimizing their finances as a consequence.

9 Competitive Analysis

9.1 Qualified SWOT

SWOT analysis is a planning tool that is frequently used on strategy diagnosis to identify Strengths, Weaknesses, Opportunities and Threats for startups and even for redefinition of strategies in big corporations. It is therefore a tool that identifies internal and external factors of success and factors of risk for a project or organization. Strengths and Weaknesses are a part of the internal analysis and Opportunities and Threats are part of the external analysis.

The qualified SWOT model connects both external and internal analysis by matching Strengths and Weaknesses with Opportunities and Threats. Those matches are called:

- Challenges: Using the project strengths to take advantage of all opportunities there are to explore;
- Warnings: Using the project strengths to avoid potential threats that it may face in the future;
- Restrictions: Overcome the project weaknesses to seize potential opportunities that may appear;
- Risks: Minimize Weaknesses in order to avoid potential threats that the market may have;

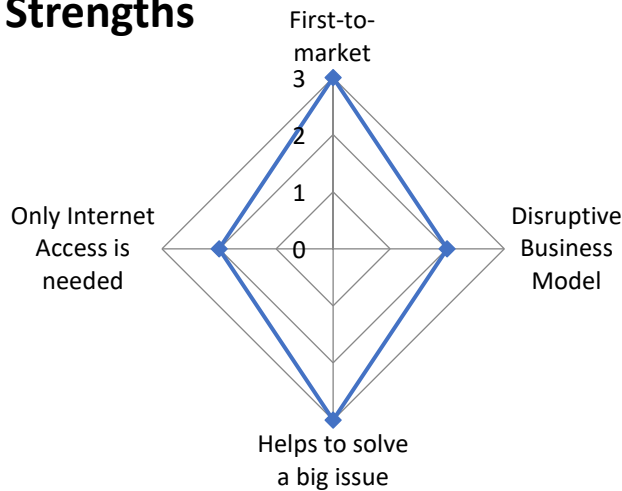
Table 1: Qualified SWOT Analysis

	INTERNAL FACTORS	
	STRENGTHS (+)	WEAKNESSES (-)
	S1: First-to-market social media using smart contracts and decentralized finance	W1: Lack of experience from the founder
	S2: Disruptive Business Model	W2: High technology costs and a large implementation time needed
	S3: Helps to solve an issue that a large population has	W3: Blockchain Trilemma - Decentralization, Security & Scalability
	S4: Everyone that has access to the internet can use it	
EXTERNAL FACTORS	STRENGTHS (+) / OPPORTUNITIES (+) STRATEGY	WEAKNESSES (-) / OPPORTUNITIES (+) STRATEGY
O1: The increase number of crypto enthusiasts	Margin for big financial opportunities in a growing and on an almost new-born market. The disruptive nature of this social media business model will not only allow for a sustainable growth but it will also attract more potential partners and investors.	The fact that it is a quite recent market, makes it an even opportunity for all companies that are starting. The inexperience is almost a given in this market as it is still in its early stages of development
O2: Companies are getting more interested and investing more		
O3: Actual Bull Run in the cryptomarket	Great opportunity to find early investors	As it may lead to bigger investment opportunities, the high technology costs would be covered
THREATS (-)	STRENGTHS (+) / THREATS (-) STRATEGY	WEAKNESSES (-) / THREATS (-) STRATEGY
T1: Bad timing: Cryptocurrencies bear market approaching	The business is unique and the clients will recognize that	Decentralized finance is one of the best ways to generate income on these periods. An efficient marketing plan would be needed in order to spread this message
T2: The volatility of the cryptocurrency market	The more trust there is on cryptocurrencies, the less volatile the market will be. It is crucial for the company to convey a trustworthy image to its customers.	There is a need for a great tokenomics plan to be put into place that would incentivize token holders to hold and not to sell often
T3: Big Social Media Companies can adapt fast	Being the first-to-market is historically very favorable. However, constant innovation will be necessary in order to keep up with this type of competition	The implementation time will have to shorten up and the founder's will need to learn fairly quickly

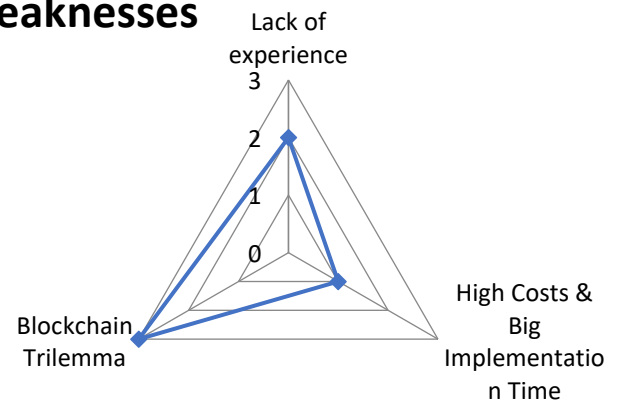
From: Adapted by Author

Figure 8: Weight of each identified factor on Strengths, Weaknesses, Opportunities and Threats

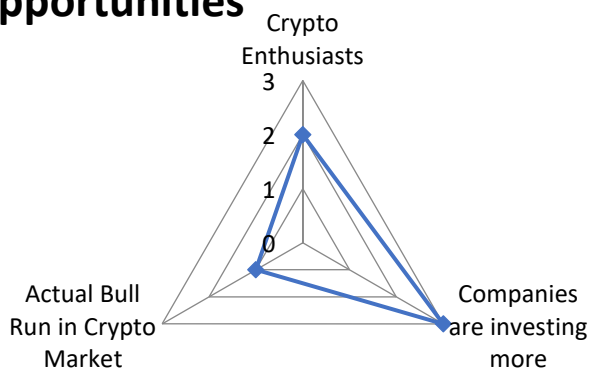
Strengths



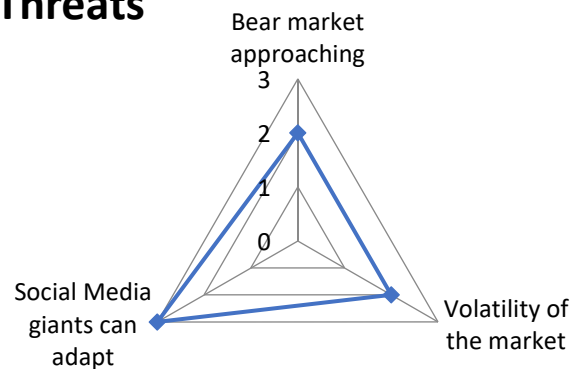
Weaknesses



Opportunities



Threats



From: Adapted by author

10 Plan objectives

The strategic goals or roadmap for this project are:

- In the first phase, during 2022, the goal is to sell only the traditional contracts (like the ones on the methodology part) while developing the application. This will allow a further evaluation of idea while not having a huge amount of investment costs. On this first step, we expect to sell 400 contracts signed which multiplying with the average amount of income generated would represent 10,000€ of annual sales.
- In the next stage, in 2023, this revenue would be used to further develop the app. At this point, exploring other countries' markets is expected. As such, we predict the number

of signed contracts to grow 500% from the last period which would represent an amount of 58,320€ for 2023 in annual sales.

- Lastly, in 2024, the token would be launched on the main central exchanges such as Binance and FTX which will increase its value. For this period, it is also expected a considerable growth of 1560% on signed contracts which would lead to a 453,180€ annual sales result in 2024.
- All this revenue would then be used to hire the best people and to develop the application. As such, it is expected that the break-even period solely happens in 2025 during the expected crypto market bull run.

11 Development Strategy

According to Michael Porter (1980), there can be three types of business strategies: cost strategy, differentiation and niche.

The competitive strategy of Step will be differentiation. There are plenty of social media platforms and companies that help solve the procrastination issue. However, there is no platform that integrates both of these concepts in a way that motivates users to combat procrastination.

Although there are some substitute services, there are no direct competitors providing the same service that Step will provide.

As explained on the PEST analysis, our first main target will be the Portuguese young people because the youth are the most prone to procrastination and the biggest adopters of technology.

In a more general way, the first-to-market approach will also be leveraged as part of Step's strategy as it aspires to be the first social media platform to help its users combat procrastination effectively.

12 Implementation policies definition

The implementation policies are a set of processes businesses go through in order to preview different tasks, costs and to make sure the companies' strategy is being followed.

In this paper, there will be 3 implementation policies that will develop Step's business: Marketing Plan, Operations Plan and Financial Plan.

12.1 Marketing Plan

A marketing plan is a crucial part of a business plan as it contributes heavily for the success or failure of a project or organization. It includes the strategy that a certain project will implement to reach its target customers and ultimately generate sales.

Here are Step's marketing objectives for its first 5 years of activity:

Table 2: Marketing Objectives

Marketing Objectives	2022	2023	2024	2025	2026
Number of clicks on landing page	4,000	18,000	239,040	4,183,200	87,010,560
Number of signed contracts	400	2,400	39,840	836,640	21,752,640
Customer Acquisition	10%	13%	17%	20%	25%
Customer Retention		65%	80%	90%	92%
Average value invested per contract	€ 100	€ 135	€ 175	€ 205	€ 230

An ambitious goal of the project is to increase its customer acquisition and customer retention percentages every year. This will be made possible due to the constant investment on the development of the application which will improve it on a year-to-year basis but also to the marketing strategies that Step will implement along those years.

12.1.1 The brand

Step has been strategically chosen as the name of the application because it represents what the project aims to become and what the customers can expect from it. It is a social media application that provides tools so that its users may effectively combat procrastination.

As studies show, the process of combating procrastination is not instant. It takes time and it must be a constant, hence the name Step that transmits a sense of realization for each small accomplishment.

Other than representing what Step's goal is, it also is an international name which could be understood or at least spelled all over the world. For example, Portugal which is our first target market, was considered the seventh¹ non-English native country in the world where the best English is spoken. Among the Portuguese population, its youth (specially from 26- to 30-years old) is the most English fluent age group. It coincides with Step's main customer profile target.

¹ <https://www.jornaldenegocios.pt/economia/detalhe/portugal-e-o-setimo-pais-do-mundo-onde-melhor-se-fala-ingles> (24-10-2021)

12.1.2 Marketing Mix

Product

The product we have for our users is a decentralized social media application. In this application they will be able to interact with like-minded people and share their progress.

Due to the high technology costs associated with the development of a decentralized application, the service that will be provided by Step differs:

- During the first semester of 2022, the application will be under development. In order not to have sales completely frozen for this time frame, Step will be providing the same services around the traditional contracts.
- From the second quarter of 2022 onward, the application will be able to integrate all contracts. Therefore, the service at this point is the application itself with all functionalities that it will have, nominally handling token transactions.

Place

In Marketing Mix, the place refers to the location where a company sells its products or provides its services to the clients.

In the case of Step, the place is the application where customers can find and “sign” smart contracts.

This is a social media application. As such, besides being able to “sign” smart contracts, users will be able to share their progress and interact with others that are on the same journey.

Price

The application itself and the smart contracts will be free for all the users. What is charged is a transaction fee that will differ from year to year according to the companies’ price strategy.

As the application will support smart personal contracts, the fee will be charged for every transaction on the application. As such, these are the transaction fees by year:

- In 2022: 25% of every on-app transaction
- In 2023: 18% of every on-app transaction
- In 2024: 6.5% of every on-app transaction
- In 2025: 3.5% of every on-app transaction
- In 2026: 3.0% of every on-app transaction

These transaction fees are indeed higher than the big players on the cryptocurrency market but the goal is to reduce these fees along the time. This way, a level of high scalability can be sustainably reached as the number of users will increase significantly per year.

Price is always related to offer and demand. However, companies may overprice or underprice their products or services. This cannot be the case for the price of a token. It is purely related to offer and demand of the market. Regarding the offer of the token, there will be 16 billion tokens that will be distributed as follows:

- Team & Shareholders: 15%

We believe that in order to be the best decentralized social media platform, we need to be able to have the best people working for us. This allocation will allow us to retain talent and to be attractive in a very competitive labor market.

- Private Sale: 13%
- Public Sale (IDO): 12%

Both Private & Public Sale through initial DEX offerings, will help the project raise funds for the initial costs of the project and will be the supply Step's users will be utilizing to make transactions within the application.

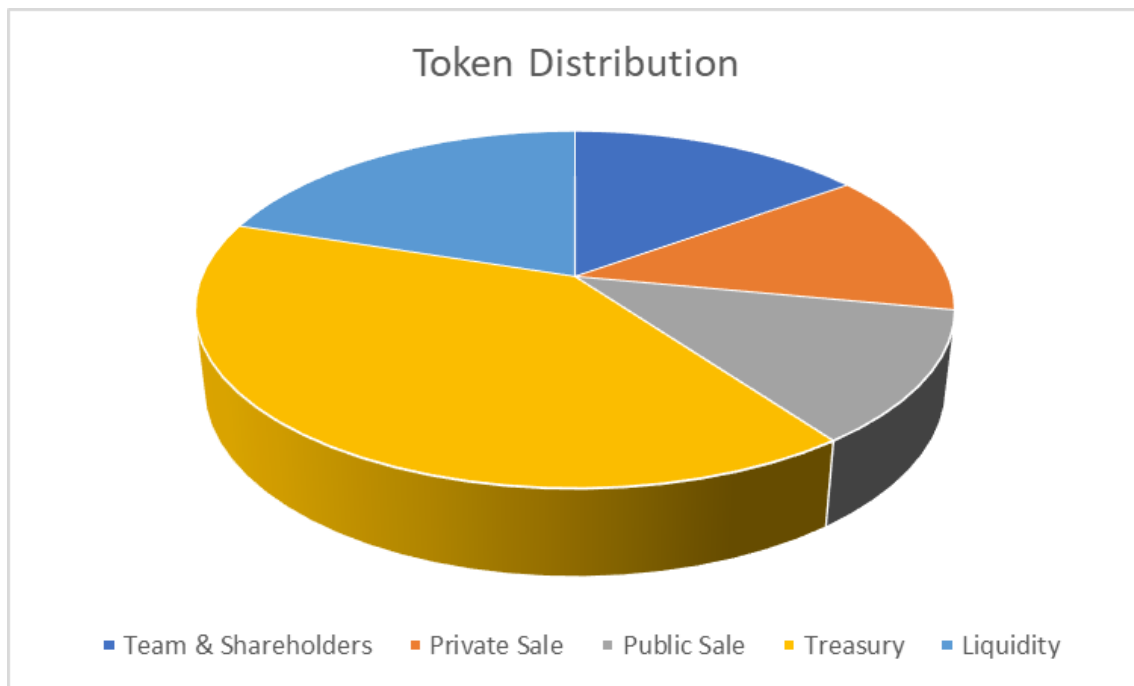
- Treasury: 40%

This amount will be allocated to each department specially marketing in order to have a constant and quality promotion of the application.

- Liquidity: 20%

This amount will be used to provide liquidity to decentralized exchanges such as Uniswap so that our users can exchange ETH for our token with ease and without being worried about slippage.

Figure 9: Step's Token Distribution



From: Author

Promotion

As in every other market, the social media market is very dependent on promotion. However, one could argue that in this particular market, it is even more important mainly because the user's switching costs are basically zero and there is always new competition arising.

Taking this into consideration, Step's promotion strategy will have 3 main pillars that will target different types of users:

❖ Crypto Enthusiasts

As a decentralized social media platform, crypto enthusiasts will be our early adopters. As it is common in the space, we will be creating a Telegram and Discord group to explain the project and give them reasons to invest early on with incentives for them to buy our token as soon as it is released and hold it for a good amount of time.

❖ Traditional Social Media Users

It is important to target mainstream social media users. As previously mentioned, their substitute cost is very low. However, they have been loyal to a small number of social media giants because of the quality they display. Step will be able to attract these users through influencers and strong promotion campaigns. For example, Step will partner with Urban Sports

Club² to develop a series that will document the progression of some influencers on activities that Urban Sports Club promotes such as climbing, dancing, gymnastics, etcetera. Influencers will travel Europe with the goal to develop themselves on activities they chose. These series' goal is to attract new users by showing the use case and effectiveness of the application while showcasing entertainment content to capture viewers' attention.

❖ Influencers

Step will have one famous ambassador per category of our social media application. People that possess the most amount of level up tokens will be able to interact with the category ambassador as a reward for being the most active with the best results. This will also be a motivating factor as users will give their best to achieve the first place on rankings in order to have access to all the benefits that it entails.

Besides all those strategies, the biggest one is word-to-mouth and that we are aiming at high percentages of customer retention (from 65% in 2022 to 92% in 2026) due to the satisfaction of users towards Step's services.

12.2 Operations Plan

12.2.1 Domain Registration

The domain step.eth will be available on the Ethereum Name Service (ENS)³ network from the 1st of January of 2022. In this date it will be purchased with a duration of 20 years to avoid the cost of fees on the Ethereum blockchain multiple times. However, it can be renewed when it expires in the year of 2042.

As a strategy to secure other naming domains that might be useful, we will also register the domain step.x and step.crypto on Unstoppable Domains⁴. The costs of this domains are still very low (starting at 5 dollars) as such they will be covered by Step's founder.

² <https://urbansportsclub.com> (03-11-2021)

³ <https://app.ens.domains/> (04-11-2021)

⁴ <https://unstoppabledomains.com/> (04-11-2021)

12.2.2 Application Development

Before launching the platform, it is necessary to develop the application. This process is expected to be continuous and will be a constant investment from Step. However, in the beginning of its activity, it is expected that the initial development of the application takes a duration of 6 months. This means that Step's activity on its first 6 months of existence will be limited to selling traditional contracts.

Step will trust its database storage to a web hosting platform. A2Hosting⁵ has been chosen due to the quality of its service. It is highly scalable, presents an excellent server management system, good support services and guarantees of money back at any time.

Step will opt to rent a dedicated server, which means that it will have one entire server for itself, not having to share it with other projects or organizations. Although it represents a higher cost, it is certainly the best solution as this way it can tailor the server to fit specific needs of its customers. It also offers more storage and processing capabilities. All those advantages together make a dedicated server the ideal solution for the needs of the application.

The rent costs of a dedicated server, with A2Hosting are 100€ per month which is a very competitive price compared to the competition and it seems to be the best price/quality service on the market.

12.2.3 Headquarters

As the company evolves and starts the team starts to increase year after year, remote working may not be enough. As such, the company's headquarters will be in The Block Lisboa⁶ which is a coworking space in the center of Lisbon. This is a strategic location as Lisbon is quickly becoming a crypto city with many big events where the biggest names in the space are present and promote the city even further. On The Block Lisboa there are constantly events where people from all over the world join to discuss the future of the industry. It is also the place of work of other dAPPS startups which will allow for networking with like-minded people that may help our project. Other than that, it is relatively low cost as the cost of a private office with the capacity for 4 workers is 800€ and for an 8-worker capacity office it would be 1000€. That way, Step will be renting the 4-worker capacity office in its first year of activity and the 8-worker capacity office on the remaining years after the launch.

⁵ <https://www.a2hosting.com/> (05-11-2021)

⁶ <https://www.coworker.com/portugal/lisbon/the-block-lisboa> (05-11-2021)

Then, at a later stage of the company and application development, it will be moving its headquarters to a different, bigger location yet to be determined.

13 Financial Evaluation

13.1 Assumptions

Step will start its activities in the beginning of 2022. However, it is estimated that the initial development of the application will take approximately 6 months which means that it will only begin to generate revenue in the second semester of 2022.

These are the general assumptions that were taken in order to develop Step's financial plan:

- Although the application will have international clients, its fiscal location will be Portugal and therefore all taxes duties will follow the Portuguese Law;
- The applied VAT tax will be 23%.
- Taking into account the 2021 IRS tables, we will take an average IRS per employee of 12,5%, with the assumption that all are in a “not married, and without dependents” situation;
- The code of contributory schemes of Portugal stipulates that, for management members, there is a 20.3% tax for the company and 9.3% for the worker, according to article 69°. For the remaining employees, according to article 53°, the tax that is applied is 23.75% for the company and 11% for each worker individually.
- As the platform will handle in-app transfers, the considered average receipt period will be 0;
- The salary of each worker will increase 2% on a year-to-year basis unless the inflation rate is superior. In this case Step will increase the wages to at least match the inflation rate. However, taking into account recent history, according to data from the inflation rate has been inferior to 2%. As such, for estimation purposes, a 2% steady increase will be applied for all its workers.
- To analyze the economic viability of the project, it is necessary to estimate a return on investment that is expected from the investors. This can be obtained using the Capital Asset Pricing Model. This model uses the risk-free rate (R_f), the market risk premium ($E_{rm} - R_f$) and the beta of the market β_i to get the expected return of investment (ER_i):

$$ER_i = R_f + \beta_i (E_{rm} - R_f)$$

According to statista⁷, the market risk premium ($E(r_m) - R_f$) is currently 6.8% which is the lowest in the last 6 years. According to the economic research website Fred Economic Data⁸, the risk-free rate (R_f) represented in the form of national treasury bonds is 0.39% as of November 2021. The average beta of the market is 0.77 according to New York University research⁹. Using this data and applying it to the CAPM formula above, we get to a 5.63% expected return on investment ($E(R_i)$).

13.2 Investment

Investment is a crucial step when planning to start a new business. Due to the nature of Step's business being an application, the amount of initial investment needed is not very high. It has to cover solely a few costs that the company will generate in its first years of existence, like personnel expenses and expenses with the development of the application. Having that in mind, it has been defined that the project will require three rounds of venture capital investment: one round of 100,000€ in its first year of activity. On the second year of activity, Step will strive to get 250,000€ on a second round of investment. Lastly, on 2024 it will require a third round of investment on the amount of 300,000€.

Other than those, Step's associates will invest in 3 computers and 3 mobile phones to welcome its new members and provide the best conditions for their work with the company. The amount invested in these 6 work devices will be 8,190€.

13.3 Sales Projection

The sales projection for the project's first five years of activity were done while evaluating Step's business model potential and its promotion strategies.

As our promotion strategies define, we expect to increase customer acquisition and customer retention rates over the years which will follow also the improvements on the platform regarding its user-friendly interface and other functionalities that will engage our customers. This will allow Step to have a sustainable growth. However, as we can see, our sales margin will only be positive from 2024 onwards because our costs of goods sold will surpass our sales on the first 2 years of activity due to the cost of development of the application and the time it takes to make it more appealing to our customers.

⁷ <https://www.statista.com/statistics/664896/average-market-risk-premium-portugal-europe/> (12-11-2021)

⁸ <https://fred.stlouisfed.org/series/IRLT01PTM156N> (12-11-2021)

⁹ https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/totalbeta.html (15-11-2021)

On the other hand, our sales margin from 2025 onward is very encouraging and will allow us to grow even further by investing some of those profits into the project.

Table 3: Sales Projection

Sales Projection	2022	2023	2024	2025	2026
Number of clicks on landing page	4,000	18,000	239,040	4,183,200	87,010,560
Number of signed contracts	400	2,400	39,840	836,640	21,752,640
Customer Acquisition	10%	13%	17%	20%	25%
Customer Retention		65%	80%	90%	92%
Average value invested per contract	€ 100	€ 135	€ 175	€ 205	€ 230
Total on Staking Pools	€ 40,000	€ 324,000	€ 6,972,000	€ 171,511,200	€ 5,003,107,200
Fee for each on-app transaction	25.0%	18.0%	6.5%	3.5%	3.0%
Annual Sales	€ 10,000	€ 58,320	€ 453,180	€ 6,002,892	€ 150,093,216
Cost of Goods Sold (COGS)	€ 14,000	€ 61,236	€ 396,533	€ 4,622,227	€ 97,560,590
Sales Margin	€ (4,000)	€ (2,916)	€ 56,648	€ 1,380,665	€ 52,532,626
Sales Margin %	-40%	-5%	13%	23%	35%

From: Author

13.4 Personnel Expenses

The personnel expenses englobe all expenses with Step's employed associates. On the first year of its activity, it will have 3 employees: the Chief Executive Officer (CEO), the Technology Director and the Head of Blockchain. On its second year, 3 new employees will be hired: Financial Director, Marketing Director and the Head of Human Resources. Lastly, in 2024 Step will hire a Community Manager, a Marketing Intern, a Business Analytics Intern and a Business Development Intern.

All personnel expenses are exposed on the table below, including salaries, taxes and other expenses such as Food subsidy and work accident insurance.

Table 4: Personnel Expenses

Unit of Measurement: Euros					
Personnel Expenses	2022	2023	2024	2025	2026
Annual Base Pay					
Chief Executive Officer (CEO)	10,000	30,400	31,008	31,628	32,261
Technology Director	10,000	30,400	31,008	31,628	32,261
Head of Blockchain	10,000	30,400	31,008	31,628	32,261
Financial Director		24,000	24,480	24,970	25,469
Marketing Director		24,000	24,480	24,970	25,469
Head of Human Resources		24,000	24,480	24,970	25,469
Community Manager			20,000	20,400	20,808
Marketing Intern			18,000	18,360	18,727
Business Analytics Intern			18,000	18,360	18,727
Business Development Intern			18,000	18,360	18,727
Sub-Total	30,000	163,200	240,464	245,273	250,179
Taxes					
Administration Members	6,090	33,130	33,792	34,468	35,157
Other Employees	-	-	17,575	17,927	18,285
Sub-Total	6,090	33,130	51,367	52,395	53,442
Other Personnel Costs					
Food Subsidy	5,242	10,484	17,473	17,473	17,473
Work Accident Insurance	300	1,632	2,405	2,453	2,502
Sub-Total	5,542	12,116	19,877	19,925	19,974
Total	41,632	208,445	311,709	317,593	323,596

From: Author

13.5 Supplies & External Services

This section includes all activities that are connected with other parties meaning that these costs are not included in the costs of goods sold (COGS) presented in the previous section as they are not directly linked to the sales.

Step will have 4 costs on this section:

- Accounting: Some of Step's accounting services will be outsourced
- Mobile Phone: All employees will have the best mobile phone service in order to have the best working conditions
- Database Location Rent: In order to have our database as secure as possible, the project will rent a place that is specialized on that field. For more details, check on the operations plan section.
- Coworking Place: During the first 5 years of activity, Step employees will have the option to work remotely or on the office which will be a coworking place called "The Block Lisboa".

Table 5: Supplies & External Services

Unit of Measurement: Euros					
Supplies & External Services	2022	2023	2024	2025	2026
Months of Activity	6	12	12	12	12
Accounting	450	911	922	933	944
Mobile Phone	1,440	5,829	5,899	5,970	6,041
Database Location Rent	600	1,214	1,229	1,244	1,259
Coworking Place (The Block Lisboa)	4,800	12,144	12,290	12,437	12,586
Total	7,290	20,098	20,339	20,584	20,831

From: Author

13.6 Results Analysis

13.6.1 Income Statement

Analyzing the income statement for the first 5 years of activity we may observe that the company will have negative results on its first 3 years. This is explained by the nature of this business that requires a big amount of time for its development. In 2022, for example, it is expected to have the application operational only for the second semester of the year. Even by that time, it is far from a finished project and a lot of improvements will need to occur on the following years. However, the results reflect the promotion strategy of the company that will allow a considerable growth rate every year. From 2025 onward the results are expected to be positive with a net income of 833k€ in 2025 and of 41.5M€ in 2026.

Table 6: Income Statement

Unit of Measurement: Euros					
Income Statement	2022	2023	2024	2025	2026
Sales	10,000	58,320	453,180	6,002,892	150,093,216
Sales Volume	10,000	58,320	453,180	6,002,892	150,093,216
Cost of Sales	14,000	61,236	396,533	4,622,227	97,560,590
Personnel Expenses	41,632	208,445	311,709	317,593	323,596
Supplies & External Services	7,290	20,098	20,339	20,584	20,831
EBITDA	(52,922)	(231,460)	(275,401)	1,042,488	52,188,199
Amortizations	410	2,048	2,048	2,048	2,048
EBIT	(53,331)	(233,507)	(277,448)	1,040,441	52,186,152
Interest Earned	23	136	1,060	14,047	351,218
Financial Result	23	136	1,060	14,047	351,218
RAI	(53,308)	(233,371)	(276,388)	1,054,488	52,537,370
Revenue Taxes				221,442	11,032,848
Net Income	(53,308)	(233,371)	(276,388)	833,045	41,504,522

From: Author

13.6.2 Balance Sheet

Analyzing Step's provisional balance sheet, we may also observe that a recurrent growth on the assets side is expected which is a result of the turnover on the investments that increases sustainably every year.

Equity increases considerably on 2025 and 2026 as the net income increases and the transited results turn from a negative stretch to a positive, rapid growth that is expected to continue from 2026 onwards.

Regarding liabilities, a steady growth is expected as the sales volume increases substantially every year.

Table 7: Balance Sheet

Unit of Measurement: Euros					
Provisional Balance Sheet	2022	2023	2024	2025	2026
Assets					
Tangible Fixed Assets	2,457	4,914	8,190	8,190	8,190
Accumulated Amortizations	410	2,457	4,505	6,552	8,600
Cash and bank equivalents	49,916	89,080	125,607	1,179,160	53,494,088
Total Assets	52,782	96,451	138,301	1,193,902	53,510,878
Equity					
Realized Capital	100,000	350,000	650,000	650,000	650,000
Reserve and Transited Results		(53,308)	(286,678)	(563,066)	269,979
Net Income	(53,308)	(233,371)	(276,388)	833,045	41,504,522
Total Equity	46,692	63,322	86,934	919,979	42,424,501
Liabilities					
State & Other Public Entities	6,090	33,130	51,367	273,923	11,086,376
Total Liabilities	6,090	33,130	51,367	273,923	11,086,376
Total Equity + Liabilities	52,782	96,451	138,301	1,193,902	53,510,878

From: Author

13.6.3 Financing

Taking into account the financial needs of the project, it has been determined that those will be addressed by equity which will come in the form of social capital from venture capital investors. It is divided in a gradual manner through the initial three years of activity, being 2022 the lowest value (100,000€) and 2024 the highest social capital injection (300,000€). These investments will be crucial for Step's success as they will provide the necessary means for it to grow sustainably in its first years of activity. It will contribute heavily to the successful and continuous development of the application and to the success of our promotion strategy.

Table 8: Financing

Unit of Measurement: Euros					
Financing	2022	2023	2024	2025	2026
Financial Needs					
Investment	(2,090)	(33,130)	(51,367)	(273,923)	(11,086,376)
Buffer	2%	2%	2%	2%	2%
Total Financial Needs	(2,132)	(33,792)	(52,395)	(279,401)	(11,308,104)
Financial Sources					
Freed Means				1,042,488	52,188,199
Social Capital	100,000	250,000	300,000		
Banks					
Other Financial Institutions					
Total Financial Sources	100,000	250,000	300,000.00	1,042,488	52,188,199
Total (Sources - Needs)	102,132	283,792	352,395	1,321,890	63,496,303

From: Author

13.6.4 Operational Cash Flow

As we may observe on the table below, Step's provisional free cash flow and the accumulated free cash flow are negative until 2024. This is due to the time length it will take to have the application totally functioning and with an interface that is user-friendly and to the time it takes to successfully implement our promotion strategy.

As such, from 2025 onwards, both these indicators are previewed to be positive and with a rapid growth from year to year.

Table 9: Operational Cash Flows

Unit of Measurement: Euros					
Operational Cash Flows	2022	2023	2024	2025	2026
Freed Means					
Operational Results	(42,132)	(184,471)	(219,184)	821,948	41,227,060
Amortizations	410	2,048	2,048	2,048	2,048
Total	(41,722)	(182,423)	(217,136)	823,996	41,229,107
Investment Working Capital					
Working Capital	6,090	33,130	51,367	273,923	11,086,376
Holding Cash Flow	(35,632)	(149,293)	(165,769)	1,097,919	52,315,484
Fixed Capital Investment					
Fixed Capital	(100,000)	(250,000)	(300,000)		
Free Cash Flow	(135,632)	(399,293)	(465,769)	1,097,919	52,315,484
Acumulated Cash Flow	(135,632)	(534,926)	(1,000,695)	97,224	52,412,707

From: Author

14 Project Evaluation

The project Net Present Value is 64,3 million euros when applied an expected return on investment of 5.63% meaning that the sum of all discounted cash-flows is superior than the investment that was made.

Regarding the Internal Rate of Return (IRR), it is also positive for Step with a 264% prevision which will be a great sign for investors who are analyzing the project as the rate of growth is quite significant.

As for the payback period, which is a period that indicates when the investment is recovered, it is projected to be reached after 3 years, 11 months and 2 days from the beginning of the project.

Table 10: Project Evaluation

Unit of Measurement: Euros					
Project Evaluation	2022	2023	2024	2025	2026
Cash Flow Perpuity					
Free Cash Flow	(135,632)	(399,293)	(465,769)	1,097,919	52,315,484
Expected Return of Investment	5.63%	5.63%	5.63%	5.63%	5.63%
Factor	1	1.056	1.113	1.169	1.225
Updated Free Cash Flow	(135,632)	(421,758)	(518,178)	1,283,225	64,088,560
Acumulated Updated Free Cash Flow	(135,632)	(557,390)	(1,075,568)	207,658	64,296,218
Net Present Value	64,296,218				
Internal Rate of Return	264%				
Payback Period	3 Years	11 Months	2 Days		

From: Author

14.1 Scenario Evaluation

The table below identifies the impact that a variation in a certain variable (Sales or Costs) can have on the overall Net Present Value, Internal Rate of Return and in its estimated payback period. This scenario evaluation is crucial because it provides an overview of what could happen if certain external factors affect the performance of the company in a positive or negative way. For instance, if a financial crisis happens, it is expected that the average amount invested by each user decreases significantly and also the number of signed contracts, which would have an immediate impact on Step's results. On the other hand, the opposite scenario may also happen. To account and be prepared for all these eventual scenarios, in the table below, big variations were also included and may be analyzed.

Table 11: Scenario Evaluation

Unit of Measurement: Euros				
Variables	Variation	NPV	IRR	Payback Period
Projected Values	-	64,296,218	264%	3.84
Sales	-50%	(11,331,388)	-	-
	-25%	26,482,362	156%	4.05
	-10%	49,170,612	228%	4.01
	10%	79,421,613	295%	3.56
	25%	102,109,863	333%	3.36
	50%	139,923,613	387%	3.21
Costs	-50%	113,844,053	357%	3.25
	-25%	89,070,083	315%	3.41
	-10%	74,205,701	286%	3.60
	10%	54,386,524	240%	4.00
	25%	39,522,142	198%	4.02
	50%	14,748,172	91%	4.13

From: Author

15 Conclusion

The goal of this business plan is to evaluate whether the needs of the market match the service that Step will provide and to evaluate the economic viability of the project.

The project aims to provide an entertaining social media platform that provides tools for its users to combat procrastination. It has been verified that this problem Step is proposing to solve is which covers a large portion of our society mainly among young people.

It is also a problem that has been increasing over the past decades and there seems to be an upwards trend as the younger generations reach the adult phase of their life. For that reason, youth has been identified as the main target and Portugal as the starting point that allows for a strategic European expansion and on a later stage, it also allows to aspire an intercontinental expansion.

On a Portugal market analysis, it was possible to conclude that even though the country has not been as economically efficient as other European Union members, it is a progressive and political stable country that has been in the forefront of the cryptocurrency world due to its sunny weather and no taxation. Besides that, it also has a lower labor rate when compared to other European Union members which will allow important cost savings on Step's first years of activity.

From a financial standpoint, the total amount needed for the project execution is 650,000€ spread through 3 venture capital investments during its first 3 years of activity.

On the financial evaluation section, a few indicators confirm the viability of the project. The Net Present Value is 64,3 million euros that is generated by an Internal Rate of Return of 264% which is a result of the fast-growing market. The payback period is 3 years, 11 months and 2 days which will point to November of 2025 when the bull cryptocurrency market is expected to be happening.

On the simulation that was made to see the results that would occur when the sales or costs vary with a maximum range of 50%, it is observable that the NPV and IRR would still be positive in every scenario except if the sales decrease 50% on what is expected.

Other than being economically viable, Step is a need of the market as there is no decentralized social media platform that effectively combats procrastination while providing its users with quality entertainment services.

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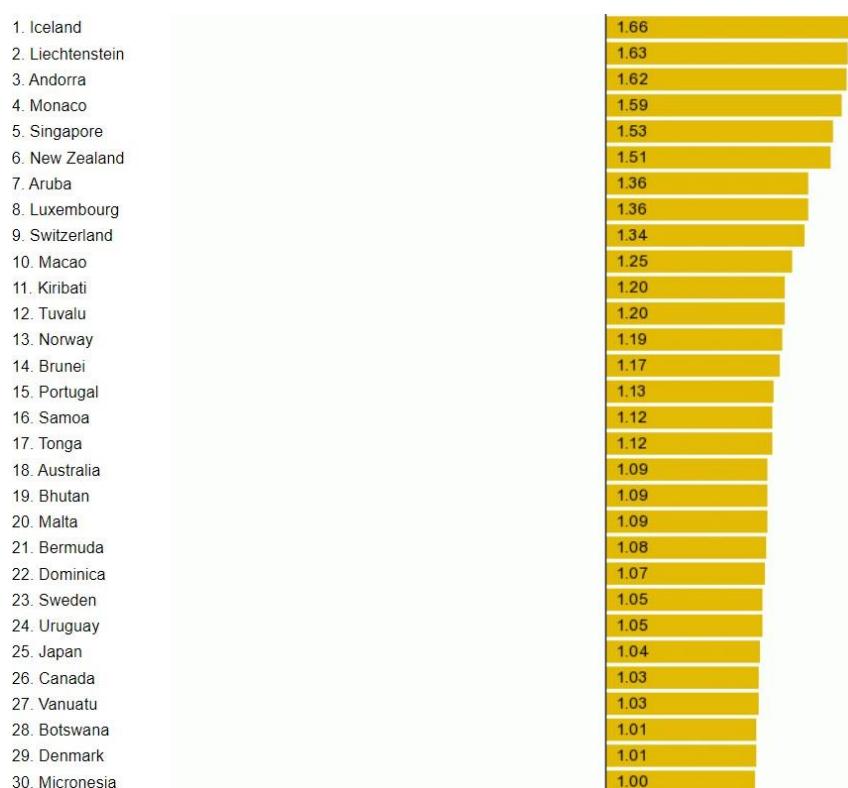
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Delloitte Insights

17 Annexes

Annex A – Countries Political Stability Index in 2019 (Source: World Bank)



Annex B – Corruption Perceptions Index in 2020 (Source: Transparency International)

SCORE	COUNTRY/TERRITORY	RANK	SCORE	COUNTRY/TERRITORY	RANK
88	Denmark	1	62	Spain	32
85	Finland	3	61	Portugal	33
85	Sweden	3	60	Lithuania	35
85	Switzerland	3	60	Slovenia	35
84	Norway	7	57	Cyprus	42
82	Netherlands	8	57	Latvia	42
80	Germany	9	56	Poland	45
80	Luxembourg	9	54	Czechia	49
77	United Kingdom	11	53	Italy	52
76	Austria	15	53	Malta	52
76	Belgium	15	50	Greece	59
75	Estonia	17	49	Slovakia	60
75	Iceland	17	47	Croatia	63
72	Ireland	20	44	Bulgaria	69
69	France	23	44	Hungary	69
			44	Romania	69

Annex C - PIB per capita in Portugal (Source: INE)



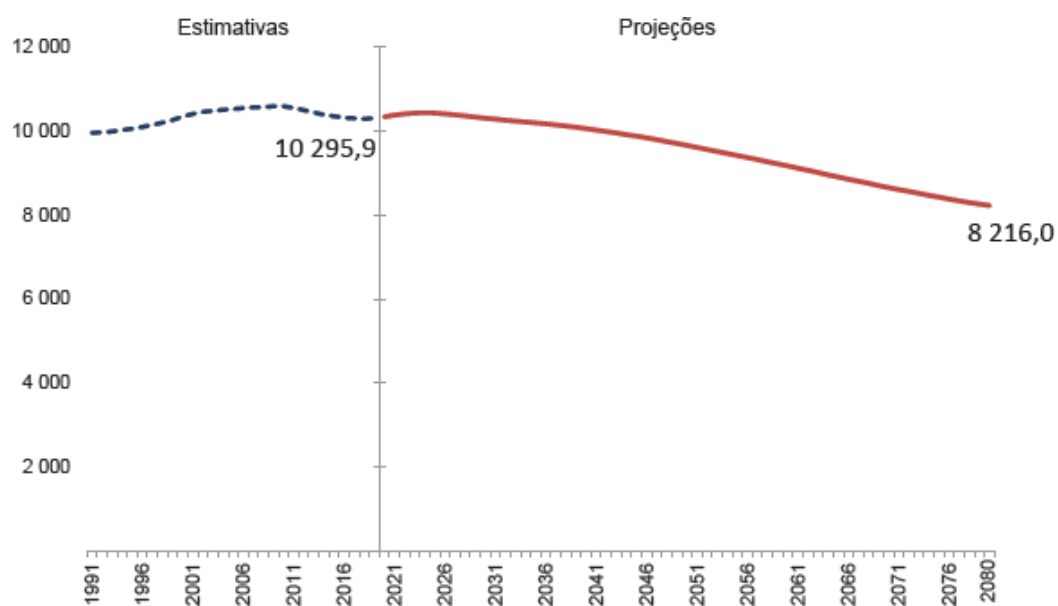
Annex D - Unit nominal labor costs in Portugal vs European Zone (Source: Eurostat)



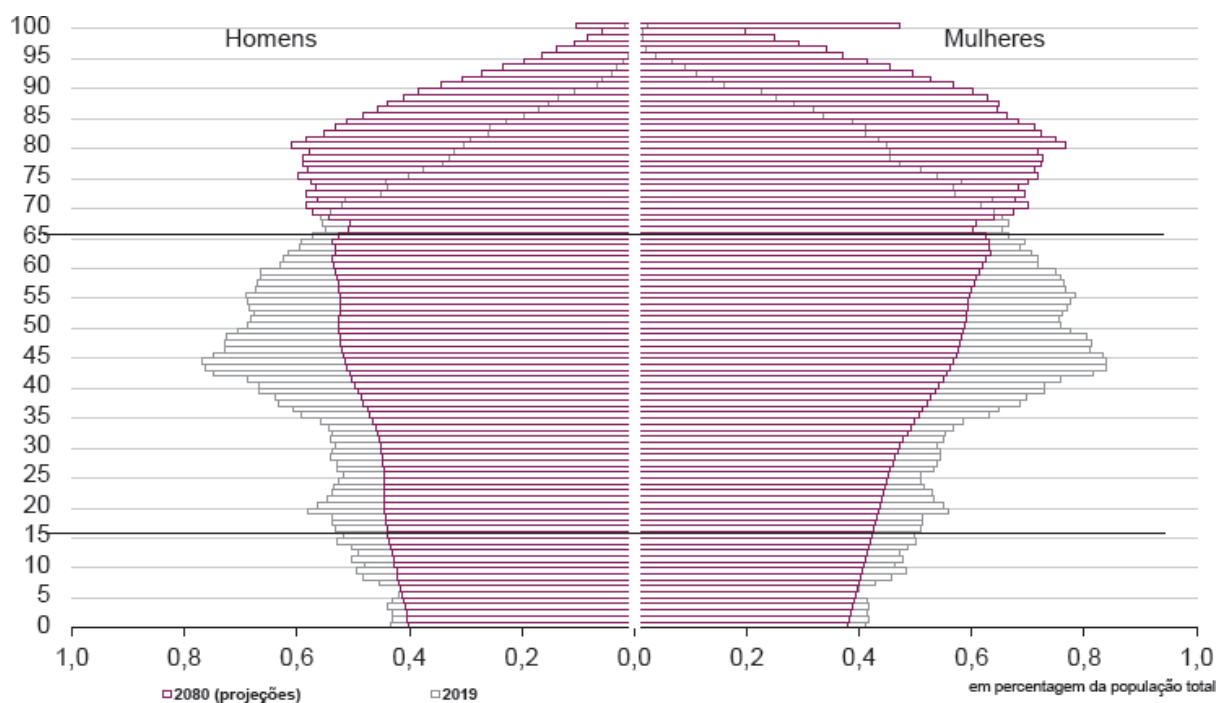
Annex E - Consumer confidence index Portugal vs European Zone (Source: European Commission)



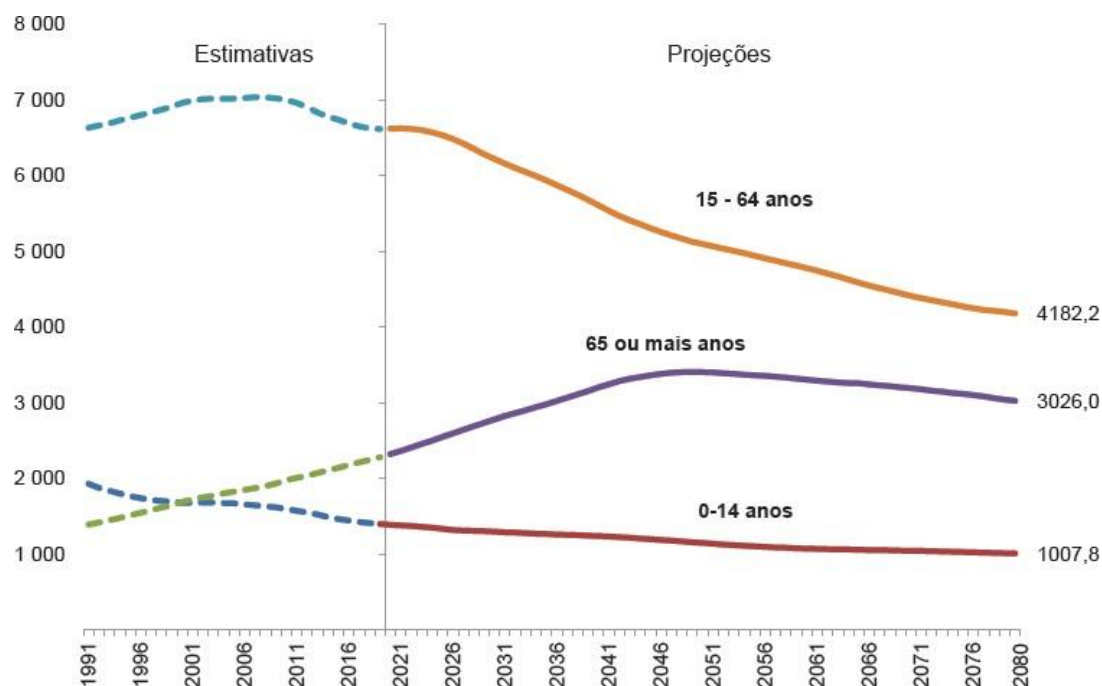
Annex F – Resident population (x1000) in Portugal from 1991 till 2019 and estimations for 2020 till 2080 (Source: INE)



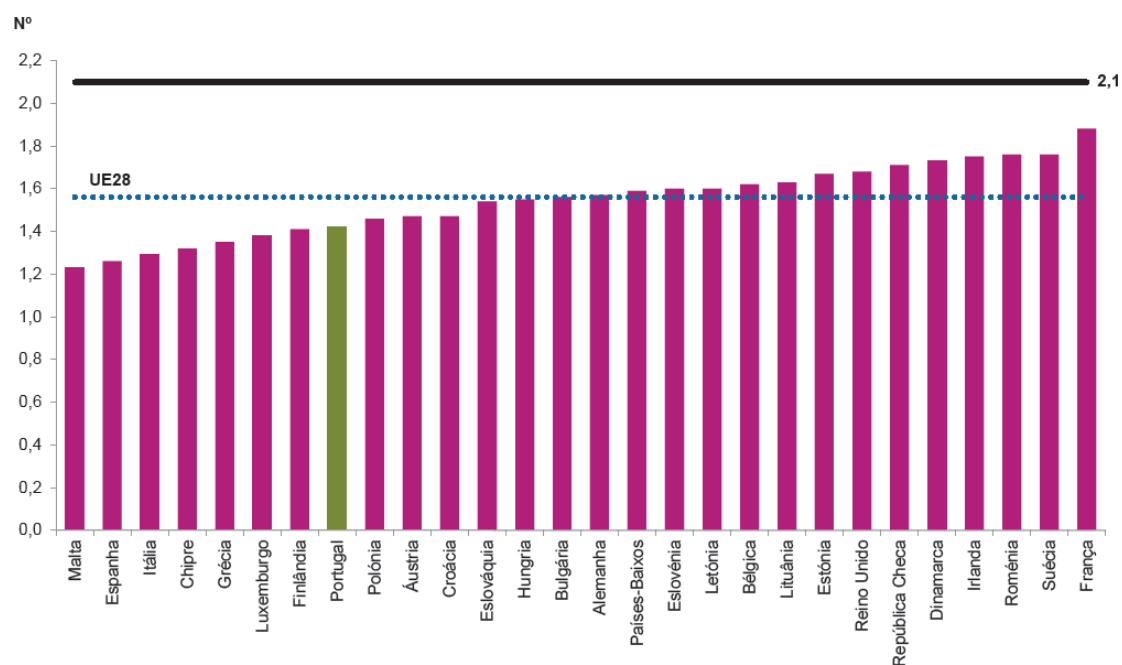
Annex G – Age Pyramids in Portugal for 2019 and projections for 2080 (Source: INE)



Annex H – Resident Population per age groups (x1000) in Portugal from 1991 till 2019 and projections until 2080 (Source: INE)



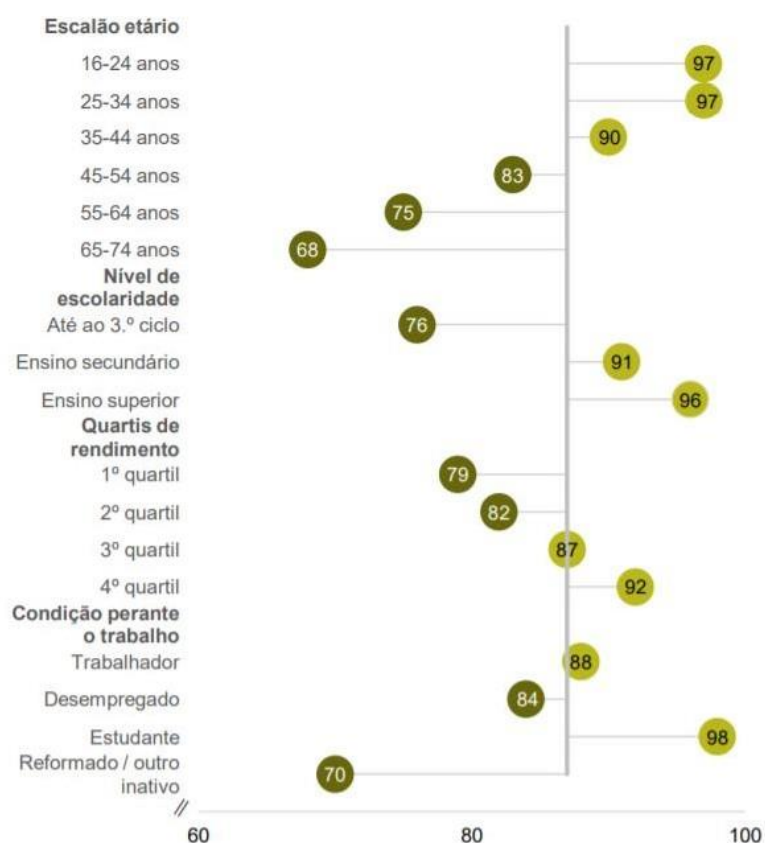
Annex I – Synthetic Fertility Index EU Countries in 2018 (Source: INE)



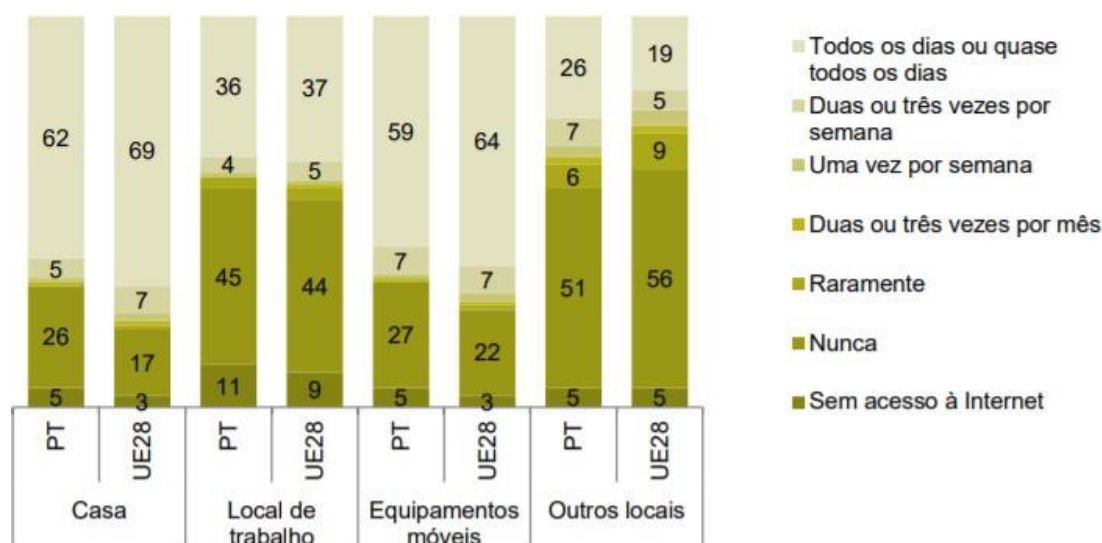
Annex J – Frequency of Internet Utilization in % of population (16 – 74 years old) in 2019 (Source: European Commission)



Annex K – Profile of Internet Users in Portugal (% of 16 – 74 years old) that used Internet at least once in the span of 3 months (Source: European Commission)



Annex L – Internet utilization by spot (population +15 years old) in Portugal and UE28 in 2019 (Source: European Commission)



Annex M – Activities not realized online due to a worry about Internet security (16 – 64 years old) (Source: European Commission)

