BUSINESS PLAN FOR
Education Gaming Platform

November 2017
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EXECUTIVE SUMMARY

The purpose of this business plan is to analyze the possibility for establishment of education gaming platform in the UK. The business plan covers an external analysis (market, trends, competition, etc.) as well as internal analysis (business model, marketing mix, workflow, etc.), followed by a complete financial analysis.

The purpose of the comprehensive external analysis of this research is to come to certain conclusions about the business environment in the UK for an entrepreneurial company that will develop immerse educational gaming platform.

The conclusions of the first chapter consisted of PEST analysis are positive; the political environment is characterized by a stable and independent legal system and free and well-known governmental regulations. As a politically stable country, the UK’s economy is strong, with relatively high and stable income, despite the small depression of consumer pricing in the years 2015 and 2016. Technology is the driving force of the UK’s economy, and the country has a high-quality education system. The demographic analysis showed that the targeted age segment (children of 6-12 years) is a sub-segment of the 0-15 years’ age segment in the UK, which makes 17.7% of the UK population, and the adults who will actually purchase the product are categorized in the 16-64 age segment, 63% large.

After the positive outcome of the PEST analysis, the E-learning industry was analyzed and the trends and forecasts showed that it is a growing industry, with gamification of education as a relatively new but popular sub-segment. The global market for gamification is estimated to reach (£4.14 billion) in 2018, and the gamification market in EMEA is expected to grow at a CAGR of over 45% with the majority of the revenue in EMEA being generated in Western Europe, with UK and Germany being the leaders in growth.

The Education Gamification Market as sub-segment of the Gamification Market can be further segmented by end-users on higher education institutions, K-12 schools, and families with children in primary and secondary school; geographical segmentation on Americas, APAC, and EMEA; and by the types of games offered on formal learning games, informal learning games, social learning games, hands-on learning games, complex learning games, and adaptive learning games. The various possible segmentations of the market helped define the business end users (primary
schools that use innovative ways of education and families with children of 6-12 years old), target the market sub-segment – UK of the EMEA market segment and define the product as an informal, social and complex learning educational game.

Four trends toward growth in the global education gamification market were identified: experiential learning, inquiry-based learning, the rise of digital badge credentials and improvement in game development engines.

The comprehensive demographic analysis showed that in the UK, the number of pupils in primary and secondary schools has increased over the few years and there currently over 4 Million pupils in the public schools aged 5-13 years. The UK independent sector consisting of private, independent schools as a whole educates around 625,000 children in around 2,600 schools. Pupils in ISC schools account for around 80% of the total number of pupils in independent schools in the UK.

The targeted segment – families with high-income are families with average household income of £86,170, employed, married, aged between 25 and 54 years.

The consumer preferences as a crucial part of the research described the potential customers (children) as “gamers” that spend 6-20 hours (depending on the age) a day playing games. The devices used by children, such as tablets and smartphones has shown ownership growth of over 50% in the past year, with around 67% of the children in the UK possessing at least one device. When considering the schools as end users, the potential consumers (teachers) show increased interest (over 80% of the teachers want to know more) despite the mentioned obstacles.

A research about game preferences of the children in the UK revealed that Active technology/fitness games (85%), Platform games (65%), Adventure (50%), and Puzzle games (42%) are the types of games that the children aged 8 to 10 prefer the most. On the other hand, the 3 types of games that children aged 11 to 15 enjoy the most are Active technology/fitness games (53%), Racing and other sports games (53%) and Fighting games (52%).

Going into how much parents are willing to pay for education revealed that the average amount of money spent on education (between grade school until the end of an undergraduate degree)
per child in the UK is £18,895 ($24,862), and UK families spend around £6bn a year on informal education.

The last part of this research focused on analyzing the competitive landscape and benchmarking the best practices. The analysis of the identified 10 most popular companies with similar products were chosen (6 of those are UK companies and 4 are located outside of UK but serve the UK market) showed differentiated products with various features, most of them available on all devices (PC/Laptop, Tablet, Smartphone – more of them available on IOS system then on Android). To estimate the number of competitors, a search on Google Play Store was made using the keywords gamification and education. The total number of available applications that appeared is 251. However, it should be noted that besides the platforms, other games and applications only are also included. Another aspect to be considered is that the IOS applications are not included.

The benchmarking was useful for any suggestions for features that could improve the product, such as tracking and monitoring, personalizing the games, encouraging independent learning by automatic mistakes reports, etc.

The external analysis shows that the UK is a positive business environment the market for the platform has a great potential.

The second part of this document is the internal analysis that starts with a brief introduction of the purpose for analysing the company.

The first chapter of this analysis focuses on defining the business model by presenting the business’s purpose and value proposition - an immersive multi-player platform that intuitively educates kids and allows collaboration. The different target groups are defined: direct consumers are 6-12 years old children who will use the game learning platform; indirect consumers/end users are the parents who purchase the platform and later, the business will offer a B2B advanced platform for schools and academic researchers as end users.

Furthermore, the analysis is focused on the marketing plan and marketing mix (4P) analysis. Each element of the marketing mix is thoroughly analysed.

The product analysis showed that the business will implement a differentiation product strategy, since the product is offered on 3 levels, each satisfying a different target group of potential
customers. The basic standard subscription is for families as end users, the closed network subscription is for business end users (B2B) and additional information about the other subscription (micro-economy in-game) will be needed in order to fully understand the product so it can be presented the best way possible.

The price analysis was made by comparing the price to the average price (calculated from the direct competitors’ prices) and the analysis showed that the price is set on an average price level. Price for standard platform subscription - £9.99 per month/per user which means that it is set under the average price (£10.33), but in the average price range (£3.95 - £16.7). Regarding the price strategy, the company uses the psychological strategy to encourage price-sensitive customers to purchase the product. The price analysis above is set on the competition based pricing method. Other pricing methods include cost-based pricing and customer-based pricing.

The promotional objectives were defined and the promotional activities. In order to raise awareness of the product, the company’s strategy is to use integrated marketing communications and use Cross-functional strategic approach and interactivity. The promotion activities are planned to be done: showcases, gaming conventions and cosplay events.

These activities can be easily organized and would cost less than media advertising. To ensure that the events have many attendees, the company can use online advertising on websites and advertisements on applications that the target audience is present on, email marketing for B2B, social media and guerilla marketing. The second goal is to raise brand awareness and increase customer loyalty. This will be achieved by expanding the target audience by adding potential customers and creating a brand and unique logo for the products in order to be recognizable. Aside from branding for good promotion can be used the software release life cycle consists of 4 stages: Pre-alpha, Alpha, Beta (open and closed) and Release candidate. The third, Beta phase, is the phase when the unofficial product is released to the public for use and testing.

The last P of 4P – the place, refers to the product’s distribution channels. The three identified categories are direct channels (subscription on the company’s webpage), indirect (app stores) and other channels.

The process workflow is presented in 8 stages, with each stage’s activity defined and explained. Starting with the development of Beta version of the platform as a first phase and ending with the
constant maintenance of the platform and upgrade as end phase that will last as long as the platform is on the market.

The organizational structure was determined as fully agile: The Company will be operated by the C-Suite team that will practise lead management for the small agile teams. The agile structure means that employees will work as collaborating partners towards common goals and outcomes, but ultimately independent in action. The company’s C-Suite team will consist of CEO S. Zahid, CTO C. Hewitt and COO that is about to be employed. The agile team that will work at the beginning and will later expand initially will be consisted of V. Nguyen as Head of Production, with Head of Development and Child Psychologists roles yet to be filled.

To reduce the chance of business failure, SWOT analysis and Risk Management were conducted. The SWOT analysis pointed out the business’ strengths, weaknesses, opportunities, and threats. The major strength of our education gamification platform is the creation of a new, innovative product where family and teachers will be involved in child development. Tracking the child development is crucial for every parent, and helps to define the child’s strengths and weaknesses in different areas of education. Another important business strength worth mentioning is the highly experienced team in game design/development and finance services.

The biggest opportunity in this market is the Gamification of education market’s growth that is forecasted in the future as well, which makes for a stable business environment and a good time to enter the market. Another important opportunity is the lack of a platform that truly addresses educational needs.

The business’s weaknesses are the talent sourcing and lack of marketing expertise. Our perceived threats come in the form technology and environmental challenges. Regarding the technological aspects, the platform must be updated constantly and follow the tech trends. Many games are frequently upgraded, making it difficult for educational researchers to evaluate the impact of such games. On the other hand, the environmental aspect is important and has influence in reducing business profitability such as the relationship: School-Parent-Society, how much money will cost the school gamification, etc. The last type of threats refers to the parental aversion of accepting the platform to measure child development.
At last the Financial Plan is provided. The total capital expenditures for maintaining the business are £550,000. Out of the total £550,000 are initial capital from the founder and the other £50,000 will be acquired through seed funding from investors. The net profit prognosis for the forecasted period is that the business will operate with a surplus of £37,908 in the first year, and the profit will increase substantially each year, £342,630 in the second year, £712,346 in the third, £1,151,146 in the fourth and £1,677,706 in the fifth year. The break-even analysis shows that the business should sell 4,120 units of product each year to cover all the expanses, which seem very achievable target.

INTRODUCTION

This research paper presents an overview of the Gamification of Education industry with a main focus on the UK market. The document is structured in 3 main sections each covering different aspects of the industry:

1. Pest Analysis – This section covers the laws and regulations that affect the founding and running a business in the UK. This includes an overview of the PEST factors in the UK – Political, Economic, Social, and Technological factors that shape the overall business climate in the UK.

2. Market overview – the main purpose of this section is to analyse the global e-learning market and its sub-segment - gamification of education market in order to provide a quick understanding of the size of the industry, growth rate and industry trends. Furthermore, the research is focused toward the e-learning industry in the UK. The last section of this chapter focuses on the different market segments the gamification of education industry encompasses.

3. Competitive overview – Having in mind the global and country-specific- industry, this section makes an overview of all the global and local competitors that operate on the UK market. These will be further analysed and compared. Based on the analysis, benchmarking of the competitor’s best practices will be done.

This research has been made for an educational game startup (gamification of education) – developing an educational gaming multi-platform aimed at the UK market. The platform will allow kids to learn and develop new skills while playing. The target market consists of children between
the ages of 6 and 12 whose parents cover tuition, with a possibility of growing and developing into an information platform for academic researchers producing content and measuring how children develop as a result of using the platform.

The purpose of this research is to understand the current situation of the gamification industry in the UK, evaluate the competition and the business climate. Based on the information and insight provided, the client can make effective strategies and action plans on whether and how to enter the UK gamification market.

**PEST ANALYSIS**

The Pest analysis is an overview of the Political and Legal, Economic, Social, and Technological Factors that shape the UK – the joint nation composed of England, Wales, Scotland and Northern Ireland.

**POLITICAL FACTORS**

The United Kingdom is a constitutional monarchy that runs under the influence of a parliamentary system. The UK is a fair, stable country with plenty of opportunities for companies operating within and the country as a whole. Public opinion is appreciated. The public has a large influence on the inner-workings of the country. The UK is a politically stable country, split into national and local administration.

**LEGAL**

The market is free, with a regulatory environment that is efficient and transparent. Starting a business takes less than a week, bankruptcy proceedings are straightforward, and the labour market is relatively efficient. Prices are free-forming, with the exception of price regulations for most utilities, and partial control of the price of prescription drugs. Therefore, a gamification platform may be priced freely by the developers, but ultimately the price will be determined by the two forces on the free UK market – demand and supply.

Private property rights and contracts are very secure, and the court system is efficient and independent. Protection of intellectual property rights is effective. The rule of law is well established, and the World Economic Forum’s [2015–2016 Global Competitiveness Report](#)
ranked the U.K. sixth in the world for the efficiency of dispute resolution through its legal framework. Isolated instances of bribery and corruption occur but are prosecuted vigorously. This guarantees a business with an intellectual property like an educational software is well-protected and guaranteed.

GOVERNMENT

The UK is one of the most successful nations in terms of the application of rule of law, control of corruption, government effectiveness and regulatory quality. Furthermore, according to Heritage.org, the country ranks as satisfactory on political stability and relatively high government integrity. Again, this is a positive factor for every business in the UK – new and existing, and a software development business is no exception. This means that a business is well protected and there is no corruption or favourable taxation or discrimination, and corporate law is not selective, rather equal for all.

Being an employer, an educational software business is affected by laws that revolve around employment, as any other business is. In 2015, the UK Government raised the minimum wage that applies to persons of different ages - New National Minimum Wage rates announced. The increase in minimum wage will definitely impact on the business as it will have to pay higher hourly rates for all its employees which is likely to translate to a cost increase of hundreds of thousands of pounds per year.

In May 2016, the UK held elections for several political posts as noted by the BBC (2016). The elections saw new individuals occupy different posts. With new leaders taking office across the country, there is potential that changes to the business environment could change for better or for worse.

ECONOMIC FACTORS

The UK has a strong economic position relative to other countries. The country has the 5th highest GDP in the world, second in Europe only to Germany, according to List of Countries by Projected GDP.
The economy of the UK was greatly affected by the 2008-2009 financial crises. Ever since mid-2009, the country has been recovering from the crisis. Data from the World Bank - GDP (current US$)\(^5\) show that after the steep fall in GDP during the 2008/2009 economic depression, UK’s GDP was slowly recovering and growing in the following years, up until 2014 when the GDP reached US $2.99 trillion (£2.24 trillion). The years 2015 and 2016 were marked by a decrease in total GDP with US $2.86 trillion (£2.15 trillion) and US $2.61 trillion (£1.96 trillion) respectively.

GDP per capita in 2016 was US $39,899 (£29,990), and inflation rate was 1.73%.

Like other businesses operating in the UK, an education gamification platform has to pay taxes (corporate, income) which effectively reduce its profitability. The top personal income tax rate is 45%. The top corporate tax rate has been reduced to 18%. Other taxes include a value-added tax and an environment tax. The overall tax burden equals 32.6% of total domestic income. Government spending has amounted to 44% of total output (GDP) over the past three years, and budget deficits have averaged 5.2% of GDP. Public debt is equivalent to 89.3% of GDP. Like other businesses operating in the UK, an education gamification platform has to pay taxes which effectively reduce its profitability.

Despite the slow recovery of the 2008/09 economic depression and the decrease in GDP in the last 2 years, UK’s economy is considered to be stable and well diversified, with both large public and private sectors, and an increase in foreign direct investment. Economic growth held up better than
expected in the second half of 2016 but has slowed in 2017, according to The UK Economy at a glance ⁶. Forecasters predict that rising inflation, driven by the depreciation of sterling, will squeeze household incomes and depress consumer spending, which has been the main driver of economic growth in recent years. This depression of consumer spending may negatively impact the demand for educational gamification software in the next 5 to 10 years. The best way to avoid this is to focus on high-income families who are still willing to pay a bit more for their children’s education, even in a slowly depressing economy.

SOCIAL FACTORS

AGE DISTRIBUTION

In the UK, the working age population (between the ages of 16 and 64) accounts for 63% of the total population, while 17.7% of the population are 0-15 years old and 15.4% are over 65, according to Overview of the UK population: July 2017 ⁷. Close to 80% of the population of the UK lives in urban areas. Births are continuing to outnumber deaths and immigration continue to outnumber emigration, resulting in a growing population. This problem will only be aggravated by the rapidly ageing population. As the dependency ratio rises, it becomes more difficult to maintain the standard of living of the dependent population, because the relatively shrinking workforce is put under strain. The government faces the challenge of balancing the social welfare system to account for these future developments. Reforms need to take place soon and are required especially in the pension and healthcare systems.

EDUCATION LEVEL

The educational infrastructure in the UK is considered to be of very high quality. UK qualifications are both recognized and respected throughout the world. The nation has a literacy level of 99%. Primary and secondary school are mandatory. Schools, pupils and their characteristics: January 2017 ⁸ reveals that there are over 8.6 million students in primary and secondary school, and 2.28 million students enrolled in a wide range of higher education courses. The total number of all types of primary and secondary schools (state-funded, independent, and special) is 23,528, while the number of higher education institutions is 162.
The high educational level of British people is another highly positive factor for an education gamification platform – it shows that people in the UK hold education in high regard and strive to excel academically, a notion clearly supported by the government, and the public as a whole as well. Modern, educated parents want to offer their kids the best tools possible for better development, quicker learning and achieving more academically.

INCOME

The UK has marked 2017 as the year of the weakest growth in living standards in at least 60 years, according to Living Standards, Poverty, and Inequality in the UK: 2017. Weak earnings growth, together with changes to taxes and benefits will lead to a rise in inequality by 2021-22. In their new report, IFS says incomes for the average family will not grow at all over the next two years. Although the UK standard of living is still high, the government is faced with the challenge of income disparity. Relative inequality has increased and the government has fallen short of its targets in reducing poverty.

Although it may seem like the distant future of UK is uncertain, the standard of living in the UK is high and income stability will remain high in the next 2 decades. UK people are comfortable spending money for bettering their lives and living more comfortably, and investment in kid’s education is no exception. If the business manages to raise awareness and establish themselves as a quality learning platform for kids, the demand for the product will not be influenced by changes in income in the decades to come.

TECHNOLOGICAL FACTORS

As an MEDC (More Economically Developed Country), the UK has good access to technology. Internet availability is excellent and estimates made by broadcasting and telecoms networks that on average, a person in the UK spends cumulatively more than seven hours per day browsing the Internet. Telecommunications infrastructure is excellent and one of the most advanced in the world. The UK’s domestic infrastructure consists of a mix of fibre-optic systems, buried cables, and microwave radio relays.

Technology is the driving force of the UK’s economy, with the Tech segment growing faster than UK economy, according to the third annual Tech Nation Report. Yet again this is a great positive
factor for a gamification platform. Consumers are embracing technology and the opportunities it offers, and gamification of education as a new trend is not an exception, a fact that’s clearly explained by the staggering rise of the gamification industry on a global level.

UK is a country with quality innovation skills and expertise in science and IT. Laws with regard to intellectual property are vast and effective. The report revealed the UK leads in Europe, attracting £28bn in technology investment since 2011, compared with £11bn in France and £9.3bn in Germany.

**MARKET OVERVIEW**

Gamification is defined as the introduction or application of elements of games – what makes games so enjoyable – into other areas of life. The focus is specifically on the application of such elements into education. Unlike using a game to teach – gamification focuses on extracting the underlying principles of games and asking whether an education experience can be reconfigured to build on those principles. The combination of an increased focus on student engagement and the possibilities provided by digital learning make gamification a powerful tool for educators. Throughout history, education has been determined by the most cost-effective way to deliver information.

Gamification of education – like growing industry takes part in the E-learning industry that is a comprehensive market. According to the newest findings from the report *E-learning Market Trends And Forecast 2017-2021* 11, the size of the eLearning market was estimated to be over US $165 Billion (£124 Billion) in 2015 and is likely to grow by 5% between 2016 and 2023, exceeding US $240 Billion (£181 Billion). Factors such as the possibility of allocating a lower budget for eLearning purposes (compared to traditional education methods,) together with increased flexibility in learning are expected to drive industry growth. Gamification makes learning motivating and engaging.

Gamification in eLearning is the use of game theory and game mechanics in non-game contexts to engage users in solving problems. According to the report *Current and Future Prospects For*
Gamification, Gamified learning can be broken down into four different categories: Game-based learning, Gamification, Simulation-based learning and PBL.

- **Game-based learning** (the use of gameplay to achieve learning objectives)
- **Gamification** (here, specifically referring to the use of rewards to motivate behaviour in an otherwise non-game context)
- **Simulation-based learning** (the use of realistic simulations to teach skills in an immersive environment)
- **PBL** (the use of points, badges, and leaderboards as a motivating tactic)

The graph presented below shows estimates about the Global Learning Games Market Size Growth. It shows which segments have increased demand for learning games in the forecasted period (2013 – 2018).

As educators become more aware of the benefits of gamifying the classroom experience, global demand for educational games has been growing. The global market for simulation based-learning was US $3 billion (£2.26 billion) in 2013 and is projected to grow to US $7.1 billion (£5.5 billion) by 2018 (with growth expected to be especially strong in emerging markets).
Global market for gamification was US $4 billion (£3 billion) in 2013 and is projected to grow to US $5.5 billion (£4.14 billion) in 2018, and game-based learning was worth US $1.7 billion (£1.28 billion) in 2013 and is projected to grow to US $2.4 billion (£1.80 billion) by 2018.

Another source, Global gamification market for 2015-2019 — an article based on the report Global Gamification Market 2015-2019, estimates that the global education gamification market is expected to grow at a compound annual growth rate of 48% from 2015 through 2019 and to exceed 6 billion by 2019. The staggering growth rate of this market has prompted vendors catering to all segments of the education ecosystem to develop solutions to capture their share of the market.

The gamification market in EMEA is expected to grow at a CAGR of over 45% with the majority of the revenue in EMEA being generated in Western Europe, with UK and Germany being the leaders in growth.

Gamification does not create brand new, real-world games, according to an R&M news release, but uses game techniques to engage students in comprehensive learning mechanisms. For instance, Pearson, who is a market leader in textbook publishing, has begun to develop education games, while technology players like Microsoft and SAP which develop complex learning technologies have begun entering the education games market. However, learning games are primarily available for the higher education segment. Therefore, the current market scenario poses a huge potential for new entrants into this market. Despite the wide range of games available for this segment, there are limited games that strongly complement the learning process. This supply gap provides business opportunities for vendors to collaborate with educational institutions and develop sustainable education games.

The realization that immersive learning technology is crucial to student education has revolutionized the global education gamification market. All in all, this is good news. In 2017, gamification is already contributing to the education of thousands. It is improving the quality of student experience, and it will continue to do so.

Gamification is often used in the classroom for teaching the supplementary material and is an enhancement tool in many curriculum packages. Educators frequently experiment with different types of games to target different skills. Gamification is useful in motivating active participation.
in learning environments, and game-based learning can be used to motivate tasks like rote memorization. Simulation-based learning has shown a lot of potential in assessing the application of knowledge, although there is much potential for games to be further developed. In addition, of all classroom subjects, games that teach STEM (Science, Technology, Engineering, and Mathematics) subjects have shown the most success because they can be modelled into a game environment easier than other subjects.

Alone, gamification cannot address the many difficulties that education systems across the globe continue to face. In the United Kingdom, for instance, a rise in the number of students has coincided with a long-term decline in the number of qualified teachers. The shortfall is particularly acute in several compulsory subjects, such as math and the natural sciences, such that there are many schools in which non-specialists teach these subjects, according to the 2016 report - Gamification and the future of education by the World Government Summit and Oxford Analytica. The UK is forecasting a sustained shortfall in teaching supply and the gamification of some topics or activities represents a partial solution. Greater amounts of data from real-world teaching scenarios in each country where it is being considered are needed before major overhauls of educational systems.

**MARKET SEGMENTATION**

As mentioned before, gamification refers to the application of game mechanics and design techniques by integrating them in education, internal business processes, portals, and websites as well as marketing campaigns. Through the process of education, the teacher motivates students to be more productive in the class and engage directly.

According to the report Global Gamification Market- Growth, Share, Opportunities and Competitive Analysis, 2016 – 2023 there are 5 Gamification segments that are showcased on the chart below. In each of the segments, there are sub-segments. Education Gamification is just a part of the programs for education and training.
Global Gamification Market Segmentation

1. On the basis of solution type, the market is segmented into consumer-driven and enterprise-driven solutions. The rise in the adoption of consumer-driven solutions among organizations has increased the usage of gamification solutions. Gamification solutions are gaining pace in the current scenario of engagement and loyalty ecosystem. Consumer-driven solutions are termed as flexible and user-friendly tools that are focused on augmenting customer motivation as well as customer loyalty towards product across all industries. Companies are using various gamification techniques for their customers such as loyalty points, discounts, and virtual currency to encourage them to be loyal to the brand.

2. Based on the deployment models, the market is further segmented into cloud-based and on-premise gamification. Cloud tech gets a lot of limelight. That makes sense since LMS Industry User Research Report indicates that 87% of LMS buyers invested in web-based options instead of installing or on-premise options.
3. **The applications of gamification** considered under the scope include marketing, sales & support, education & training, human resource, research & product development and others.

4. **On the basis of industry verticals**, the gamification market is further classified into banks, financial services & insurance (BFSI), entertainment, media & publishing, corporate enterprises (IT, ITeS, telecom etc.), retail, education, healthcare, and others.

5. **The geographical distribution** of the global gamification market considered in this study encompasses regional markets such as North America, Europe, Asia Pacific, Middle East & Africa and Latin America.

The Education Gamification Market as sub-segment of the Gamification Market can be further segmented by end-users, geographical segmentation, and by the types of games offered.

a) **Global education gamification market segmentation by end-users**
   
   - Higher education institutes;
   - K12 schools;
   - Families with children in primary and secondary school;

Gamifying the education is directly connected to the parents in cases where the group of kids (6-12) learn and grow their potential using educative platforms or game-based learning software. As the platform grows, clients would be academic researchers producing content and measuring how children develop as a result of using the platform. In the last ten years, K-12 classroom education has gradually evolved into many digitized versions. The change is visible on the smooth transformation of blackboards to smart boards, markers to stylus pens, notebooks to laptops and tablets, and most recently homework assignments to game-based instruction have also started gaining a foothold in this market. According to **Technavio** 19, the higher education segment dominated the market in 2015 and accounted for more than 64% of the total market share. Educational institutions are making investments in badging systems to ensure that the students have competency-based credentials like digital badges so that the employers get to know about their proficiencies. Growing demand for specific skills among students will contribute to the growth of this segment in the coming years.
b) Geographical segmentation of the global education gamification market

- Americas (North and Latin America);
- APAC (Asia Pacific region);
- EMEA (Europe, Middle East & Africa);

The rapid growth of the gamification market can be attributed largely to the global e-learning market, one of the fastest-growing markets in the world thanks to increasing access to technology and government aid in emerging economies.

As the report *Global Gamification Market- Growth, Share, Opportunities and Competitive Analysis, 2016 – 2023* states, Americas comprised of the highest percentage share of the global education gamification market in 2014 and is expected to grow at a steady rate for the next five years. This is majorly due to the adequate infrastructure and increased adoption of technologies among educational institutes in the North America region. North America accounted for the largest market share in the global education gamification market during 2014.

The high penetration of advanced learning technology in education system across U.S. and Canada is fuelling the growth of the global education gamification market in this region.

Europe accounted for the second largest market share in the global education gamification market during 2014. The increased penetration of education gamification in higher education institute within Europe is driving the growth of the Europe education gamification market.

Asia-Pacific is expected to be the fastest growing market of education gamification during the forecast period, which is mostly driven by the increasing market penetration of education gamification in K12 schools. The higher education institution segment of education gamification in the Asia-Pacific education gamification market is also expected to witness significant growth during the forecast period.

Country wise, the U.S., the U.K., China, India, Canada, Japan, Germany, Italy, France, and Brazil are expected to hold a major share in the global education gamification market during the forecast period.
c) Segmentation by the type of games offered

- **Formal learning games** - The blending of game design and instructional design to create games with strong pedagogical integrity and alignment to curriculum.

- **Informal learning games** - The use of games to engage specific audiences whilst delivering learning outcomes and developmental goals.

- **Social learning games** - Games which put social dynamics at the heart the learning experience, driving reflection through competitive and collaborative play.

- **Hands-on learning games** - Kinesthetic and physical learning makes learning tangible, aiding the development of muscle memory and formation of mental models.

- **Complex learning games** - Using game's innate ability to model complex content and present information and systems in an understandable form.

- **Adaptive learning games** - In-game measurement, adaptation and AI systems allows our games to respond to the ever-changing needs of the audience.

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**TRENDS**

Greater amounts of data from real-world teaching scenarios in each country where it is being considered are needed before major overhauls of educational systems. Therefore, gamification will be a part of the future of education, but only after extensive pilot programmes show where it is most useful. Scot Osterweil, creative director of the Massachusetts Institute of Technology’s Education Arcade, calls the “four freedoms of play”:

- **The freedom to fail**: games allow mistakes to be made with little consequence;
- **The freedom to experiment**: games allow players to explore and discover new strategies and pieces of information;
- **The freedom to assume different identities**: games encourage players to see problems from a different perspective;
- **The freedom of effort**: games allow players to go through periods of intense activity and relative inactivity so that players can pause and reflect on tasks they have accomplished. To
this end, gamification can be broken down into individual elements, each of which brings specific advantages and disadvantages to educational processes.

Global Education Gamification Market to Grow at an Impressive CAGR of Over 68% Through 2020 has mapped out four trends toward growth in the global education gamification market: experiential learning, inquiry-based learning, the rise of digital badge credentials and improvement in game development engines.

- **Experiential Learning** - Real life problem solving and the replication of authentic situations through games allow students to participate directly in the learning process and has been shown to solidify theoretical concepts more effectively than traditional methods such as books and lectures.

- **Inquiry-Based Learning** - In an inquiry-based learning environment, educators encourage students to challenge and redefine theories. Interactive technology plays a significant role in helping students build curiosity and develop a critical approach to learning.

- **Digital Badges** - A digital badge, or micro-credential, is an indicator of skills and accomplishments earned in a school environment. It can be used as a motivator, proof of achievement, or to provide customized learning and monitoring opportunities. Credly, Open Badge Factory, Pearson Education, and Youtopia are examples of key vendors in the rising digital badge market. Technavio’s market research analyst predicts the global digital badges market in the education sector to grow at a high CAGR of more than 29% by 2020. Owing to the digitization of the education sector, several educational institutions have incorporated advanced technological learning tools to improve the management of learning for their students. Several K-12 and higher education institutions are investing in software solutions to improve content quality, enterprise resource planning systems, and credentialing systems. Educators are also digitizing the credentialing system by issuing digital badges to students to ensure better employment opportunities and improvement in the overall learning processes. Rising awareness about the functionalities of digital badges will positively aid in the growth of this market during the forecast period.

With constant modifications in their pedagogical paradigms, educational institutions are implementing newer learning and content delivery methods to encourage students. They are incorporating gamification features in lessons to increase student motivation and
participation. Besides awarding digital badges as part of gamification elements, institutions are also offering digital badges to validate the completion of various courses, participation in in-school and out-of-school events, and volunteering activities.

- **Improvement in game development engines** - The evolution of game design engines is allowing developers to spend more time building the games and improving nuances such as sound, animation, artificial intelligence, networking, and scripting. Better technology will bring smaller and medium-sized education gamification companies into the market with their innovative digital games.

The realization that immersive learning technology is crucial to student education has revolutionized the global education gamification market. All in all, this is good news. In 2017, gamification is already contributing to the education of thousands. It is improving the quality of student experience, and it will continue to do so.

### CUSTOMER CHARACTERISTICS

#### DEMOGRAPHICS

The demographic analysis has a goal to determine the most likely target group of customers that would show interest, and eventually purchase the product. In the following paragraphs, the **general segmentation** of the children in the UK will be presented more insightfully.

According to [The World Factbook](https://www.cia.gov/library/publications/the-world-factbook/) 21, the total population in the UK for the year 2017 is 64,769,452. The figure for children that are between the 0-14 age group equates to 11,351,486 of which 5,819,363 are male and 5,532,123 are female children. The gender ratio of children ages 0 to 14 in the U.K. is approximately 1.05 male child for every female child.

Another source, ([Population of the United Kingdom in 2016, by age group](https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates) 22), graphically showcases the population of the United Kingdom for the year 2016, by five year age groups from the most recent estimates for the mid-2016:
After the first six months of the year 2016, the chart allows to reach a couple of conclusions:

- The number of children in the age group ranging from 0-4 is 4,014,300.
- The number of children in the age group ranging from 5-9 is 4,037,500.
- The number of children in the age group ranging from 10-14 is 3,625,100.

CHILDREN IN SCHOOLS

In this segment of the document, the latest information regarding the number of children that attend school in the UK will be presented. The information in Schools, pupils and their characteristics: January 2017, states that there are a total of 8.67 million pupils in all schools in England. That is an increase of just under 110,000 pupils or 1.3% since 2016. Judging from the Tables provided on the Government’s website, some conclusions can be drawn:
Primary schools:

- Around 1,903,047 male and 1,830,075 female pupils from 5 to 10 years old, attend State-funded primary schools.
- Around 794 male and 670 female pupils, from 11 to 13 years old, attend State-funded primary schools.

Secondary schools:

- A total of 33,466 male and 32,778 female pupils, aged 5-10, attend State-funded secondary schools.
- A total of 850,900 male and 826,535 female pupils, aged 11-13, attend State-funded secondary schools.

Special schools:

- 28,291 male and 9,851 female pupils, from the age of 5 to 10, attend State-funded special schools.
- 22,252 male and 8,460 female pupils, from the age of 11 to 13, attend State-funded special schools.

Generally, the number of pupils in state-funded primary schools has risen - as it has since 2009, granted, at a slower rate than in recent years. In total, there are 74,500 more pupils more than in 2016, and 179,500 more since the 2015 census.

**INDEPENDENT SCHOOLS**

The British online newspaper, Independent’s 2015 article: Number of pupils attending independent schools in Britain on the rise, figures show reports that the Independent Schools Council (ISC), which represents the majority of independent schools in the UK (there are about 2,000 independent schools in the UK and the ISC represents 1,257 of them), has stated that the number of pupils at its schools was now at the highest level it has been since records began to be taken in 1974 – up from 511,928 last year to 517,113.
Pupils in ISC schools account for around 80% of the total number of pupils in independent schools in the UK. The UK independent sector as a whole educates around 625,000 children in around 2,600 schools.

The independent sector educates around 6.5% of the total number of school children in the UK (and over 7% of the total number of school children in England)

The Guardian’s 2015 article Private schools in UK attracting record numbers of students also supports the claims in the paragraphs above, adding that ISC independent schools are ranked among the best in the world and educate more than 500,000 children in the UK, of which 490,000 British residents are currently attending independent schools, compared with 491,000 in 2008. Furthermore, the average annual fee for an independent boarding school pupil is now £30,000, compared with £22,000 in 2008.

HOUSEHOLD INCOME CLASSIFICATION

This part of the research is reserved for the explanation and segmentation of the children by the social/financial/economic class their household belongs to.

LOW-INCOME HOUSEHOLDS

The lowest economically and financially stable families with children can have as little as £13 per day per person to purchase everything they need such as food, heating, toys, clothes, electricity, and transport, according to Child poverty statistics and facts. Moreover, work does not provide a guaranteed route out of poverty in the UK. Almost 66% of children growing up in poverty live in a family where at least one member works. According to another source/website What the indicators show: children, around 1.9 million children are living in households where no one is working. Two-thirds of them are in lone parent households, and in London, more specifically, the workless households in the inner areas of the city are much higher than elsewhere.
The briefing paper Poverty in the UK: Statistics 28 published by the UK’s House of Commons, portrays the upsetting reality in the years 2015/2016, where 2.7 million children were in relative low-income households before housing costs (BHC), up to 100,000 from the year before.

The chart also displays the trend of the children who lived in absolute low-income households, which was 2.3 million, approximately same as the previous year. 17% of children were in relative low-income households BHC.

**MEDIAN INCOME HOUSEHOLDS**

Households Below Average Income: An analysis of the UK income distribution: 1994/95-2015/16 29 elaborates on how the median income of £481 per week, is the standard measure of average income. The publication states that larger household families require a higher level of household income to achieve “similar” living standards as smaller families. This means in order to lie in the top half of the net income distribution, a couple with two young children would have to earn a combined net income of over £35,100.
The table also allows to draw a conclusion that in the years 2015 through 2016, a couple with two children, earning a combined annual net income of around £33,000 would lie in the bottom half at the income distribution and be considered to have less than average (median) household income, whereas the single individual with the same level of household income would sit above the 90th percentile of the distribution.

Joseph Rowntree Foundation’s report *A Minimum Income Standard for the UK in 2017* concludes that the families with children on out-of-work benefits are much worse off, typically having only around half the incomes they need to reach a minimum living standard.

**High-Income Households**

Lloyds Banking Group PLC published *You don’t need to earn millions to feel wealthy in the UK today* in November 2016, where some of the findings were quite interesting. People in the UK that feel wealthy, on average earn £65,810 and have a household income of £86,170.

The profile of the wealthy people in the UK are described as:

- 41% Female and 51% Male;
- Mostly aged between 25-34 (18%), 25-44 (20%), 45-54 (24%);
- Employed (59%);
- Married or in civil partnership (55%);
- Have a personal income of £66,810, household income of £86,170, the value of property estimated at £737,220 and asset value of £689,790;
- Most likely living in London (18&);
Most people say they are either financially ‘managing’ (36%) or ‘comfortable’ (37%) and just 2% of the UK population feel that they are ‘wealthy’. Those that do feel they’re wealthy are generally male (59%), 47 years old on average and significantly more likely than the national average to be in full-time employment (59% vs 36%).

Do more than a million Britons really earn more than £100k a year? Survey claims a raft of high-earners and that nearly 50,000 make over a £1m – an article that puts a 2016 survey by global currency business Centtrip in the spotlight, which claimed that an astonishing 1.2 million people in the UK are earning over £100,000 a year. This is just below 4% of the UK’s working population, which stood at 31.6 million in the first three months of the year, according to official figures. The number of those who said they earn more than £200,000 a year, is much smaller at 235,000, according to Centtrip’s survey of more than 1,000 people.

Meanwhile, the survey suggests the number of people saying they earn more than £1 million per year is about 47,000, adding that this is made of a growing number of wealthy people coming from overseas, to be found especially in London.

Non-retired households

The following information concerns the non-retired households in the UK since they are the ones that are most likely to have children. The chart below can be accessed on Nowcasting household income in the UK: financial year ending 2017.
The pattern of change since the start of the economic downturn has been very different for retired and non-retired households. While incomes of non-retired households remained higher than those of retired households in the Fiscal Year End of 2017, the growth paths between retired and non-retired household income have continued to differ since FYE 2008. The retired and non-retired households are also observed in the value of mean disposable income.

Since FYE 2013, the value of the mean disposable income has grown at a faster average annual rate for retired households (2.2%) than for non-retired households (1.0%). A number of factors have driven the consistent growth in the incomes of retired households since FYE 2008, such as private pensions or annuities.

The fall in average disposable income for non-retired households after the economic downturn reflected a fall in income from employment (including self-employment). Similarly, it is earnings growth at the household level, in part due to rising employment levels, which has been the main driver of the most recent increases in average income for non-retired households.
CONSUMER PREFERENCES

UK CHILDREN IN THE DIGITAL WORLD

Here, information regarding the gaming/entertaining devices, habits and preferences of the children in the UK will be showcased.

**PCs**

Spending time on video games, whether on a tablet, phone, console or a PC is a rising trend in the last couple of years and the people that enjoy them are from all age groups:

The chart taken from *Average time spent gaming weekly in Great Britain as of June 2014, by age in hours* \(^{34}\) presents the average time spent on video games on a weekly basis in Great Britain among individuals of various age groups. Among the 8 to 15-year-old gamers, 20 hours of gameplay were carried out weekly on average.

*Hours children spend gaming weekly in the United Kingdom (UK) from 2013 to 2016, by age group in hours* \(^{35}\) shows that the estimated number of hours’ children spent gaming weekly in the UK from 2013 to 2016 for children aged 12 to 15 is 10.7 hours in 2013 and 13.4 hours in 2016.
Children between the ages of 3 and 4 play a rather large amount of game hours at such a young age, with 6.8 hours per week recorded.

Video gaming platforms in recent years have increased in demand, especially in the younger generations. As technology advances, the price for electronic items is gradually decreasing. In light of the decrease of electronic devices, there are more gaming platforms offered at affordable prices. For the moment, PC’s are the most popular platform for the majority of dedicated video game enthusiasts, with a 5.6 million people making purchases for this platform in the year 2015.

**Tablets & Smartphones**

*Childhood 2016* 36, they showcase tablet ownership grew in popularity, by a staggering 50% in comparison to the previous year, with around 67% of the children in the UK having one of their own.

The company’s surveys are conducted on more than 2,000 children in schools across the United Kingdom, with children from the ages of 5 to 16.

Reportedly, YouTube has taken centre stage in the children’s lives, to become the place where they turn to for music, entertainment, games, TV programs, etc. Around a third, watch gaming content, vlogs/blogs and “how to” videos. 2016 is the year in which for the first time in the UK, tablet devices overtook laptops/PCs/netbooks as the main type of computer that children have in their homes.

Children in the UK also go online a lot more in their bedrooms, around 73% or three in four children have access to the Internet in their rooms, up from 63% or two in three from the previous year.

CHILDWISE’s report also states that most children use modern technology to learn and develop new interests. They usually spent an average of three hours per day on the Internet. Children also make good use of social networking websites, as that’s their preferred way to stay in touch with each other outside of school. Children in the UK are also just as likely to watch content on their mobile phone as on their TV set.

*Internet Matters* 37 has a goal to provide safety for children in the digital world, and in one of their reports they state that children aged 5 to 15 are more likely to both use and own a mobile phone
than in 2015, and four in ten (41%) now have their own smartphone. The increases in smartphone ownership are particularly evident for children in the age group of 8 to 11 (32% vs. 24%) and for children aged 12 to 15 (79% vs. 69%). As a result, although tablet ownership is higher than smartphone ownership up to the age of 10, the two are then fairly even until age 12, when smartphone ownership begins to outstrip tablet ownership.

UK TEACHERS AND GAME-BASED LEARNING (GBL)

How are digital games used in schools? advocates the use of video games in the educational curriculum of young children. The report conducted a survey of 500 teachers in 27 different European countries, one of which was the UK.

Whether or not they use electronic games in their teaching, the teachers surveyed express a real interest in their potential: 80% want to know more. Almost the same percentage of teachers already using games say they are interested in making greater use of them. 50% of the teachers who have not yet used them say they would be interested in trying them out.

Among the survey respondents, male and female teachers of all ages use electronic games in their lessons, both in primary and secondary schools. In the UK, the 58 teachers that responded to the survey, when questioned if whether they made use of game-based learning in their classes or not, 49 responded positive and 9 teachers said no.
The report graphically showcases the opinions of the teachers who do use games in their classes:

Interestingly, around 85% of the teachers included in the survey were interested in hearing more about other teachers’ experience, 86% said they are interested in games in schools, and 78% would like to make use of games in future lessons. Fewer than 10% thought that games have no place in schools.

The following table shows that the majority of the teachers that use video games in their teaching classes are teaching to primary school pupils (40%).

The second highest pupil group that has video games included in their school classes are the lower secondary education pupils (27%). The upper secondary education pupils follow with 22%. What can also be observed from the table, is that the two predominant age groups (36%) that uses games in their teachings are the teachers that have been teaching for 6 to 15 years and 16 to 30.
The main obstacles for employing game-based learning in schools is summarized in the table below, ranked from the highest to the lowest.

The top three obstacles, cost, and licensing, the timetable of the school and finding suitable games will be elaborated in greater depth in the following paragraphs:

- “Cost and licensing”, the highest ranked obstacle in the table above, was also mentioned very often in the open question as a reason for not using games. In fact, in most cases, respondents referred to insufficient computers available at school and lack of resources to buy new ones. The cost of software licenses was mentioned only occasionally.

- The timetable of the school, second highest ranked in the before mentioned table, was also mentioned by many teachers. In fact, three problems are covered by this. First, there is the fact that teachers have already a heavy job and don’t find the time to prepare the use of games. Secondly, there is not enough time available within the timetable, since a lot of topics have to be covered. And thirdly, it is difficult to fit the games into the timetable: either because the computer lab is not available, or because games (or parts/episodes/levels) last longer than a typical lesson.

- Many teachers stated that it was difficult to integrate games into the curriculum. This is linked to Finding suitable games and Inappropriate content in the table. It is often difficult to fit a particular game into a particular course, because of the way the course is structured and because the level of knowledge required and the vocabulary used within the game are not appropriate for a particular group of pupils, or because the games do not match the
course objectives very well. Many games also cut across several courses (given different teachers), which complicates matters, especially in secondary schools. A related concern is that many teachers think that there are no good games available for the courses they teach.

Even though there are plenty of obstacles that need to be cleared in order to make game-based learning the norm in every school class, several interrelated policy agendas are driving the interest in games-based learning in the UK, including: a focus on empowering young people and their families with the skills and knowledge to manage risks themselves and make the digital world safer; the development of higher-level skills for creativity and innovation; and the enhancement of learner-parent collaboration.

**DIGITAL GAMING IN FAMILIES**

*Computer Games and Learning* 40 a report that covers a plethora of issues related to video games and learning has one particular chapter that stood out: the chapter that expanded upon the games and what was learned from them in the confines of the families in the UK.

Over 558 parents or legal guardians that were included in the makings of this handbook, little less than half of them (45%) claimed that each family gaming session lasted between a half and a full hour, where 23% said the session was over an hour. **This suggests that understanding why games are played as a family and what they play may inform how games are used in formal learning environments.**

The handbook also claims that parents were more likely to play with primary school children (28%) than older children (8%). They were more likely to play puzzles and educational games with younger children (42% of 8-10 years old said they had played such games with adults in contrast to 22% of 11-15 year-olds), while adults were more likely to play fighting and adventure games with 11-15 year-olds (52% of 11-15 year-olds said they had played these games in the last six months with adults).

The parents were mostly playing puzzle and educational games with their younger children, around 42% of the children aged 8 to 10, said they had played such games with adults in contrast to the 22% children aged 11 to 15.
The elderly children in the age group of 11 to 15 years, preferred playing fighting and adventure games with their parents, 52% of the 11 to 15 year-olds said they had played these types of games with adults in the last 6 months.

On the other hand, the 3 types of games that children aged 11 to 15 enjoy the most are Active technology/fitness games (53%), Racing and other sports games (53%) and Fighting games (52%).

The handbook also states that about 72% of the parents or legal guardians played video games with their children for the child’s/young person’s enjoyment. Interestingly enough, around 49% of the young people asked why they play games with adults, children in both age groups 5-10 and 11-15, said because it was fun to play with an adult.
HOW MUCH ARE PARENTS WILLING TO PAY?

To determine the amount of money that parents are willing to pay for outside of school education based on gamification, a research was made for education expenses in UK and parent’s interest in outside of school education.

A good education doesn't come cheap, presenting information from HSBC survey conducted in 15 countries and territories, states that the average amount of money spent on education (between grade school until the end of an undergraduate degree) per child in the UK is £18,895 ($24,862).

A similar research was conducted by a company that can be considered an indirect competitor - EdPlace. Parents spend a staggering £6bn a year on private tutors – the summarized information on their blog states that over a quarter of all families in the UK are now using private tuition in addition to the formal education. If the average amount of money needed per child per year is £2,758 (£53 per week), it is estimated that UK families spend around £6bn a year on informal education. According to EdPlace’s survey, more than 1 in 4 parents use a private tutor, but 54% of the parents don’t use private tuition because it is expensive.

To summarize, if the reason that 54% of the parents don’t use informal education is the expensive service, and the online subscriptions are cheaper, it is safe to predict that the demand for game learning platforms will be higher than the demand for private tutoring.

PRIMARY RESEARCH

In order to better understand the market, a representative data sample is taken under survey. The elements of a sample are known as sample points, sampling units or observations.

Due to the aim of our research, we conducted a survey of 23 parents in the London area. These are parents with school going children between the age of 06 and 14. The survey defines the potential customers from different point of view: Parents earnings, Average number of children between ages 06 and 14, Average Tuition Fee and Interest in education games as a percentage of the respondents. From the sample of total 23 parents, here is the data:
1. Parent earnings

- There are 7 Parents earning up to £30,000 PA.
- 9 Parents earning £30,000 to 60,000 PA, and
- 7 Parents earning £60,000+ PA.

2. Average Tuition Fee – The Tuition Fee was researched, and the results are showing that no matter if there are boys or girls the fee is same, £2,500 PA.

- Average tuition fee for boys £2,500 PA;
- Average tuition fee for girls £2,500 PA;

3. Interest in education games as a percentage from the respondents – Each of the two questions below were answered with YES. The results presented below confirmed that interest for using games for education is bigger than 50%, but surprising is the fact that interest to pay for games is 59%.

- Interest using games for education - 65% Yes
- Interest in paying for games for education - 59% Yes

4. According to our survey, Average WTP per month is £10-14.
COMPETITION OVERVIEW

In order to identify the new business’ competitors, it is important to understand the different products on the market that qualify as alternatives or substitutes. In the UK, the gamification of education business segment is booming and considering the rapid technology growth and the many possible ways to get creative, there are many differentiated products (solutions). There are many platforms for class management and online learning, some companies offer solutions for schools, some companies offer solutions for home end users and homes, many companies create online educational games and many companies specialize in developing customized gamification.

Despite the many alternatives in the UK’s market, there is always room for innovative solutions with new competitive advantages, like the USP (unique selling point) of the business - Immersive multi-player platform that intuitively educates kids and allows collaboration (parents/teachers/students/schools).

After defining the business USP, it is possible to clarify the direct competitors – Direct competitors are companies in the UK or foreign companies that expanded in the UK and offer immersive educational gaming platform available on PC, Tablet and Mobile.

Once defined, the direct competitors on the market can be easily identified and analysed by using several criteria, such as product features, price, availability, end users etc.

The indirect competition is an important aspect of the business since it can easily become direct competition and enter the market the company is currently in. To define the indirect competition a broader view of the business’ market and industry is required so that the company can predict the possible competitors who currently don’t offer the same product on the market but could easily expand. For the client’s business, the indirect competition consists of all the companies in the UK that offer similar products and all the companies outside of UK (worldwide).

To estimate the number of competitors, a search on Google Play Store was made using the keywords gamification and education. The total number of available applications that appeared is 251. However, it should be noted that besides the platforms, other games and applications only are also included. Another aspect to be considered is that the IOS applications are not included.
Although the concrete number of companies that develop educational platforms is not available, this research shows that the business is entering a competitive landscape.

DIRECT COMPETITION

The direct competition defined in the previous chapter is identified, the biggest 10 competitors are chosen and furthermore analysed. To find the competitors, several lists from well-known websites were analysed, such as Best Sites - Online Learning for Kids, 20 of the best educational websites for children etc. After reviewing the suggested websites and deciding if they are relevant to be competitors, the 10 most popular companies with similar products were chosen. 6 of those are UK companies and 4 are located outside of UK but serve the UK market. Other websites like Similar Web and Owler were used to find more information about the competitors such as the year they were founded, their headquarters, estimated revenue and estimated number of employees.

UK COMPANIES

Company: Mangahigh


Product: Jabara, The Wrecks Factor, A Tangled Web, Flower Power, Transtar, Sundae Times etc.

Educational topics: Mathematics: Numbers, Algebra, Geometry, Measures, Data, Probability

Accessibility and Features: Accessibility: PC, Tablet, Mobile (Android, IOS, iMac, Windows, Chrome books) Features: Available multiplayer, teachers can assign task, review performance, available analytical tools to help identify student’s gap in knowledge

Competitive advantage: Offers Interschool maths competitions


Price: Basic version: Free, Premium Version: Price not available

End Users: Schools (Games are available online for playing for families)

Company: Code Kingdoms


Product: Code Kingdoms – software for coding

Educational topics: Computer science, programming
### Accessibility and Features
Features: Step-by-step video tutorials, Code Editor (to write Java code), can run the made code and watch it come to life in Minecraft – play your own game, others can be invited to join the game but no one can join without an invitation, measures and tracks progress,

### Competitive advantage
Offers the possibility to create your own game in Minecraft, even build games in games, it is safe, offers Minemum-a guide for parents and teachers, has a Learning Blueprint – a software to assure that every course has a clear logical progression of real computing skills.

### Market
Global Market, Traffic: USA – 42.68%, UK – 16.44%, Canada – 6.50%, Australia – 6.39%, Germany – 5.94%

### Price
Subscription for families – For 1 Month: £11.27, For 12 Months: £67.68, Lifetime: £142.88

### End Users
Schools and Families

### Company: Education City

#### Company info:
- Founded: 1999,
- Headquarters: Rutland, UK,
- Estimated Revenue (TTM): $6.2M,
- Estimated Employees: 65

#### Product
- Novabods, EducationCity – many games

#### Educational topics
- English and Literacy,
- Mathematics and Numeracy,
- Science,
- Computing

#### Accessibility and Features
Accessibility: PC, Tablet
Features: Different teaching approaches, personalized and independent learning, confidence building, tracking and monitoring progress, personalized revision, tests and automatic marking

#### Competitive advantage
Free resources for teachers, software that raises standards, save time

### Market
Global Market, Traffic: USA – 40.82%, UK – 33.54%, UAE – 8.30%, Canada – 3.25%, Peru – 2.30%

### Price
Novabods price for families - For 1 month: £3.95, For 3 months: £3.32 (per month), For 6 months: £2.66 (per month), For 12 months: £2.08 (per month)

### End Users
Schools and families

### Company: 2 simple

#### Company info:
- Founded: 1999,
- Headquarters: London, England

#### Product
- Educational games, books, coding tutorials, teacher app for tracking and monitoring

#### Educational topics
- English and foreign languages, literacy, mathematics, computing, art, science, history, music

#### Accessibility and Features
Accessible: Windows, Apple, Tablet
Features: Can track and analyse progress and create reports that can be shared with parents

#### Competitive advantage
Focus on children and teachers, well-known and experienced, award-winning company, many possible product packages
<table>
<thead>
<tr>
<th><strong>Market</strong></th>
<th>Global Market, Traffic: UK – 84.70%, USA – 2.90%, Australia – 2.23%, Ireland – 1.24%, South Africa – 1.12%</th>
</tr>
</thead>
</table>
| **Price**  | Purple Mash for schools – 1 year: £2 per pupil, 3 years: £5 per pupil, 5 years: £8 per pupil  
For families – 1 year: £200, 3 years: £400, 5 years: Free |
| **End Users** | Schools and families |
| **Company:** | **Busy Things** |
| **Company info:** | Founded: 2000, Headquarters: Derby, UK, |
| **Product** | Educational games, paint projects, writing projects, demos, widgets, interactive worksheets etc. |
| **Educational topics** | Mathematics, English, Literacy, Phonics etc. |
| **Accessibility and Features** | Accessible: PC, Tablet, Whiteboard  
Features: A profile for each child can be created, can be linked to the curriculums (English, Scottish, Australian), parental toolbar for guidance, |
| **Competitive advantage** | Offers adaptation of game’s difficulty to be adequate for the child, activities to suit all learner abilities and types, Quick technical support from an in-house, UK based team |
| **Market** | Market: UK, Australia  
Traffic: Not Available |
| **Price** | Subscription for families: £4.49 per month, £34.99 for 1 year |
| **End Users** | Schools and Families |
| **Company:** | **Canstudios** |
| **Company info:** | Founded: 1999, Headquarters: Sheffield, United Kingdom, |
| **Product** | Maths Practise |
| **Educational topics** | Mathematics |
| **Accessibility and Features** | Accessible: PC  
Features: Competition available – high scores published. |
| **Competitive advantage** | Add-free environment, high scores published, can use nicknames (no real name required) |
| **Market** | Market: Global  
Traffic: Not Available |
| **Price** | Currently free, only an account is required. Tools for parents and teachers will be added in the future, and then they will add charging fee. |
| **End Users** | Schools and families |
# COMPANIES OUTSIDE OF UK, THAT SERVE THE UK MARKET

<table>
<thead>
<tr>
<th>Company</th>
<th>3P Learning</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company info:</strong></td>
<td>Founded: 2005, Headquarters: Sydney, New South Wales, AU, Estimated Revenue (TTM): $2.7M, Estimated Employees: 131</td>
</tr>
<tr>
<td><strong>Product</strong></td>
<td>Mathletics, Spellodrome, Reading Eggs, Into Science</td>
</tr>
<tr>
<td><strong>Educational segments</strong></td>
<td>Mathematics, Spelling, Literacy, Science</td>
</tr>
<tr>
<td><strong>Accessibility and Features</strong></td>
<td>Accessible: PC, Tablet (offline) &lt;br&gt; Features: tracking progress, parents can assign activities, instant feedback, weekly progress reports, age-based</td>
</tr>
<tr>
<td><strong>Competitive advantage</strong></td>
<td>UNICEF partners, in-house designed platforms, platforms with learning techniques that satisfy school standards and requirements, independent learning</td>
</tr>
<tr>
<td><strong>Price</strong></td>
<td>Mathletics: 12-month subscription for families – 1 student: £59.00 &lt;br&gt; Spellodrome: Not available (Free trial available) &lt;br&gt; Reading Eggs: Not available (Free trial available)</td>
</tr>
<tr>
<td><strong>End Users</strong></td>
<td>Schools and families</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company</th>
<th>Houghton Mifflin Harcourt</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company info:</strong></td>
<td>Founded: 1832, Headquarters: Boston, Massachusetts, USA, Revenue: $1.5B, Employees: 4,500</td>
</tr>
<tr>
<td><strong>Product</strong></td>
<td>Curious World and many educational games for different ages</td>
</tr>
<tr>
<td><strong>Educational topics</strong></td>
<td>Alphabet, Science, Maths, Biology etc.</td>
</tr>
<tr>
<td><strong>Accessibility and Features</strong></td>
<td>Accessibility: iPhone, iPad, Apple TV – all IOS devices &lt;br&gt; Features: parent dashboard, browsing by age, tracking and monitoring progress</td>
</tr>
<tr>
<td><strong>Competitive advantage</strong></td>
<td>Preparing kids for the kindergarten, add-free environment, available online and offline, hands-on activities like crafting, cooking, science experiments etc.</td>
</tr>
<tr>
<td><strong>Market/Traffic by Countries</strong></td>
<td>Global Market &lt;br&gt; Traffic: Not Available</td>
</tr>
<tr>
<td><strong>Price</strong></td>
<td>Subscription for families: £7.56 per month or annual: £60.51</td>
</tr>
<tr>
<td><strong>End Users</strong></td>
<td>Families</td>
</tr>
</tbody>
</table>
The comprehensive analysis of the direct competition shows that the competitors offer very similar products: educational gaming platforms with differentiated features. Almost every company offers tracking and monitoring progress features and additional guides for parents and teachers. Regarding the educational topics that their games include, the most popular are mathematics,
literacy, and spelling. Other popular educational topics are science, computer science, problem-solving, health, geography etc. Competitive advantages vary between product advantages, such as customizing game difficulty and content, offering support and tutorials, offering private label devices, additional hands-on activities, platform synced with curriculums etc. to company advantages such as award-winning, satisfying school standards, implementing proved learning techniques, public donators to NGOs etc. As for the accessibility, many of the products are accessible on all devices, some are only on IOS device and only a few are accessible only on PC. The end users are schools and families. The prices for schools are not available, considering the quotations available, and the prices for families vary due to the package selected and all the companies offer a free trial, some also offer a free basic version. Regarding the market, the platforms are available online and therefore, the market is global. However, if website traffic is analysed, many of the UK companies have more traffic in the USA than in UK (Mangahigh, Code Kingdom, and Education City) except 2Simple that is the leader in web traffic in the UK with 84.70%. As for the companies with headquarters outside of UK, the leader in web traffic in the UK is Spellodrome with 53.66%, followed by Mathletics (23.17%), Reading Eggs (10.52%) and the only other website that is not owned by 3P Learning: LeapFrog with 10.42% web traffic in the UK.

The research also showed that the estimated revenue that was available for the three UK companies: Mangahigh, Code Kingdom and Education City varies between $497.8K and $6.2M. The Education City is the company that was earlier founded (1999) and has estimated revenues of $6.2M, and the Code Kingdom is newest on the market, founded in 2013 and already has estimated revenue of $3.9M. So it is safe to say that the companies are doing really well on the market.

INDIRECT COMPETITION

Regarding the indirect competition, the companies that can have indirect impact on the market are: public companies that offer similar solutions, such as CBeebies – a website with educational games for children by The British Broadcast Corporation, companies that offer substitute solutions, such as TutorHub – website that offers a selection of tutors that parents can choose from and children can learn from or EdPlace – a website that offers worksheets for children in different grades, companies that offer customized education gamification for schools such as Preloaded
– a company that offers to create different types of games ordered by schools or other enterprises. However, the indirect competition doesn’t have an impact on the current market share, but monitoring the indirect competition can help prevent surprise entrances of new direct competitors.

In conclusion, despite the competitive landscape on the market, the entrance for new entrepreneurs is easy if they offer creative solutions with new and advanced features. The competition analysis shows that with good effort, it is possible to become a market leader in a very fast time.

BENCHMARKING

The analysis of the close competition helped to identify the competitor’s competitive advantages and their strengths that result in business success. In today’s business world, the competition’s good work and progress can be used as an advantage. This section’s purpose is to identify the best practices in the competition’s business and analyze them in order to see if they are applicable to the client’s business. For the benchmarking, information from the competitor’s websites will be used, as well as additional information from the previous competition analysis. Below is a selection of the best practices identified in the direct competitors’ business.

• The Mangahigh’s platform feature: Assign activities, Review performance and Differentiate Instruction. This feature allows teachers to assign activities separately to each student or assign group activities and track each student’s progress. The best part of this feature is the powerful analytical tool that is able to identify a gap in the student’s knowledge and help the teacher to assign the appropriate task. Another good practice of this company is interschool maths competition that students can participate in.

• Code Kingdoms competitive advantage can be used a best practice example. The company offers video tutorials and allows the children to code their own game and play it, even invite friends to play to game together.

• Education City offers tests to measure the progress and automatic tracking so children can independently learn by correcting their mistakes.

• 2 simple is a company that focuses on parents and teachers as well, offering a separate software designed for teachers to help them track and monitor progress by observing - 2BuildAProfile.
• **Busy Things** is a great example for dedication to cooperate with the school system – the software can be linked to the curriculum. Other good features of this company’s software are the possibility to adjust the game difficulty and a profile for each child can be created, for schools and families as well.

• **Canstudios** doesn’t offer features for tracking and measuring progress or any other additional features currently, but they have a good practice of publishing the high-scores on their webpage.

• **3P Learning** – The company that offers 4 different platforms (Mathletics, Spellodrome, Reading Eggs and Into Science) offers many of the features other companies offer: tracking and monitoring progress, weekly reports, guides for parents and teachers etc. But what makes them different is their donating practice and partnership with UNICEF.

• **Curious World**’s unique solution is the idea to offer children hands-on activities where they can play and learn without using any devices.

• **Arcademic Skill Builders** has acknowledged the importance of motivation and offers student achievements and power-ups, as well as customizable game content.

• **LeapFrog** can be used for benchmarking for their original idea to develop their own gaming devices.

All of the above described best practices can be used in the client’s company in order to make the product even better and offer the customers everything the competitors offer and more.
INTERNAL ANALYSIS

After analysing the external factors that can impact the company’s work, it is of essential meaning to analyse the internal factors in order to fully understand the company’s business. The aspects that need to be analysed are the business model of the company, the strategic decisions concerning the product/service, done by 4P analysis (product, price, promotion and place), the process workflow, the organizational structure of the company and the unique selling point of the business.

The internal analysis will focus on creating a precise picture of the company and product, will explain the reason this business is entering the market and what will it offer, as well as how it will operate.

BUSINESS MODEL

The business’s main purpose is to offer children a new way of learning: learning while playing games. Since the basic teaching techniques have become boring and less effective, the new gamification learning method is a new alternative that offers a creative and innovative solution to the learning problem.

The business’s value proposition is an immersive multi-player platform that intuitively educates kids and allows collaboration. One of the key features of the business is the multiplayer option and the tracking and monitoring progress feature, that parents and other end users can keep a record of the child’s progress and development, and identify gaps in knowledge that can later be addressed.

The direct consumers are 6-12 years old children who will use the game learning platform; indirect consumers/end users are the parents who purchase the platform and later, the business will offer a B2B advanced platform for schools and academic researchers as end users.

The platform will be accessible on all devices: PC/Laptop, Tablet, Smartphone and Gaming console, which offers many alternative uses. It will be available for families by standard subscription, a subscription that includes micro-economy in-game and a closed network subscription for business end users. Considering the nature of the business, the only possible distribution channel is digital.
MISSION & VISION

**Mission** - Resolutely remaining faithful to our commitment to producing unparalleled educational experiences based on highly engaging, pedagogically exceptional content, we're dedicated to creating new and imaginative ways of delivering curriculum content.

**Vision** - The aim of our software is to create a space where children can learn while being creative, using the technology and tools they will have to use for the rest of their lives. We take difficult concepts and make them accessible to children of all abilities.

MARKETING PLAN - 4P ANALYSIS

The marketing plan elaborates the marketing mix (4P – Product, Price, promotion and Place). It should be compatible with the company’s mission, vision and strategy. The marketing plan offers analysis of every element of the marketing mix and a strategy for each element so that the goals can be achieved. The best method for implementing the marketing plan is choosing the IMK (Integrated Marketing Communications), which is an advanced communication method that allows two-sided communication (business to client and client to business) and its purpose is to synchronize the marketing mix in order to send a strong and consistent promotional message to the potential client.

PRODUCT

The product is an immersive educational gaming platform for children that intuitively educate children while playing interesting games. The product positions as a premium, technology advanced educational platform that offers a great learning experience for children. This product’s positioning is both functional and experiential; the functional positioning concept can be identified in the many benefits presented as concrete platform features that the product offers, and the experiential positioning refers to the unique fun experience that the product offers for children as direct product consumers.

The product is differentiated; it will be available on 3 levels:

1. Standard platform subscription
2. Subscription for a micro-economy in-game
3. Closed network subscription (B2B)

The product’s differentiation allows different groups of end users to be satisfied, offering the standard subscription for families that are only interested in the basic version of the platform, subscription for a micro-economy in-game for passionate children and parents who are interested to satisfy children’s curiosity and closed network subscription to satisfy a business target segment: schools and academic researchers.

**PRICE**

Considering the differentiated product, the price is **adapted to the different offers**:

2. Price for a subscription for a micro-economy in-game - 50p - £1.00 per item.
3. Price for closed network subscription (B2B) - £49.99 per month/per user.

If the price for standard platform subscription is compared to the prices of the direct competitors analyzed in the competition chapter, the price is set under the average price (£10.33), but in the average price range (£3.95 - £16.7). It should be noted that the average price and price range are calculated based on 7 competitor’s prices for standard subscription.

It can be concluded that the prices for the first offer are set on the **average price level**. The prices for the second and third offer cannot be compared to the competitors’ prices since the competitors’ prices for closed network subscription are determined by a quotation and none of the competitors offers a subscription for a micro-economy in-game.

The price analysis above is set on the **competition based pricing method**. Other pricing methods include cost-based pricing and customer-based pricing.

The price strategy should be consistent with the company’s strategy that comes from the company’s mission and vision. There are a few possible pricing strategies, each one of them adequate for achieving a different goal and suitable for a different kind of business.
Another price analysis can be made by analyzing the pricing strategy. The alternative pricing strategies are pricing at a premium, pricing for market penetration, price skimming, economy pricing, psychology pricing and bundle pricing.

**Psychology pricing** – a strategy used to encourage customers to respond to emotional levels rather than logical ones. It is suitable for customers that are price sensitive and can be used in the business for determining the price of the standard subscription offer. This strategy will be used for fixing the business’s prices for the standard subscription offer (price set at £9.99 per month/per user and not on £10) and the closed network subscription offers £49.99 per month/per user and not £50, so that the price-sensitive customers can be encouraged in purchasing.

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**PROMOTION**

The business’s main focus is ensuring that there is an unsatisfied business segment that can be targeted and offered the company’s product. At a later stage in the business development, a brand and logo will be registered.

The marketing effort at the beginning will be mainly put on raising awareness of the product’s existence and at a later stage, raising brand awareness and brand loyalty.

In order to achieve the company’s **promotional goal: to raise awareness of the product**, the company’s strategy is to use integrated marketing communications and use Cross-functional strategic approach and interactivity. The following **promotional activities** will be done in the begging of the promotional campaign:

- **Company/product showcase** – The idea is to present the company to the targeted audience; since the target market is concretely defined, it is easy to identify and contact the possible potential customers and invite them to the open company’s showcase.
- **Gaming conventions** - For this purpose, **MVP** (Minimum Viable Product) – a service that Hackathon offers can be used to create a version of the product/website with sufficient features to satisfy early adopters. This is a way for the potential customers to become more familiar with the product that can ideally result in later interest in purchasing the product.
• **Cosplay Events** – This kind of events are considered very popular and the cosplay (a contraction of the words costume and play) is a proven concept that young people, especially children, enjoy. The cosplay gives a certain personality to the event and gives attendees the opportunity to tell a story about their fans.

These activities can be easily organized and would cost less than media advertising. To ensure that the events have many attendees, the company can use online advertising on websites and advertisements on applications that the target audience is present on, email marketing for B2B, social media and guerilla marketing.

As mentioned above, after the first promotional goal is achieved, **the second goal is to raise brand awareness and increase customer loyalty.**

For this purpose, the target audience will be expanded by adding companies as potential customers and the product will be registered under a **brand and a unique logo** will be created. The brand and logo can help people associate the product with the company and increase loyalty since people have a habit of being loyal customers to well-known proven brands.

This goal can be achieved by using the **software release life cycle** as a way to promote the product. The software release life cycle consists of 4 stages: Pre-alpha, Alpha, Beta (open and closed) and Release candidate. The third, Beta phase, is the phase when the unofficial product is released to the public for use and testing. This version of the software has all the features the original version has but may contain bugs and problems that interested customers who will test the software will report them to the company. The open beta refers to a public release for anyone interested, while closed beta refers to release to a restricted group of individuals for a user test by invitation.

The beta release strategy is very popular and used by well-known global leaders such as Google, Apple, Microsoft, etc. and can give positive results and free feedback from potential customers that can be used to improve the product’s final version.

Additionally, the interested test-users can be rewarded by offering them a subscription discount of the final product.
PLACE

The last P of 4P – the place, refers to the product’s distribution channels. The nature of the business – a software platform, makes the distribution channel analysis unconventional.

The only possible marketing distribution channel for the educational gaming platform that can be used is the digital marketing channel that can include many small alternative marketing/distribution channels. These alternative marketing channels can be categorized:

- **Direct marketing/distribution channel** – The direct subscription that will be available on the company’s website is the shortest marketing channel with no involvement of other intermediaries.
- **Indirect marketing/distribution channel** – Another option for effective distribution of the platform is to use intermediaries – app stores where customers can download the application. Besides the distribution function, this channel also offers promotion.
- **Other marketing/distribution channels** – The technology and internet offer various possibilities that can ensure easy access, high ROI (Return on Investment) and high installs volume. There are many tactics that can be used, such as optimizing the website for discovery through traditional search engines and then convert website visitors to application downloaders, pre-loads, pay-per-installs, mobile social networks for gamers that let users download a certain number of games for free, etc.

PROCESS WORKFLOW

The process workflow of the company helps to see the bigger picture and understand all the work stages of the activities that each stage includes. To get the business up and running, there is a lot of work that needs to be organized and done orderly. Below is presented the company’s process workflow in 8 stages, each stage containing the necessary activities that need to be done in order to go to the next stage.
Once the product is theoretically defined, it is of essential importance to create a pre-final version that can be tested on a small test market in order to identify the possible errors and improve the product before the final version is launched. After the Beta version is created, it is important to decide on how it will be presented to the interested customers for testing and how will the potential testers identified and invited to join the closed Beta version testing. After the decisions are made and the events are completely planned, the closed Beta version can be released for testing, followed by the open Beta version available for testing for everyone interested. Although today many companies treat the Beta version as an official software version and they leave it on the market for a long time, it is very important that the official final version of the platform is created soon, because the tester’s feedback and the resolved bugs can improve the platform and make it more attractive on the market. After the final version is completely done, it is time to focus on the brand and logo design and register them as soon as possible. When the brand and logo are done, the platform can be launched and the business’s entrance on the market will be official. As a new product on the market and a product in the early stages of the product cycle, the platform will need an additional promotional push, so it can survive the market. The integrated marketing communications strategy’s concept is to integrate every separate strategy (product, price,
promotion and place) with the same promotional message to the customers so that there will be no mixed signals and a synergy is achieved. The marketing/distribution channel’s strategy must be a part of the IMK and chosen wisely. The most important phase that is of crucial meaning to the product’s success on the market is the constant maintenance and improvement of the platform.

**ORGANIZATIONAL STRUCTURE**

The business’s organizational structure will be fully agile. This means that the company will work with extremely reduced structural hierarchy, with a cross-functional, self-organizing and empowered team. Every team member will be responsible for the delivery of the product from design to completion.

The company will be operated by the C-Suite team that will practise lead management for the small agile teams. In order to become a member of an agile team, the employee must have general knowledge of the company’s work and many skills in the field – to be a generalizing specialist.

The agile structure means that employees will work as collaborating partners towards common goals and outcomes, but ultimately independent in action. This organizational structure will create a strong pro-active company that is positioned to adapt to the changing needs of the customers and changing the environment. The team member’s accountability and authority will create a team that understands the company’s goals is willing to work hard to achieve them. This will result in a strong and healthy organizational culture with meaningful values.

The company’s C-Suite team will consist of CEO S. Zahid, CTO C. Hewitt and COO that is about to be employed.

The agile team that will work at the beginning and will later expand initially will consist of V. Nguyen as Head of Production, with Head of Development and Child Psychologists roles yet to be filled.
- The CEO – Mr. S. Zahid will be responsible for the company’s strategy implementation, building and leading the executive team and allocating capital to the company’s priorities.

- The CTO – Mr. C. Hewitt will be responsible for the company’s technologic development, deciding on the possible implementation of leading-edge technologies and deciding the necessary technology budget.

- The COO’s responsibilities will include overseeing operations of the company and the work of executives, designing and implementing business operations and establishing policies that promote company culture and vision.

- The Head of Production will be involved with the planning, coordination and control of manufacturing processes, will be responsible for the product’s efficiently production, meaning that the correct amount is produced at the right cost and level of quality.

- The Head of Development will be responsible for the overall product development from the initial to the last stage and will provide help and leadership to the team.

- The Child Psychologists will have a big role in main decision about the platform’s features and will be responsible for implementing learning theories in the game platform.
SWOT ANALYSIS & RISK MANAGEMENT

SWOT ANALYSIS

SWOT Analysis is a useful technique for understanding your Strengths and Weaknesses, and for identifying both the Opportunities open to you and the Threats you face. SWOT stands for strengths, weaknesses, opportunities, and threats. Strengths and weaknesses are internal factors. Opportunities and threats are external factors. A strength is a positive internal factor. A weakness is a negative internal factor. An opportunity is a positive external factor. A threat is a negative external factor.

STRENGTHS

Strength is an internal factor. These are things which can be controlled by the company itself. These things will help the business to run smoothly. Strengths allow the business to operate at its optimum level. Generally, the aim of a SWOT analysis is to discover a way to matching the entity’s strengths with the opportunities, overtaking its weaknesses and minimizing the threats. In the following paragraphs, we defined strengths for the educational gamification platform based on the external analysis findings presented above.

- Game design/development and finance services experience - 25 years programming experience for financial services (low latency, high throughput). 15 years DevOps experience. MBA. Game design/development experience. Passionate education-its.

- A new, innovative product where family and teachers will be involved in child development. Tracking the child development is crucial for every parent, and helps in order to define child’s strengths and weaknesses in different areas of education.

- Games can support collaboration, problem-solving and communication in learning communities. Digital games meet the needs of “digital natives”, learners who have grown up with technology. Games often provide instant feedback and reward as students’ master activities or levels and give students ownership and control of their own progress. That is the reason for the gamification in the classroom nowadays.

- Develops a highly engaged environment where students can redefine, evaluate and enhance their skills by playing games that challenge them. Students are often engaged
when learning through games. Games are designed to have the appropriate balance between success and frustration in order to keep players motivated to persevere

- **Increasing computer literacy** - Integrating game-based learning into the curriculum allows for increasing computer literacy skills, problem-solving skills and real-world applications.

**OPPORTUNITIES**

Opportunities are an external factor. The business has no control over this matter. They tend to happen because of external reasons. For this reason, there was made an external analysis that pointed the specific factors and its influence. Political, economic, social or even technological reasons may give rise to opportunities.

- **Stable political environment and a strong economy** - The conclusions of the PEST analysis are positive; the political environment is characterized by a stable and independent legal system and free and well-known governmental regulations. As a politically stable country, the UK’s economy is strong, with relatively high and stable income, despite the small depression of consumer pricing in the years 2015 and 2016.

- **E-learning is growing the industry and Education gamification as its sub-segment** - were analyzed and the trends and forecasts showed that it is a growing industry, with gamification of education as a relatively new but popular sub-segment. The global market for gamification is estimated to reach (**£4.14 billion**) in 2018, and the gamification market in EMEA is expected to grow at a CAGR of over 45% with the majority of the revenue in EMEA being generated in Western Europe, with UK and Germany being the leaders in growth.

- **There are no barriers for entering the market** - Gamification, as is conceptualized, does not show these high entry barriers: it relieves the designer, who doesn’t have to create complex game worlds from scratch, but can count on a set of limited elements that can be applied through different situations.

- **Technology is the driving force in UK’s economy** - One specific tech sector that has proven its worth is ed-tech (education technology). According to **London & Partners and EdTech UK**, ed-tech is one of the fastest growing tech sectors in Britain with a global worth
of £45bn – a number that is set to reach £129bn by 2020, and the country has a high-quality education system.

- Demographic analysis shows that the **targeted age segment has the capacity to consume the potential education platform**. The demographic analysis showed that the targeted age segment (children of 6-12 years) is a sub-segment of the 0-15 years’ age segment in the UK, which makes 17.7% of the UK population, and the adults who will actually purchase the product are categorized in the 16-64 age segment, 63% large.

- **Lack of a platform that truly addresses educational needs** – There are not enough Educational Gaming platforms that can meet the needs of the people in the 21st century and brings in social elements (families/teachers) to all be involved in child development.

- **Provide opportunities in educational research** - Platform collected data could be used **as a source for academic research**. The target market consists of children between the ages of 6 and 12 whose parents cover tuition, with a possibility of growing and developing into information platform for academic researchers producing content and measuring how children develop as a result of using the platform.

**Strengths**

- Game design/development and finance services experience.
- An innovative product where family and teachers are involved in child development.
- Games can support collaboration, problem-solving and communication in learning communities.
- Develops a highly engaged environment.
- Increasing computer literacy.

**Weaknesses**

- Talent sourcing.
- Lack of marketing expertise.
- Games contribute to the growing problem of childhood obesity.
- Significant front-end time commitment involved in familiarizing students with programs and technology involved with a particular game.

**Opportunities**

- Stable political environment and a strong economy.

**Threats**

- Schools and parent groups may have ethical issues regarding potential partnerships between educational groups.
• E-learning is growing industry.
• Technology is the driving force in UK’s economy.
• Demographic analysis shows that the targeted age segment has the capacity to consume the potential education platform.
• There are no barriers to entering the market.
• Lack of a platform that truly addresses educational needs.
• Provide opportunities in educational research.

• Parental concerns over school time being filled with gameplay.
• Competitor’s features are changing fast.
• Games don’t fit well on a timetable.
• It is a difficult and costly process for schools, students and teachers to keep up with new information and games.

RISK MANAGEMENT

Risk analysis is the systematic study of uncertainties and risks we encounter in business, engineering, public policy, and many other areas. Risk analysts seek to identify the risks faced by an institution or business unit, understand how and when they arise, and estimate the impact (financial or otherwise) of adverse outcomes.

The purpose of the risk management section is to look at the weaknesses and threats of the business more closely, view and assess the risk of failure, as well as provide possible solutions on how to avoid them if possible. The probability of the “risk” occurring, will be rated on a scale to 5, with 1 being the lowest and 5 the highest grade. The risk’ impact on the business will be rated in the same manner. When the risk probability and impact values are multiplied, a total risk value is gained. The total risk value presents the intensity of the risk it has on the business, where 25 is the highest and 1 is the lowest value. The following paragraph consist table for risk management created with assumptions based on your requirement. The project was for opening a start-up that will create Educational Gamification Platform in London, UK.
<table>
<thead>
<tr>
<th>Risk</th>
<th>Probability</th>
<th>Impact</th>
<th>Total</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent Sourcing</td>
<td>4</td>
<td>5</td>
<td>20</td>
<td>Risk Acceptance</td>
</tr>
<tr>
<td>Creating a talent pool depends on the budget that startup is having. Talent pool categories enable you to refine the definition of a Talent Pool. Defining a talent pool specifically for defining Key People allows you to create person-based succession plans for the talent pool members, and creates a search base for person-based succession plan definitions. This process is a high sized risk for the startup, which means it could reflect negatively on the business. The risk is directly connected with the Platform’s quality and products promotion. The both of the teams (quality and Marketing team) should be chosen right. It is always an option to use the traditional and modern style in recruiting such as finding a platform and creating community, social media as a powerful and cost-effective way to foster the talent pools, sending the application in form of videos and etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of marketing expertise.</td>
<td>5</td>
<td>5</td>
<td>25</td>
<td>Risk Mitigation</td>
</tr>
<tr>
<td>This is high risk for IT startup. Many reports on business failures cite poor management as the number one reason for failure, which is the reason that this risk can reduce business efficiency. New business owners frequently lack relevant business and management expertise in areas such as finance, purchasing, selling, production, and hiring and managing employees. To remedy the problem, small business owners must educate themselves on skills they lack, hire skilled employees, or outsource work to competent professionals. Neglect of a business can also be its downfall. Care must be taken to regularly study, plan and control all activities of its operations. This includes the continuing study of market research and customer data, an area which may be more prone to disregard once a business has been established. Also, many businesses become over-ambitious and go for extreme marketing campaigns that are not necessary for their business type. This leads to depletion of funds, which can be used for other purposes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Games contribute to the growing problem of childhood obesity.</td>
<td>3</td>
<td>4</td>
<td>12</td>
<td>Risk Avoidance</td>
</tr>
<tr>
<td>-------------------------------------------------------------</td>
<td>---</td>
<td>---</td>
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<td>----------------</td>
</tr>
<tr>
<td>This is an understandable risk that can be avoided, knowing the fact that Tech development has influence in all areas of life, so does have classrooms too. Most current games involve sitting at a computer or console rather than being active, which may contribute to the growing problem of childhood obesity. About childhood obesity, can be individually different, so their parents will have the main role for their kid’s health. A study by He, Piche, Beynon and Harris (2010) reported that Canadian children spend an average of 3.3 hours per day in screen-related activities, which may contribute to the growing problem of childhood obesity.</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Significant front-end time commitment involved in familiarizing students with the platform.</th>
<th>3</th>
<th>4</th>
<th>12</th>
<th>Risk Avoidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>This type of risks is acceptable with good business tactics by the management team. There may be a significant front-end time commitment involved in familiarizing pupil with programs and technology involved with a particular game. To avoid this risk, the educational platform could be made simple to use and designed according to child growth and capacity.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The relationship between school-parent groups-education groups.</th>
<th>5</th>
<th>4</th>
<th>20</th>
<th>Risk Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>This risk could not be avoided because depend on many external factors in the society. Schools and parent groups may have ethical issues regarding potential partnerships between educational groups. Social and ethical issues surrounding the content of some games that may be deemed objectionable. Games may become too competitive, thereby undermining the educational benefits of the experience.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Parental concerns over school time being filled with gameplay.</th>
<th>3</th>
<th>3</th>
<th>9</th>
<th>Risk Avoidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>This type of risk may be avoided if your marketing team take care to point the potential clients all useful tips and features that are included in the educational platform, so parents won’t be confused or disturbed by the idea of gamification.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Competitor’s features are changing fast.</th>
<th>3</th>
<th>3</th>
<th>9</th>
<th>Risk Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The platform must be updated constantly and follow the Tech trends. Even your product is new innovation on the market there are still other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
similar platforms that are competing to gain greater market share. In order to stay in a game, it is crucial to follow the current trends and to research the market regularly.

<table>
<thead>
<tr>
<th>Games don’t fit well on a timetable.</th>
<th>2</th>
<th>3</th>
<th>6</th>
</tr>
</thead>
</table>

**Risk Avoidance**

It’s hard to determine how long it will take a student to accomplish sub-goals and ultimately finish a game, which can pose a problem for teachers wanting to outline how long classroom units should take. While we could set a deadline for when students must end the game and move onto a new unit, we also run into the problem of students feeling discouraged from not successfully finishing a game. If we allow students to stay in a game until they finish, we run the risk of some students falling behind others. It also creates much more for the teacher to keep track of.

<table>
<thead>
<tr>
<th>Adding the platform like process means the new cost for schools, parents, and teachers to keep up with new information and games.</th>
<th>3</th>
<th>4</th>
<th>12</th>
</tr>
</thead>
</table>

**Risk Mitigation**

This risk can reduce the startup profitability, but this depends on external factors such as society, economy, and educational system. In the UK these factors are favourable, so the risk may not be on a high level.
FINANCIAL PLAN

A financial plan is a comprehensive evaluation of an investor’s current and future financial state by using currently known variables to predict future cash flows, asset values, and withdrawal plans. These metrics are used along with estimates of asset growth to determine if an entity’s financial goals can be met in the future, or what steps need to be taken to ensure that they are. In the following paragraphs, each section of the financial plan will be separately detailed and thoroughly explained. The financial plan will cover the income statement, the cash flow statement, costs, break-even analysis, and the balance sheet. 12 months for 5 years projection has been made.

Firstly, we will present the general assumptions:

- We set the sales projection for to 12 months of sales for 5 years. The average number of sold Gaming Titles for B2C for the first year will be 1,500, and the average number of sold Gaming Titles B2B for the first year will be 3,000 as a beginning target.
- The sales target will be to achieve a hit rate of 20% a year of year.
- The Direct cost for the services refers to the direct costs attributable to the production of each service and the direct salaries of the employees who maintain the software. In our case, we assume that the cost of sales will participate with around 5% in the price.
- For now, our plans are to have 8 employees in overhead with an average salary of £80,000 of a year.
- The Rent and other Administrative expenses will be around £6,000. Which is not a big percentage of the total expenses.
- Otherwise, the Marketing & Sales expenses will take bigger percent – 20% of the total costs.
- Also, for each year in an average around £120,000 has been planned for Research and Development.
- For now, we have just plans for investing in the first year. And the depreciation period for the software and the licence will be 5 years, and for other equipment and computers will be 2 years.
INVESTMENT AND CAPITAL EXPENDITURES

In an economic sense, an investment is the purchase of goods that are not consumed today but are used in the future to create wealth. In finance, an investment is a monetary asset purchased with the idea that the asset will provide income in the future or will be sold at a higher price for a profit.

In our business, we have planned to invest £130,000 first year. All the necessary investments are presented below.

<table>
<thead>
<tr>
<th>Total Investment</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computers - PC's</td>
<td>5,000.00</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>5,000.00</td>
</tr>
<tr>
<td>Creating the Software</td>
<td>100,000.00</td>
</tr>
<tr>
<td>License for game and graphic development software</td>
<td>20,000.00</td>
</tr>
<tr>
<td><strong>Total Investment</strong></td>
<td><strong>130,000.00</strong></td>
</tr>
</tbody>
</table>

The software and the Licence are a bigger investment so they will be depreciated at 5 years, and the computers and the office equipment will be depreciated on 2 years.

Additional £420,000 will be needed for working capital. The working capital is necessary for the efficient operations workflow, providing the company with liquidity. So the Total capital expenditures for maintaining the business are £550,000. Out of the total £550,000 are initial capital from the founder and the other £500,000 will be acquired through seed funding from investors.

INCOME STATEMENT

An income statement is a financial statement that reports a company's financial performance over a specific accounting period. Financial performance is assessed by giving a summary of how the business incurs its revenues and expenses through both operating and non-operating activities (direct and indirect costs). It also shows the net profit or loss incurred over a specific accounting period.
The income statement will begin with displaying the anticipated total revenues the business will earn £1,980,000 in the 1st, £2,376,000 in the second, £2,851,200 in the third, £3,421,440 in the fourth and £4,105,728 at the fifth year of operating. The sales target will be to achieve a hit rate of 20% a year over year which is implemented in this Profit and Loss Statement.

<table>
<thead>
<tr>
<th>Profit &amp; Loss Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenues</strong></td>
</tr>
<tr>
<td><strong>1st year</strong></td>
</tr>
<tr>
<td><strong>Direct cost:</strong></td>
</tr>
<tr>
<td><strong>Direct costs for Gaming</strong></td>
</tr>
<tr>
<td>Titles B2C</td>
</tr>
<tr>
<td>Titles B2B</td>
</tr>
<tr>
<td><strong>Total Direct Costs</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>% of Revenues</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Indirect cost:</strong></td>
</tr>
<tr>
<td><strong>Salaries</strong></td>
</tr>
<tr>
<td><strong>Rent &amp; Other Administrative expenses</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Marketing &amp; Sales expenses</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Research And Development</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
</tr>
<tr>
<td><strong>Total Overheads</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Earnings Before Interest &amp; Tax (EBIT)</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>% of Revenues</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Interest Expenses</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Earnings Before Tax (EBT)</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Less: Corporate Tax</strong></td>
</tr>
<tr>
<td>19.0%</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
Our income statement showcases the direct costs that are necessary for the making of the educational games. We assumed that the direct costs of developing an educational game would be £9,000 for a B2C title and £90,000 for a B2B gaming title for the first year. Because of achieving the target of 20% increase of the revenue this implicates on the direct cost too with 20% increase each year up to £18,662 for a B2C and £186,624 for B2B at the 5th year. After adding together those costs, the figure that we’ll get will represent the total direct costs for that particular year, £99,000 for the first following up to the 5th year with £250,286.

Subtracting the total revenues per year with the total direct costs will equal the gross profit for that particular year, meaning £1,881,000 for the 1st year up to £3,900,442 for the fifth year. The % Gross Revenue is 95%.

The indirect costs represent the costs that are not directly connected to the production of the final product of the business, games made for learning in our case. Our business recognizes the indirect costs for salaries, rent and other administrative expenses, Marketing and Sales, Research and Development, as well as depreciation. Once those indirect costs are added together, the total overhead expenses will be established. Those overhead expenses are the expenses that the business must cover, no matter if the business does or does not possess the necessary financial funds.

Earnings before interest & tax (EBIT) is an indicator of a company's profitability, calculated as total revenues minus total direct and total overhead expenses, excluding tax and interest. For the forecasted period of 5 years, the Earnings before Interest & Tax are estimated at £46,800 for the first year.

Lastly, the net income is calculated by subtracting the yearly income tax (19.0%) from the earnings before tax. The net profit prognosis for the forecasted period is that the business will function with a surplus of £37,908 in the first year, and meaningfully will increase each next year. The second
The cash flow statement details the amount of cash and cash equivalents entering and leaving a company. The CFS also allows investors to understand how a company's operations are running, where its money is coming from, and how it is being spent.

### Cash Flow Statement

<table>
<thead>
<tr>
<th></th>
<th>1st year</th>
<th>2nd year</th>
<th>3rd year</th>
<th>4th year</th>
<th>5th year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income</strong></td>
<td>37,908</td>
<td>342,630</td>
<td>712,346</td>
<td>1,151,146</td>
<td>1,677,706</td>
</tr>
<tr>
<td><strong>Interest</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Cash Flow from Operating Activities</strong></td>
<td>37,908</td>
<td>342,630</td>
<td>712,346</td>
<td>1,151,146</td>
<td>1,677,706</td>
</tr>
<tr>
<td><strong>Sale of investments</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Investment</strong></td>
<td>550,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Cash Flow from Investing Activities</strong></td>
<td>(550,000)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Bank Overdraft</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Loan Principle</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Paid-in Capital</strong></td>
<td>550,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Cash Flow from Financing Activities</strong></td>
<td>550,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net Cash Flow</strong></td>
<td>37,908</td>
<td>342,630</td>
<td>712,346</td>
<td>1,151,146</td>
<td>1,677,706</td>
</tr>
<tr>
<td><strong>Add: Beg. Cash</strong></td>
<td>457,908</td>
<td>782,630</td>
<td>1,132,346</td>
<td>1,571,146</td>
<td>2,097,706</td>
</tr>
<tr>
<td><strong>End, Cash</strong></td>
<td>495,816</td>
<td>1,105,260</td>
<td>1,844,693</td>
<td>2,722,292</td>
<td>3,775,411</td>
</tr>
</tbody>
</table>

Cash flow from operating activities includes changes in the working capital such as increases or decreases in inventory, short-term debt, accounts receivable and accounts payable. The cash flow from operating activities is the value gained after the interest expense for a particular year is subtracted from the net income for that same year. The cash flow from operating activities for the
first operating year is £37,908 and with the increasing of the sales is going up to £3,677,706 in the fifth year.

Cash flow from investing activities is an item on the cash flow statement that reports the aggregate change in a company's cash position resulting from any gains (or losses) from investments in the financial markets and operating subsidiaries and changes resulting from amounts spent on investments in capital assets such as plant and equipment. The plan, for now, is to invest only the first year with £550,000.

Cash flow from financing activities shows investors the business’ financial strength. A positive number of cash flow from financing activities means more money is flowing into the business than flowing out, which increases the business’ assets. Negative numbers can mean the business is servicing debt. The cash flow from financing activities is equal to £550,000 since the founder will invest that particular sum in the first year of the business’ operations.

The net cash flow is calculated after the cash flow from operating, investing and financing activities are added up together, and they equate to £37,908 in the first year of operations and ends up with £3,677,706 in the fifth year.

The cash at the end of the period is equal to a sum of the net cash flow and the cash at the beginning of the period. For the first year, the cash at the end of the year will be equal to £495,816. From the second and the following 3 years, the cash at the end of the fifth year will be £3,775,411.

**BREAK-EVEN ANALYSIS**

The break-even analysis analyses different price levels relating to various levels of product/service demand so that an entity can determine what level of sales are needed to cover the total fixed costs.

<table>
<thead>
<tr>
<th>(Expected) number of sold Gaming Titles</th>
<th>1st year</th>
<th>2nd year</th>
<th>3rd year</th>
<th>4th year</th>
<th>5th year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average revenue per unit (ARPU)</td>
<td>440.00</td>
<td>440.00</td>
<td>440.00</td>
<td>440.00</td>
<td>440.00</td>
</tr>
</tbody>
</table>
Judging from the break-even analysis and the chart provided, the point where the business will cover all of its fixed costs while making no extra profits is at the 4,120 units of product (Gaming Titles) threshold in the first five years of operating the business.

**BALANCE SHEET**

A balance sheet is a financial statement that summarizes a company’s assets, total liabilities and owners’ equity at a specific point in time. These three balance sheet segments give investors an idea as to what the company owns and owes, as well as the amount invested by shareholders. Our balance sheet will showcase the financial health of the business at the beginning of the period.
What we can see from the balance sheet, is that the currently available assets are comprised of £420,000 in cash and about £1,000 in Inventories. Inventories are the monetary representation of the hardware parts, office materials and equipment, gadgets and other smaller expenses that are needed for the normal functioning of the business for a short period (a week) after its initial opening.

The non-current assets, or more commonly known as fixed assets, in our case, are the Computers and Office Equipment, and intangible assets as the Software and the license. Their total financial value is estimated at £130,000. If we add together the total current assets and total non-current assets, we get the value of the total assets, which is £551,000, and represents the value of all of the investment in the business the owner has made.

The current liabilities are the company's debts or obligations that are due within one year, appearing on the company's balance sheet and include current liabilities, short-term debt etc. In our case, the current liabilities or total current liabilities, are represented by the Inventories alone, which are equal to £1,000. The Owner’s Equity is represented by the Paid in Capital figure, which
The total liabilities and owner equity are equal to the owner's investment in the business, minus the owner's draws or withdrawals from the business. Since there are no withdrawals, the final figure for the Total Liabilities & Owner’s Equity is £551,000.

**SOURCES AND REFERENCES**

Some of the content of the business plan has been removed due to confidentiality.