

國立政治大學商學院國際經營管理英語
碩士學位學程

International MBA Program
College of Commerce
National Chengchi University

碩士論文

Master's Thesis

網路房東房客配對系統

Rental Room Website

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Advisor: Professor Carol Hsu

中華民國一〇一年六月

June 2012

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A Thesis

Submitted to International MBA Program

National Chengchi University

in partial fulfillment of the Requirements

for the degree of

Master

in

Business Administration

中華民國一〇一年六月

June 2012

Dedication

To God for all he has given me.

To Alicia and Santiago, for their patience, tolerance and love.

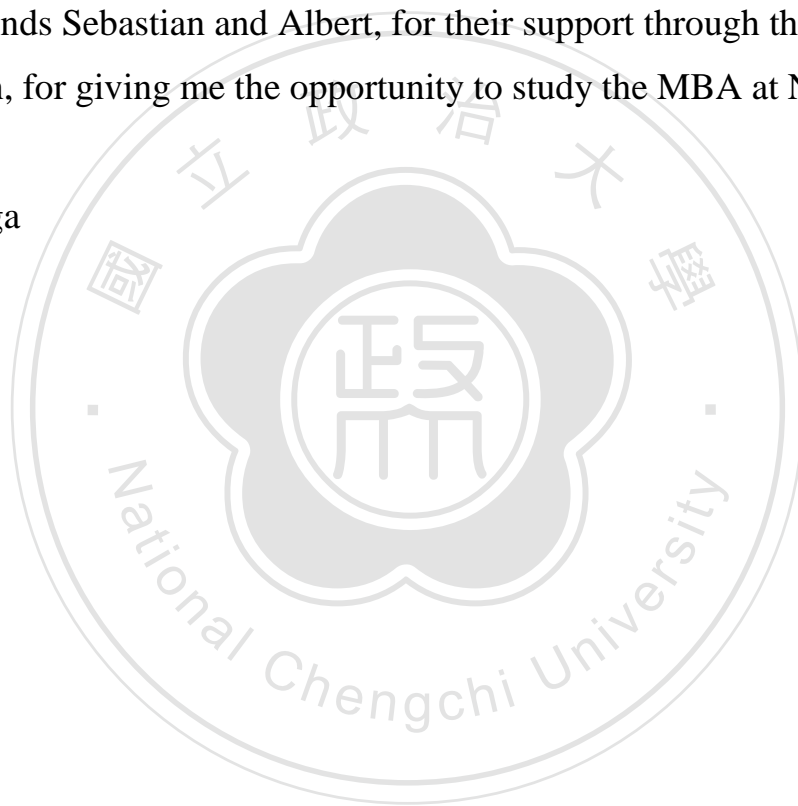
To my mother, for always being there for me.

To 古珊珊, for your help and support.

To my friends Sebastian and Albert, for their support through the whole MBA.

To Taiwan, for giving me the opportunity to study the MBA at NCCU.

David Vega



Executive Summary

Taking into consideration the existing financial crisis in Spain and the opportunity it carries for real estate agents and rooms/apartments owners to rent out their properties, roomsDB.net propose to launch a new room rental website to take advantage of the current niche existing in Madrid, Spain. The management team have direct knowledge of developing and running a successful room rental website in Singapore with six years of experience.

In the big market of real estate we determined that the best option for us in Madrid is non-luxury apartments/rooms. We are confident that we are not going to find fierce competition in the medium-term and we will take advantage of this to become the leaders in this segment of the market. Moreover, some of the current competitors do not have the option for agents to post their offers in their websites and we do will offer this service.

The website will be different from competitors in customer oriented service, user friendly platform, immediate response to enquiries as well as achieving a lower cost base.

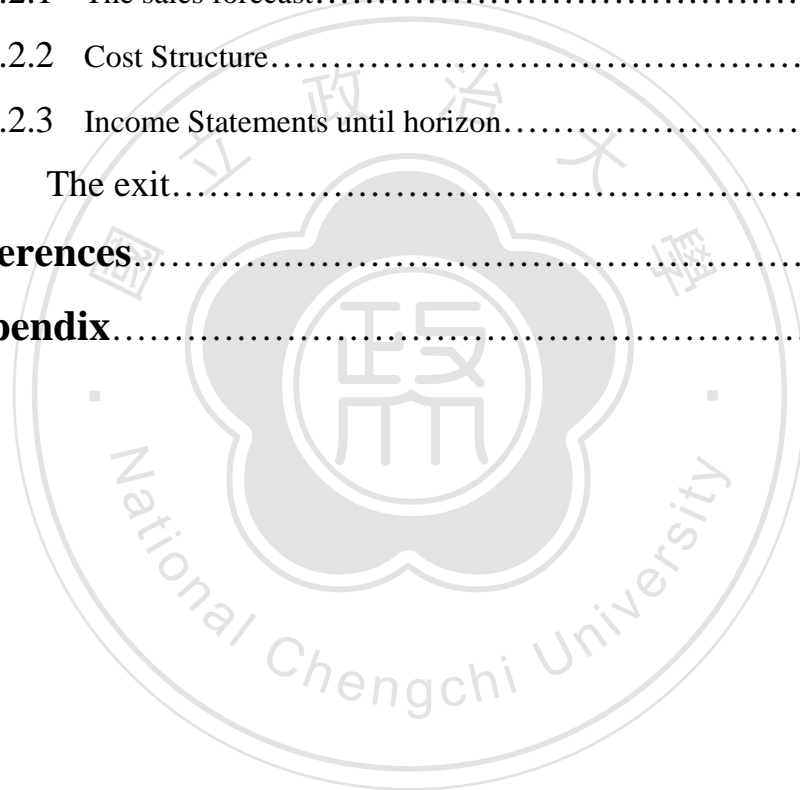
The promoters plan to raise an initial €60,000 to launch the website with a forecast of obtaining the 25% of the market share in the industry in Madrid. Based on case scenarios forecast, the website is forecast to generate cash from the first year of operation and the business will be also cash generative from the same year.

The attached case scenario forecasts show a rapid growth and producing attractive returns. By year five, the return on investment is 55 per cent.

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I . Introduction

The current situation in Spain is very promising for people interested in renting out their rooms/apartments. This situation is influenced by the economic crisis in Europe, and therefore the demand for individuals looking for a place to rent has increased considerably. Furthermore the existing websites offering a real estate searching and listing platform in Madrid, Spain are not as friendly user and convenient for people interested in this kind of service. Thus, the present thesis is intended to create and design a room rental web platform to facilitate and provide a solution for real estate agents and room/apartment owners as main customers, and as third party to people interested in renting a room/apartment.

The first part of the present master's thesis is dedicated to explain the background of the rental market in Spain as well as to the describe how the current platform already launched in Singapore works and why we think it is feasible and promising to launch this website in Madrid, Spain. The second section describes the market overview in Spain, the most important competitors, how the distribution will work for this kind of business, and most importantly the market opportunity we found. The third part covers our operations, explaining the differences we offer compared to our competitors, the systems we will implement, and the regulatory control.

Finally, the last section describes the organization structure of the company and shows the financial analysis including the investment required for this kind of business to work properly, the sales forecast, the operations process based on a Business Model Canvas, the cost structure and our proposal. We concluded that it is feasible and very attractive to invest in this business since we already have

experience on a website that is currently generating revenue and we foresee a great success in this venture.



II. The Business Background

The Room Rental Web Platform is the destination for rental real estate searching and listing in Madrid, Spain.

The website is designed to facilitate the communication among agents, room/apartment owners and people interested in renting rooms/apartments. It is designed specifically for people interested in renting out their rooms and apartments but with the option of expanding it for houses and offices. However, the core business is rooms and apartments.

The business is designed to provide the service and generate income from agents and from people interested in renting out their rooms/apartments, not for people interested in renting a room or apartment. We want to help all the parties involved but we will generate revenue just from agents and people renting out their properties. People looking for a place to rent will be people that will generate more traffic on the website but will not generate income for us because they will not have to pay any commission or whatsoever to us.

Agents and owners, people interested renting out their apartments/rooms are those who will have to pay a percentage of the price they are asking for renting out the properties, not the people looking to rent.

Why Madrid?¹ Madrid is open and offers a business-friendly environment. Madrid is the first region in Spain for company set-ups. Today around 4,000 of all businesses in Madrid are foreign companies and 40% of all foreign firms in Spain have chosen Madrid as their base. Besides, I have the advantage to be a Spanish Native speaker and this market would be our first market with Spanish speaking

¹ [http://www.scribd.com/doc/56153346/Madrid-Doing-Business-Guide-\(14/04/2012\)](http://www.scribd.com/doc/56153346/Madrid-Doing-Business-Guide-(14/04/2012))

people with projections to Latin America in the future. Also the current economic situations in Spain is an advantage for this kind of website as will be explained later.

2.1 How it works?

The platform is intended to make simple the offering of a room for an agent or room/apartment owner. They have to sing up to have full access to the options offered in the platform. The option of signing up is very friendly user to avoid complications for the owners or agents. Once they have signed up they can upload some basic information of the room they want to rent out including pictures. After the information is submitted it will appear in a list of offers in the website and the people interested in renting the room/apartment will have the opportunity to contact the owner or agent.

2.2 The Markets

Currently the dominant practice in Madrid for renting out a room/apartment is to do it directly through newspaper ads and secondly hiring the services of a real estate agent. However, nowadays people in Spain like to look for apartment/rooms to rent using the web so newspaper ads are not as effective as they used to be.

When people willing to rent out their room/apartment decide to hire the services of a real estate agency or agent they will face the problem that usually these people charge one month in advance of the rental price plus a commission once they find a tenant for the property they want to rent out, which is very costly.

On the other hand agents willing to offer a room/apartment to rent it out face the problem that people not always trust on them or they don't want to hire their services because they know that they will charge a commission.

With our platform we have the solution for all the parties involved. For individuals willing to rent out they just have to pay to us 1.5% of one month rent if they want to post their offer on our website, price that will include some benefits that are described later. Paying 1.5% is barely anything if we will offer to them the advantage of having a lot of people interested in their posts.

In the case of agents, they also will be charged with the same percentage, however, if they pay a monthly fee of \$15.00, they will also have the right to become members of our platform giving them the option of posting as many offers as they wish within one month.

Finally, people looking for a place to rent will be totally satisfied since they will find plenty of options on our website, which will be trustful and totally free for them.

Likewise, it is important to mention that the uniqueness of the business is that we are specialized in room rentals and the service is very professional. Also, the niche for this kind of business exists in the market and the demand is vast, but the most important advantage is the management team. We are 2 IMBA students with great vision and values and we are totally engaged in this project.



Figure1: Singapore Property Rental Specialist website

The picture above shows the options that either owners or agents have when they want to post and offer.

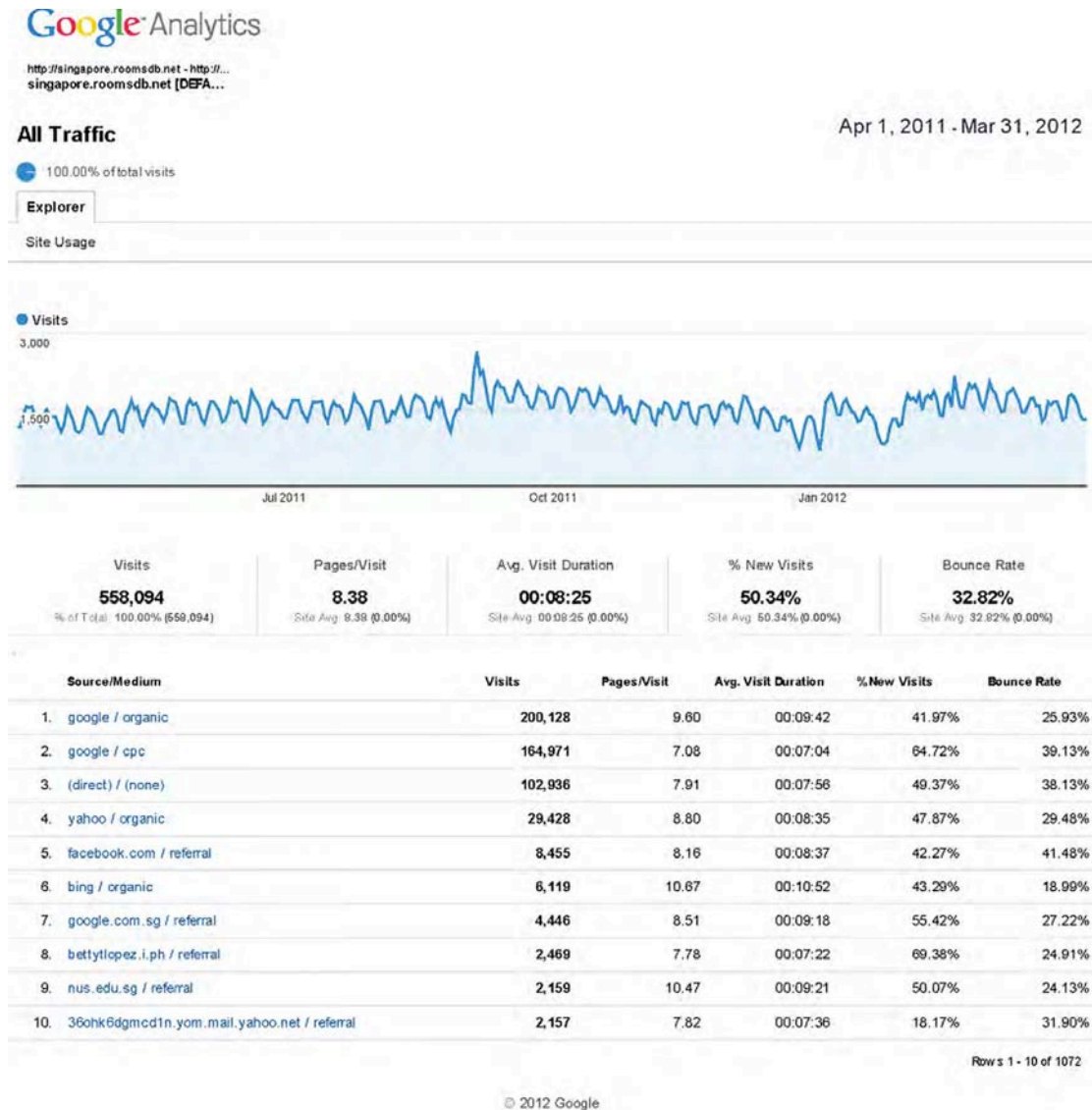
Currently, in the existing platform they can post three kind of offers: a) long-Term Offer: for people interested in renting out more than 1 year; b) Short-Term offer: for people interested in renting out less than 1 year; and, c) Commercial offer: for people interested in renting out a office or a place to set a business.

2.3 How did we get here?

It is important to mention that this website is an expansion of a website that already exists in Singapore. This website is called roomsDB.net and has already six years in the Singaporean market. We know how this business works and after some analysis we have concluded that it is time for expansion.

For a better understanding of the performance of roomsDB.net we included some figures showing some statistics of the website. These figures will be very useful for the implementations of roomsDB.net Spain.

Graph 1: All Traffic During One Year



The previous graphic shows one-year statistics based on number of visitors, average visit duration and also the new visits. In one year we had 558,094 visits.

The Bounce Rate is slightly high, but we still keep 70% of good quality visits. What is Bounce rate?² Bounce rate is the percentage of single-page visits or visits in which the person left the site from the entrance (landing) page. This is

² <http://support.google.com/googleanalytics/bin/answer.py?hl=en&answer=81986> (14/04/2012)

used to measure visit quality - a high bounce rate generally indicates that site entrance pages aren't relevant to the visitors.

2.3.1 Google AdWords:

Graph 2: Average Clicks In One Year



The graph above shows the trend of clicks in one year and in one year the website was clicked 157,995 times via AdWords.

The CTR (Click Through Rate) during the year was 0.77% which is low, but we consider that Google AdWords is still a good marketing tool to make the website more popular in spreading the name of it in Singapore. Nevertheless, a [Google employee said that beginner advertisers](#) should shoot for a 2% click-through rate. This figure is not set in stone, he said, but a reasonable starting point. Then, as the advertisers get more involved with their campaigns they should focus more on their return on investment than their click-through rate.³ Currently roomsDB.net is already well known in Singapore and we are planning to use the same tool for Spain to spread its popularity.

What is CTR?⁴ The average number of click-throughs per hundred ad impressions, expressed as a percentage. The CTR measures what percentage of people *clicked on the ad* to arrive at the destination site; it does not include the people who failed to click, yet arrived at the site later as a result of seeing the ad.

³ <http://www.wordstream.com/blog/ws/2010/04/26/good-click-through-rate> (14/04/2012)

⁴ http://www.marketingterms.com/dictionary/clickthrough_rate/ (14/04/2012)

2.4 Mission Statement:

We believe our first responsibility is to provide the best support to people considering renting out their room or apartment.

Our services are intended to help people find a tenant as soon as possible to make easy the process the renting out.

We have targeted a specific market of people. We are also adding other marketing efforts to keep us aware of the changes in our marketing environment.

We work hard, so that you don't have to. We love what we do; therefore we work at making sure you visit us again and again.

We believe and treat people the way we want to be treated. We pride ourselves with the daily emails we receive from our customers and clients about all of the great information and services we offer to them.

III. The Market

3.1 Overview

The Spanish property market was severely affected in the recent Economic crisis, resulting in the actual market for long-term, good quality rented property remaining relatively small compared to many other European countries. However, rental property is still available for those looking to move to Spain, with many properties being owned by foreigners and rented as short term or holiday accommodation.

Legal provisions on renting and letting in Spain are contained in the Law of Urban Lettings (*Ley de Arrendamientos Urbanos*) of 1994, which applies to rental contracts dated from 1 January 1995. Contracts settled before the aforementioned dates are governed by several rules, which have been modified by the current law of urban lettings.

According to Spanish law, rental contracts are governed firstly by the rental contract and, if there was none, secondly by the Law of Urban Lettings.⁵

3.2 Market Opportunity:

The current trend in the market of apartments and rooms rental is directly related with the variations of the economical situation in Spain. In this country, usually people prefer to buy a house or an apartment to live but due to the financial crisis they cannot afford to do it anymore, therefore one of the substitutes is renting. Thus, the longer the crisis the best for people willing to rent out.

⁵ http://almeria.angloinfo.com/countries/spain/re_rental.asp (03/16/2012)

Nonetheless, it does not mean that if the economy improves people will rent fewer apartments or rooms, but it will be slightly affected in the long-term.

According to a research, the mean of the variation in the price for new houses in Madrid is -2.5% and that diminishment is the same as the one in Spain.

According to the same research⁶ in the central district of Madrid the supply is substantially bigger than the demand but it shows a significant improvement in the rental market.

The market size is relatively small because almost all people in Spain like to buy their own house. Nevertheless, recently the demand for apartments has increased due to the financial crisis and according to some analysts⁷ the crisis will be even worse, ergo, the demand of tenants will be substantially increased and with the rise of internet users there is a high potential for a website like ours.

Below please find the annual variation on the renting price among the cities in Madrid.

⁶ <http://www.idealista.com/news/archivo/2011/01/04/0286823-analisis-districto-a-districto-del-mercado-de-viviendas-nuevas-en-madrid-tabla> (12/03/2012)

⁷ <http://www.josilva.com/blog/Posts/show/analisis-de-mercado-sobre-el-alquiler-en-espana-388> (12/03/2012)

Table 1: Average Rental Price and Variation Rental Price in Madrid

Nº	Distrito Municipal	PRECIOS MEDIOS		VARIACIÓN ANUAL
		12/10	12/09	
1	CENTRO	4.247	4.343	-2,2%
2	ARGANZUELA	3.720	3.755	-0,9%
3	RETIRO	3.986	4.053	-1,6%
4	SALAMANCA	5.615	5.780	-2,9%
5	CHAMARTIN	4.427	4.481	-1,2%
6	TETUAN	3.447	3.473	-0,7%
7	CHAMBERI	4.888	5.052	-3,2%
8	FUENCARRAL-PARDO	3.350	3.512	-4,6%
9	MONCLOA-ARAVACA	4.176	4.180	-0,1%
10	LATINA	2.899	2.972	-2,5%
11	CARABANCHEL	2.842	2.961	-4,0%
12	USERA	2.599	2.617	-0,7%
13	PUENTE VALLECAS	2.723	2.822	-3,5%
15	CIUDAD LINEAL	3.714	3.831	-3,1%
16	HORTALEZA	3.618	3.774	-4,1%
17	VILLAVERDE	2.425	2.499	-3,0%
18	VILLA DE VALLECAS	2.608	2.731	-4,5%
19	VICALVARO	2.656	2.685	-1,1%
20	SAN BLAS	2.796	2.903	-3,7%
21	BARAJAS	2.993	3.138	-4,6%
MEDIA DE MADRID		3.290	3.375	-2,5%

Fuente: SOCIEDAD DE TASACIÓN, S.A.

Also, as it was explained in the first part (2.2 The Markets), according to our research, Spanish people used to buy newspapers ads to offer rooms/apartments they wanted to rent out. Moreover, people looking for an apartment/room to rent were going directly to look in the newspapers. However, the new trend is offering properties online and that is the reason of the existence of our competitors.

As mentioned before, we want to offer a platform where agents, owners and people willing to rent a room/apartment can make business in a friendly and safe web-based environment. We will be the intermediary party in their businesses but we will facilitate the communication among them. We will make much more easy for owners to offer the properties to rent out and in doing so, we will create

a great value proposition generating a lot of communication in between people interesting in renting a room/apartment and owners/agents.

People will go directly to the website when they are interested in renting a room/apartment. We will offer them a safe environment to find a good place for them without any charge, which is the main concert of individuals. Likewise, agents/owners will find a perfect place to offer their properties to rent out by paying just 1.5% (average) of the price they are asking for one-month rent.

Table 2: Financial Comparison between Singapore and Spain⁸

Country	Subject Descriptor	Units	Scale	2011	2012	2013	2014	2015	2016	2017
Singapore	GDP, current prices	U.S. dollars	Billions	259.849	270.02	281.696	294.432	307.735	321.723	336.124
Singapore	GDP based on purchasing-power-parity (PPP) valuation of country GDP	Current international dollar	Billions	314.911	327.557	345.476	364.953	385.645	407.559	431.929
Singapore	GDP based on purchasing-power-parity (PPP) per capita GDP	Current international dollar	Units	59,711.24	61,046.96	63,285.21	65,709.71	68,247.86	70,892.54	73,846.58
Singapore	Gross national savings	Percent of GDP		44.371	44.186	43.863	43.594	43.067	42.624	42.081
Singapore	Unemployment rate	Percent of total labor force		2	2.138	2.1	2.1	2.1	2.1	2.1
Spain	GDP, current prices	U.S. dollars	Billions	1,493.51	1,397.78	1,421.70	1,458.85	1,501.67	1,545.58	1,590.62
Spain	GDP based on purchasing-power-parity (PPP) valuation of country GDP	Current international dollar	Billions	1,413.47	1,405.44	1,428.45	1,466.30	1,514.37	1,566.02	1,625.90
Spain	GDP based on purchasing-power-parity (PPP) per capita GDP	Current international dollar	Units	30,625.75	30,315.48	30,688.28	31,374.91	32,273.55	33,228.42	34,348.47
Spain	Gross national savings	Percent of GDP		18.35	18.526	18.538	18.651	18.788	19.081	19.394
Spain	Unemployment rate	Percent of total labor force		21.638	24.2	23.9	22.8	21.9	20.6	19

International Monetary Fund, World Economic Outlook Database, April 2012

Based on the data taken from the International Monetary Fund, we can see that the situation between Singapore and Spain is very different. In Singapore the buying power is much more better than in Spain as well as the GDP and the unemployment rat. That is why in the pricing we lower the percentages compared to those in Singapore. This information will be showed in the pricing section.

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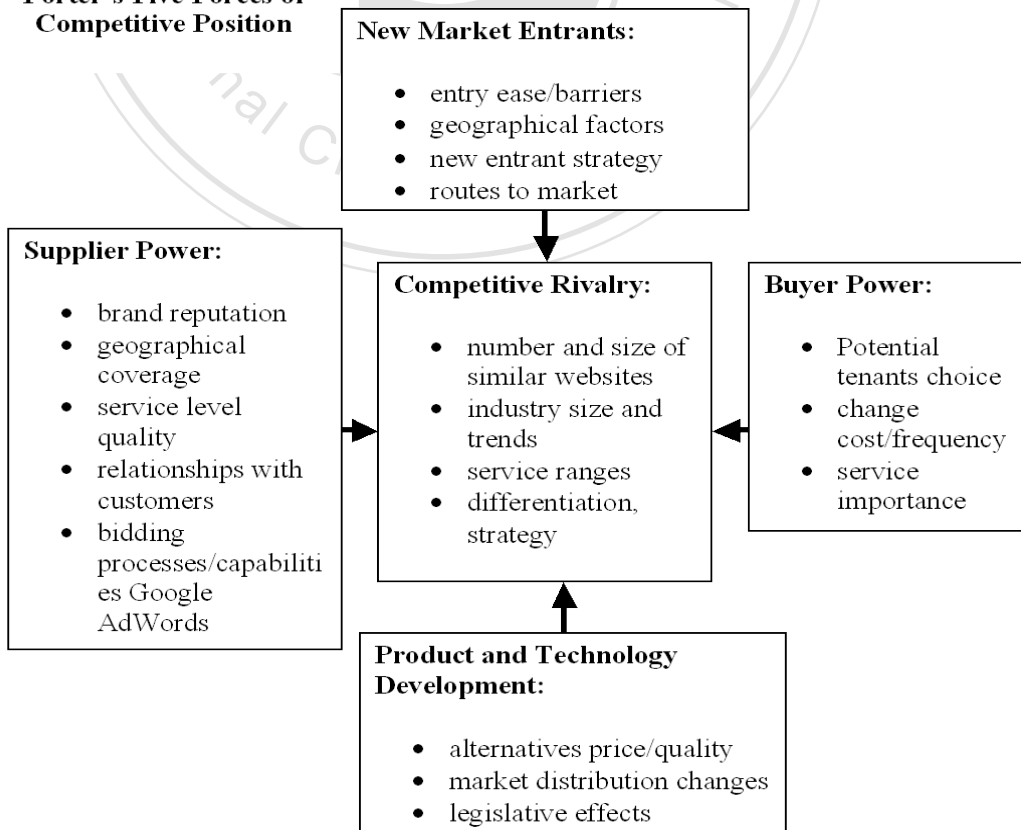
http://www.imf.org/external/pubs/ft/weo/2012/01/weodata/weorept.aspx?sy=2011&ey=2017&scsm=1&ssd=1&sort=country&ds=.&br=0&pr1.x=63&pr1.y=4&c=576%2C184&s=NGDPD%2CPPPGDP%2CPPPPC%2CNGSD_NGDP%2CLUR%2CLE&grp=0&a=#download (08.06.2012)

3.3 SWOT Analysis:

<p>STRENGTHS</p> <ul style="list-style-type: none"> - Excelent customer service - Six years of experience - Different packages for customers - Good culture and working environment. - Low price - Outstanding management team 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> - Difficulties to build trust among users - Low entry barrier - Difference market
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> - Financial crisis - Low purchasing power → rent - Niche target market 	<p>THREATS</p> <ul style="list-style-type: none"> - Competitor intention of getting into the niche we are targeting - Loss of key staff - Lack of budget if the business does not get profitable in the early stage

3.4 Porter's Five Forces of Competitive Position

Porter's Five Forces of Competitive Position



3.5 Customers:

As mentioned before, in this business proposal we are targeting two groups: a) the owners of rooms/apartments and, b) real estate agents. Indirect customers would be the tenants because if we could not get people interested in the offers posted on the website, then we will not have business and owners or agents would be not willing to pay for our service.

As it will be explained in the forecast, we will charge a certain percentage as commission to the owners/agents when they list their offers. It will vary depending on which package they choose. On average we will charge 1.5% once they input the monthly rent they expect to be paid by renters. For instance if they say they want to charge €1,000 per month we will charge €15. This fee will include the option of have their offer listed for two weeks and they will be notified via email of the customers interested in renting their room/apartment. This will apply for owners and for agents.

Nevertheless, agents will have the option to become a member of our website paying a monthly fee of €15. If they become members they will have the advantage that they will be able to list as many offers as they want as long as they want.

People interested in renting apartments/rooms will be able to use our platform as a source of possible rooms/apartments to rent without any charge in the service, a vast variety of options but most important a very safe way to find what they are looking for in a friendly user platform.

3.6 Distribution:

Our distribution channel will be Google AdWords. We don't need a minimum budget to use it. We can spend as little or as much on Google AdWords.

We also will pay a Search Engine Optimization firm to help us rankTop, the Search Engine Optimization (SEO)(netmark.com)(highervisibility.com) specialists gets its clients on page 1 on Google, Yahoo, Ninemsn, using White-hat methods (White-hat methods are generally approved by the search engines and tend to produce results that last a long time; whereas Black-hat SEO uses tactics that is against the search engines' terms of service such as spamming the search engines; attempt to redirect search results to particular target pages)⁹ and keep them rank top by monitoring and maintaining Search Engine Optimization on a monthly base.

With the two mentioned means we will reach the segments of the market we are targeting and it will be easier for them to find us. We will also control how many hits per day and per week we get to transform that into sales.

3.7 Supply

Due to the nature of the business it only requires a proper maintenance of the website. One of the members of the management team is already in charge of this maintenance but in the future, after our plans of expansion, we will have to hire a full-time programmer to be in charge of this matter.

Hiring a programmer does not represent any constraint on our ability to maintain the website because currently we can do it by ourselves.

⁹ <http://www.ozwebs.com.au/blog/Spamming+the+search+engine> (12/03/2012)

Our customers are divided in two groups: a) Owners of rooms or apartments; and, b) real estate agents. Each group have a different treatment in the website because the agents have more frequent postings on a website like this, so they cannot get the same benefits.

3.8 Competitors:

Currently, there are some competitors in the market and I will briefly explain what the main competitors offer:

Apparently, they don't target any specific group because their apartments are very diversified and the price varies a lot.

Table 3: Competitors Comparison

	Spain-Select.com	Rentacle.com	Mad4Rent.com
Target Markets Served	Businessmen/ Multinationals	Frequent Travelers/ Tourists	General public
Apartment style	Luxury	Vacation Rental	Common, no luxury, no cheap
Product Attributes	Quality, furnished apartments for short, medium and long-term rentals in Madrid	Cheapest apartments, studios, villas, country houses	City Centre
Promotion/ Distribution	Google AdWords	Google AdWords	Google AdWords
Languages of website	Spanish, English, Italian, French and German.	Spanish, French, English, German	Spanish, English, Italian
Length of stay in the apartment	<ul style="list-style-type: none"> • Short-term rentals. Apartments for stays of three nights or more. • Medium-term rentals. Apartments for stays of one or more months. • Long-term rentals. Apartments for stays of one or more years. 	Short-term	Short-term

3.9 Competitive Advantage:

Our competitive advantage will be based on the following:

- **User-friendly website:** The website will be very straight forward, it immediately shows the list of all the rental offers but at the same time shows the option to go to the agent or owner area. It does not have many options so we make it easy for the user to interact with the platform.
- **Customer oriented service:** Since we create the website very user-friendly, we show that we care about our customers. Immediately after their registration in the website we will contact them to ask them if they have any inquiry or if we can help them in any form. Although the website is very easy to use, some customers might have struggles to use it, in that case we will be glad to offer assistance them on how to use it to get the best from it.
- **Good customer service:** In the middle term we will have available a person assigned specifically to chat with our customers so we can offer instant response to them. The chat will be available 24/7 and they can contact us whenever they need. Also, we can detect from our server when the person is in our website for more than a certain amount of time and we can ask him/her if he needs any help or assistance. Moreover, in the case of agents we will send them periodically emails giving them special discounts to post more offers in our platform.
- **Registration process:** Agents and owners have to register but the registration process is very simple and once they are registered they will

have free access to the options they will have according to the plan they choose.

- Employees: Once we start to hire people to work with us we will create such a culture that they will be happy to work with us. We also want to create a great working environment where people feel comfortable working for us as a team. We would also like to offer some training to people interested in joining us and inculcate an entrepreneur spirit so they will come out with good and innovative ideas to make the working place better and better.
- We do care about our earnings but most of all we would like to offer a great satisfaction for our customers when they do business with us and also with our employees so the whole atmosphere will be enviable for the rest of the people that are still not part of our community.

3.10 Pricing:

Our pricing strategy is different for the two groups we are targeting.

For owners we will charge 1.5% of the price they are asking for a monthly rent payment. Based on previous experience we already know this percentage is fair and people are willing to pay for it. However, for agents, we know they like this type of service and they will post more offers, thus we will charge them the same percentage as for normal (individual) users but with the option of becoming a members. Becoming a member gives them the opportunity to post as many offers as they want and the fee is €15 per month.

Table 4: Different Plans For Customers

Average monthly payment in Madrid €871¹⁰

Average monthly payment	Type of Customer	Type of package	Fee for becoming a member	% Commission	Effective commission	Benefits for the customers
Madrid € 871.00	Owners	Unlock Package		1%	€ 8.71	Users can open emails sent by potential tenants for 1 week
		Full service Package		1.5%	€ 13.07	Users can open emails sent by potential tenants for 2 week
		Full service Package Pro		2.7%	€ 23.52	Users can open emails sent by potential until they find a tenant
	Agents	Unlock Package		1%	€ 8.71	Applies the same as for owners but if they decide to become members they can post as many offers as they want
		Full service Package	€ 15	1.5%	€ 13.07	
		Full service Package Pro		2.7%	€ 23.52	



¹⁰ See Appendix 5 for further details

IV. Operations

The concept is fairly simple. In the first stage, we will have to find offers from people offering their apartments or rooms and put their offers in our website. It will be for free but it will also be just to make the website popular. Later on, once people already know about our website they will like to keep using it and it will work by itself.

We will be in charge of replying emails sent by customers and reply to them as soon as possible.

4.1 Differences

Benefits we offer:

- An attractive website
- Easy and secure payment
- Easy signing up process
- Experience on this kind of business
- Good reputations
- Safe place to do their business
- Friendly user website
- Special offers and discounts
- 100% refund if they cannot rent out their apartment/room after 1 month.
- High quality customer service.

4.2 Processes

The operational processes involved are as follow:

Short-term:

- Yearly payment of the domain of the website;
- Creation of the website;
- Design of the website;
- Sign in on PayPal and create the payment option via PayPal to offer a secure payment process for clients;
- Make available our website for advertisement (other source income);
- Find existing offer in the market and include them in our website;
- Monitoring the traffic of the website;
- Monthly payment of Google Adwords;
- Daily response of emails sent by customers;
- Permanent analysis of the market

Long-term:

- Expansion to other countries (Latin America and Europe)
- Analysis of international markets
- Analysis of the feasibility of the implementation of the business model in other countries;
- Establishment of procedures and systems;
- Personnel management;
- Staff training;
- Liaison with lawyers
- Improve the design of the website

4.3 Systems:

In the first stage of the business we will need to create the website and design it. Afterwards we will like to buy the McAfee SaaS Endpoint Protection to make sure our website is secure for everybody.

Endpoint Protection Suites unite industry-leading endpoint security and data protection with centralized management. McAfee SMB security solutions block malware and viruses, defend against cybercriminal activity, and safeguard a mobile workforce with comprehensive endpoint protection — both on and off the network.

Moreover we will include the option of a CAPTCHA in our website so we can protect our website against bots by generating and grading tests that humans can pass but current computers programs cannot. For example, humans can read distorted text as the showed below, but current computer programs cannot:¹¹

Figure 2: CAPTCHA



Security Check

Enter **both words** below, **separated by a space**.
Can't read the words below? Try different words or an audio captcha.

Metropolitan queries

Text in the box:

What's This?

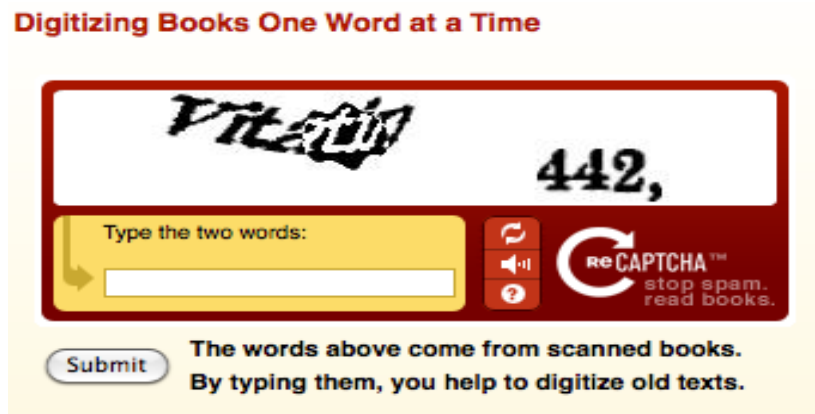
Submit Cancel

Likewise, we will also implement the reCAPTCHA, which stops spam and help digitize books at the same time! The words shown come directly from old books

¹¹ <http://www.captcha.net/> (14/03/2012)

that are being digitized. In that way we will contribute to make a better world.

Figure 3: reCAPTCHA



4.4 Regulatory control:

Our team has decided to establish the headquarters of our company in Taiwan, in order to do so we will have to fulfill the following requirements:

1. Use the online application (<http://onestop.nat.gov.tw>) to search the name, apply for incorporation and tax registration, apply for Labor Insurance, National Health Insurance and Pension Plan Report with the Bureau of Labor Insurance and register for work rules with the Council of Labor Affairs
2. Make a company seal
3. Submit a CPA audit report showing that the amount of capital invested is sufficient to cover company establishment cost.¹²

¹² <http://www.doingbusiness.org/data/exploreconomies/taiwan,-china/>

V. Organization Structure

5.1 Team:

Research shows that the most important factor for investors in evaluating a proposal is the management team.

‘A good management team can ‘make it’ in a poor market or a declining industry but a weak team won’t survive even in a boom market’ (Venture capitalist).

David Vega, Attorney at Law, IMBA candidate (2012) Spanish Speaking Markets Manager (aged 31)

Cofounder of this project, having been a Legal Manager of Deloitte (Guatemala) for two years. He was one of the three Legal Managers of Deloitte responsible to generate business in the Tax and Legal department. Previous experience includes six years working in the legal field.

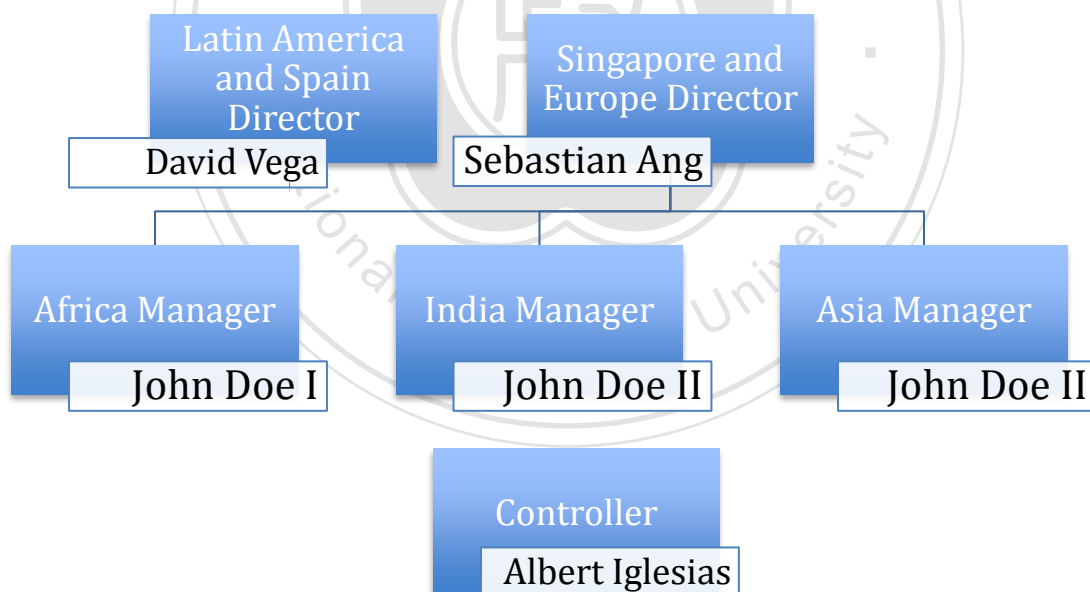
Sebastian Ang, Information Technology Engineer, IMBA candidate (2012) Singapore and Europe Manager (aged 32)

Cofounder of this project, having been a full-time development lead at roomsDB.net Pte, Ltd. Singapore. He was in charge of the Development of PHP/HTML code, Development of relational database structure and SQL queries, Integration of E-Commerce payment systems, Integration of Ajax based web services, JavaScript programming, API programming, CSS development and Server deployment.

Albert Iglesias Nabau, BSc Business Administration, specialization in Finance, IMBA candidate (2012) Controller (aged 30)

He was in charge of leading and coaching teams between 2 and 6 people in several ad hoc audits in multinational companies in retail, pharma and industrial products industries. Reporting in IFRS, US GAAPs, New Spanish GAAPs. Performing consolidated audit procedures, SOX compliance, internal control assessments, and Due Diligence analysis.

Figure 4: Organizational Structure



In the first stage of the business implementation Sebastian and David will be in charge of everything. Both of us will be in charge of hiring people. The only difference will be that in my case I will support Spanish-speaking (in the

medium-term also Portuguese speaking) customers and Sebastian will be in charge of English and German Speaking customers.

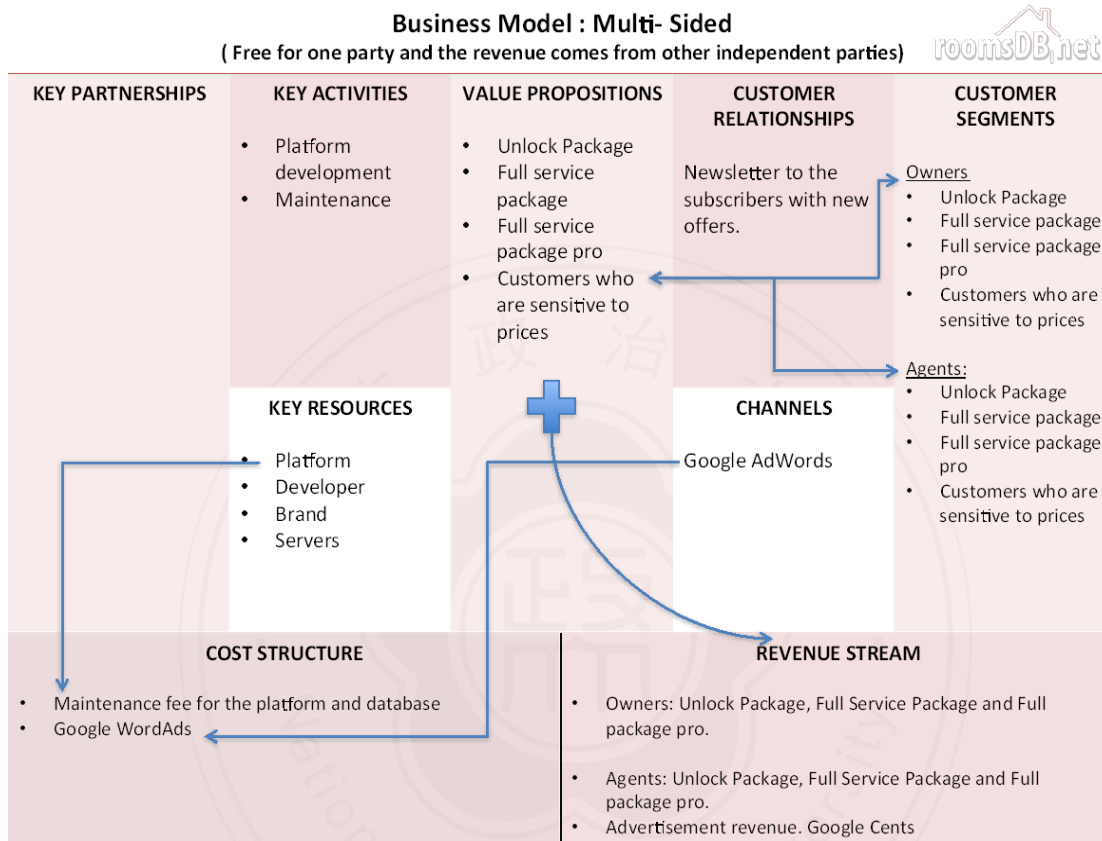
We are two persons with strong principles and very goal-oriented. We want to implement and apply all the knowledge acquired during our studies for our Master's degree and specifically we want to create a different company that cares more about people.

The current structure of the organization shows that we have expansion plans and we would like to get to know the people we are going to hire before hiring them. We will apply the same concept we applied for us. First we became friends and after realizing that we can work together in good terms with a constant feedback of our behavior we decided to work together. We would like to create a great culture in our company where everybody feels happy working and willing to give the best all the time. This feeling will automatically be transmitted to our customers.

Mostly all of the current websites don't care much about their customers or at least they haven't found the way to make customers feel they are well treated. We want to change it and create a great relationship among customers and our company.

5.2 Operation Process:

Figure 5: Business Model: Multi-Sided



5.3 Financial Plan:

5.3.1 Proposal:

Our proposal consists in creating and launching a website for people interested in posting their apartment and rooms offers and generate enough traffic to get enough interested tenants in the offers posted. The website is intended to be very friendly user and at the same time with high quality customer service in order to create a profitable enterprise.

We want to obtain the 25% of the market share in the industry in Madrid.

The first three-four months we want to be in the top list of Google search engine to get people to know our website and the services they can get if they join us. If we can keep the name of our website in the top list, people will almost always click on our link and in that way we will create brand awareness (product recognition).

Later on beginning from the 6th month we want to be profitable and at the end of the 1st year we will get the 10% of the market share. Turnover in that year is projected to be €3,000.

We estimate that by the end of the third year we would have achieved our goal of 25% of the market share in Madrid. By then the business will achieve show a 100% return on investment by 2014.

The investment required for the first year is €60,000, which includes a contingency of €5,000 to cover the risk of a slower growth than anticipated. The money required for the initial investment is divided in two, so each of the cofounders are giving €15,000 from our own pockets and with some money from our families and the rest we plan to obtain it from angel investors.

This is a growing market and we want to differentiate from other being a great team and having a great culture in our company. We are very hard workers and we are decided to provide our customers with the best experience they have ever had when renting out apartments and rooms.

5.3.2 Forecast:

We intend to invest on Google Adwords, this is they way how it works:

1. Every time a user enters a search query into Google, all the advertisers that have chosen those keywords are automatically entered in an auction.
2. For every keyword in your AdWords account you assign a maximum bid, which is the amount you are willing to pay per click.
3. In most PPC programs, the algorithm is simple. The higher you set your CTR, the higher you rank on the search results page.

Figure 6: Bidding Example

Bidding with other PPCs		
Bid	Ad position	
Competitor 1	€2	First
Competitor 2	€1	Second

But Google AdWords works on a different basis.

Bidding with AdWords				
Max. Bid	CTR	Rank	Ad position	
Competitor 2	€1	10%	10	First
Competitor 1	€2	3%	6	Second

On AdWords it depends both on your maximum bid and your click through rate.

Rank = Maximum bid x CTR (click trough rate). This is how AdWords rewards for writing relevant ads.

Often we will have to pay less than our maximum bid. The AdWords system automatically calculates de CPC we need to maintain the position of the competitor below us, and charges us only one cent more to display our ad first.

In our case we will use the option of ‘Automatic Bidding’. Automatic bidding allows us to set a daily budget for each of our campaigns and then AdWords work to bring us the most clicks possible within that budget.

We can even set a CPC bid limit to make sure the system doesn’t bid more than we are willing to spend per keyword.

This is the part when we have to consider the value of a click, how much is a visitor to my website worth and how likely is it that this visitor will turn into a customer?

5.3.2.1 The sales forecast:

It is not possible to detect whether the person clicking on our website through Google AdWords is a potential renter or a potential customer (owner/agent). Usually in this industry, and because of the Spanish economical situation, people clicking on the website will be potential customers (people looking for a place to post their offers). In that case, we estimate that at least 75% of the clicks will be from potential customers. Since we know that our website is very professional and friendly user, we project that 85% of the potential costumers will be willing to post their offers on our website ($85\% \text{ of } 75\% = 59.5$ of the clicks will be willing to post their offers).

Based on our previous experience, we know that we can start bidding with €0.15 and we will get the top of the list.

We have an estimated budget of €900/monthly for Google AdWords which means that we will be able to have 333 clicks per day ($(€900/30 \text{ days})/ €0.15$), denoting that we can even pay more per for the bidding, or save the money for other type of advertisement.

Since the average monthly payment for renting an apartment is €871 and we are charging 1.5% for our services (please refer to Appendix 5)

Table 5: Singapore Revenue A

The following table shows the current situation in Singapore and the revenue generated.

	Mar-12			Avg. 1 Year	
	\$	#	1 Moth	# Customers	Revenue
Agents	19	57	€ 660.63	684	€ 7,927.56
	49	6	€ 179.34	72	€ 2,152.08
	99	6	€ 362.34	6	€ 4,348.08
	199	6	€ 728.34	72	€ 8,740.08
Owners	Mixed	165	€ 1,336.91	1,980	€ 16,042.88
Total		240	€ 3,267.56	2,814	€ 39,210.68

Table 6: Singapore Revenue B

The following table shows the same information as the previous one but adding the members who generally pay a membership.

\$	#	1 Month	# Customers	Revenue
Agents	75	€ 1,930.65	834	€ 23,167.80
Members	75 x 20	€ 1,500.00	75	€ 18,000.00
Owners	165	€ 1,336.91	1,980	€ 16,042.88
Total	240	€ 4,767.56	2,814	€ 57,210.68

Table 7: Madrid and Singapore Populations Comparison

This is the comparison of population between Madrid a Singapore and the proportion of customers estimated for Madrid compared to those in Singapore.

	Population	Avg. Yearly Customers	%
Singapore	5,184,700	2,404	0.046
Madrid	6,271,638	2,885	0.046

5.3.2.2 Cost Structure

Fixed Asset Requirements			
Item	Price	Quantity	Total
Office Furnishings	€ 1,100.00	1	€ 1,100.00
Desktop computer	€ 1,000.00	1	€ 1,000.00
Sub-total			€ 2,100.00

Operative Cost		
	Monthly Cost	Yearly Cost
Administrative cost		
Office Space Taipei	€ 1,000.00	€ 12,000.00
Utilities bill Taipei	€ 150.00	€ 1,800.00
Stationary and office materials	€ 45.00	€ 540.00
MacAfee	€ 1.92	€ 23.00
Website Domain	€ 1.67	€ 20.00
Google Ads	€ 900.00	€ 10,800.00
SEO	€ 333.33	€ 4,000.00
Equipment maintenance	€ 40.00	€ 480.00
Sub-total	€ 2,471.92	€ 29,663.00
Human Resources		
Taipei Manager	€ 1,800.00	€ 21,600.00
Website advisor	€ 400.00	€ 4,800.00
Accountant	€ 200.00	€ 2,400.00
Sub-total		€ 28,800.00
Total		€ 60,563.00

5.3.2.3 Income Statements until Horizon

Worst Case Scenario

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Revenue Stream (Increasing in 15% Yrl.)								
Membership Fee		18,000	18,900	21,735	24,995	28,745	33,056	38,015
Agent Commission		23,168	24,326	27,975	32,171	36,997	42,547	48,929
Owner Commission		16,043	16,845	19,372	22,278	25,619	29,462	33,881
Google Ads		5,968	6,266	7,206	8,287	9,530	10,959	12,603
TOTAL Revenues		63,178	66,337	76,288	87,731	100,891	116,024	133,428
Operating Cost		60,563	61,290	62,025	63,886	64,653	65,428	66,214
Depreciation		553	553	553	584	584	619	653
Profit Before TAX		2,062	4,494	13,709	23,261	35,654	49,976	66,561
TAX (30%)		619	1,348	4,113	6,978	10,696	14,993	19,968
Profit After TAX		1,443	3,146	9,596	16,282	24,958	34,983	46,593
Investment	-2100			-1,093		-1,275	-1,194	
CASH FLOW	-2100	1,997	3,699	9,057	16,867	24,267	34,409	47,246

Cash Flow NPV	\$86,631.44
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Most Likely Scenario

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Revenue Stream (Increasing in 20% Yrl.)								
Membership Fee		18,000	18,900	22,680	27,216	32,659	39,191	47,029
Agent Commission		23,168	24,326	29,191	35,030	42,036	50,443	60,531
Owner Commission		16,043	16,845	20,214	24,257	29,108	34,930	41,916
Google Ads		5,968	6,266	7,519	9,023	10,828	12,993	17,151
TOTAL Revenues		63,178	66,337	79,605	95,526	114,631	137,557	166,627
Operating Cost		60,563	61,290	68,645	69,468	71,552	72,411	73,280
Depreciation		553	553	553	584	584	619	653
Profit Before TAX		2,062	4,494	10,407	25,473	42,494	64,526	92,694
TAX (30%)		619	1,348	3,122	7,642	12,748	19,358	27,808
Profit After TAX		1,443	3,146	7,285	17,831	29,746	45,169	64,886
Investment	-2100			-1,093		-1,275	-1,194	
CASH FLOW	-2100	1,997	3,699	6,745	18,415	29,055	44,594	65,539

Cash Flow NPV	\$105,850.89
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Best Case Scenario

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Revenue Stream (Increasing in 25% Yr1.)								
Membership Fee		18,000	18,900	23,625	29,531	36,914	46,143	57,678
Agent Commission		23,168	24,326	30,408	38,010	47,512	59,390	74,238
Owner Commission		16,043	16,845	21,056	26,320	32,900	33,723	42,154
Google Ads		5,968	6,266	7,832	9,791	12,238	15,298	19,122
TOTAL Revenues		63,178	66,337	82,921	103,652	129,565	154,553	193,192
Operating Cost		60,563	61,290	62,025	62,770	63,523	64,285	65,056
Depreciation		553	553	553	584	584	619	653
Profit Before TAX		2,062	4,494	20,343	40,298	65,458	89,649	127,482
TAX (30%)		619	1,348	6,103	12,089	19,637	26,895	38,245
Profit After TAX		1,443	3,146	14,240	28,209	45,820	62,754	89,238
Investment	-2100			-1,093		-1,275	-1,194	
CASH FLOW	€ (2,100.00)	€ 1,996.67	€ 3,699.18	€ 13,700.63	€ 28,792.89	€ 45,129.50	€ 62,179.57	€ 89,890.57

Cash Flow NPV	\$154,324.28
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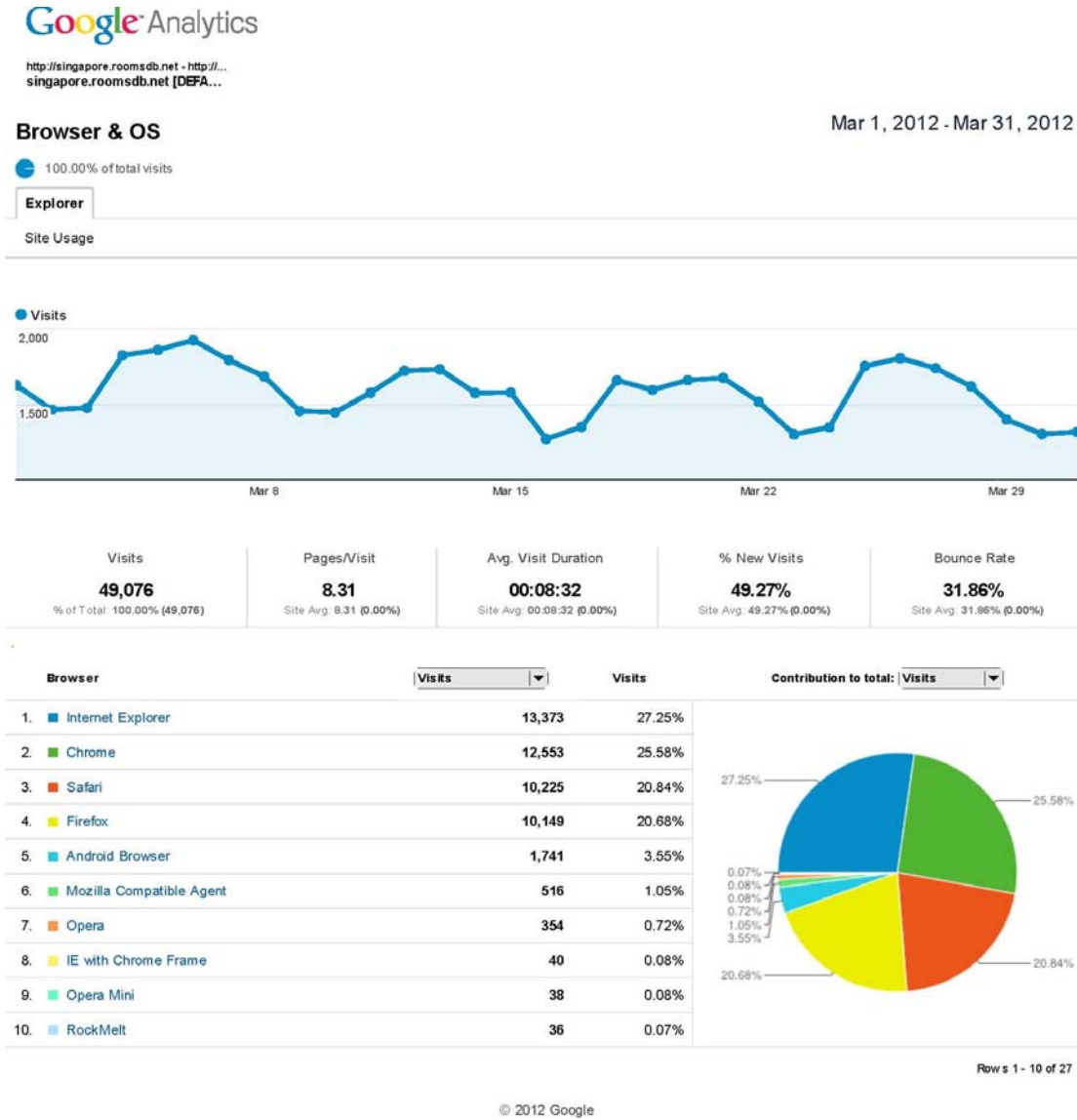
5.4 The exit

Once we are close to the horizon period, we expect to offer the company by private offering to similar companies. As an established platform, the investment would be considerably increased its value to that time.

VI. References

1. <http://www.redflymarketing.com/adwords-tutorials/adwords-basics/how-to-bid-on-google-adwords/>
2. <http://www.scribd.com/doc/56153346/Madrid-Doing-Business-Guide>
3. <http://support.google.com/googleanalytics/bin/answer.py?hl=en&answer=81986>
4. <http://www.wordstream.com/blog/ws/2010/04/26/good-click-through-rate>
5. http://www.marketingterms.com/dictionary/clickthrough_rate/
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7. <http://www.ozwebs.com.au/blog/Spamming+the+search+engine>
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9. <http://www.josilva.com/blog/Posts/show/analisis-de-mercado-sobre-el-alquiler-en-espana-388>
10. http://www.spainhouses.net/es/estadisticas/espana/comprar/resumen_st0_1_63.html
11. <http://www.captcha.net/>
12. <http://www.doingbusiness.org/data/exploreconomies/taiwan,-china/>

VII. Appendix 1



The previous graphic shows one-month statistics based on number of visitors, average visit duration and also the new visits. In one month we had 49,079 visits (average 1,636 visits per day).

Appendix 2

Google Analytics

http://singapore.roomsdb.net - http://...
singapore.roomsdb.net [DEFA...

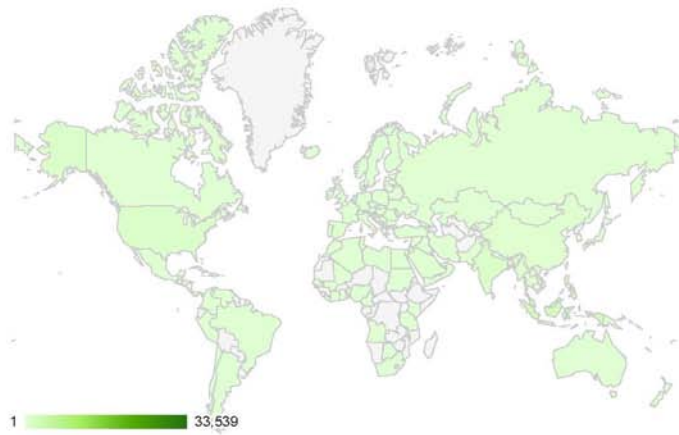
Mar 1, 2012 - Mar 31, 2012

Location

100.00% of total visits

Map Overlay

Site Usage



Visits	Pages/Visit	Avg. Visit Duration	% New Visits	Bounce Rate
49,076 <small>% of Total: 100.00% (49,076)</small>	8.31 <small>Site Avg. 8.31 (0.00%)</small>	00:08:32 <small>Site Avg. 00:08:32 (0.00%)</small>	49.27% <small>Site Avg. 49.27% (0.00%)</small>	31.86% <small>Site Avg. 31.86% (0.00%)</small>

Country/Territory	Visits	Pages/Visit	Avg. Visit Duration	% New Visits	Bounce Rate
1. Singapore	33,539	8.89	00:08:59	43.84%	29.09%
2. Malaysia	3,532	9.87	00:10:59	46.72%	27.60%
3. Philippines	2,657	7.95	00:09:06	62.10%	31.05%
4. Indonesia	2,498	4.31	00:04:12	74.02%	55.92%
5. India	945	7.23	00:07:02	70.90%	29.74%
6. United States	674	5.64	00:06:20	65.28%	44.66%
7. (not set)	403	4.36	00:05:04	73.20%	54.09%
8. Vietnam	367	6.34	00:06:40	52.86%	37.87%
9. Thailand	355	7.07	00:06:52	62.25%	34.65%
10. United Kingdom	287	5.47	00:05:30	63.76%	37.63%

Rows 1 - 10 of 129

© 2012 Google

The graphic above shows the number of visitors in a month based on their location. Most of the customers are from Singapore but as showed in the map, a lot of people around the world visited the website during the year. This shows the impact it had the previous year.

Appendix 3



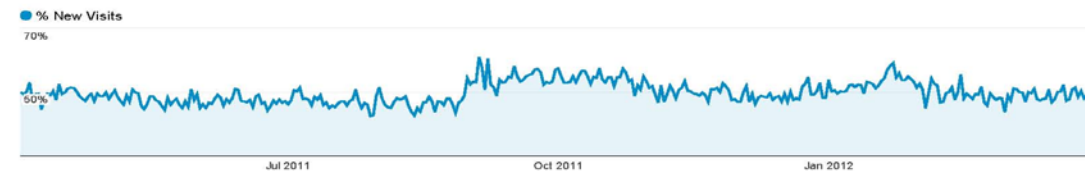
http://singapore.roomsdb.net - http://...
singapore.roomsdb.net [DEFA...

Visitors Overview

Apr 1, 2011 - Mar 31, 2012

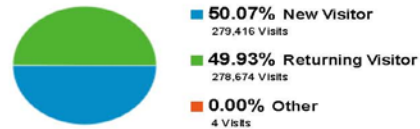
100.00% of total visits

Overview



288,825 people visited this site

- 558,094 Visits
- 288,825 Unique Visitors
- 4,674,299 Pageviews
- 8.38 Pages/Visit
- 00:08:25 Avg. Visit Duration
- 32.82% Bounce Rate
- 50.34% % New Visits



Language	Visits	% Visits
1. en-us	457,302	81.94%
2. en-gb	32,173	5.76%
3. en	16,567	2.97%
4. zh-cn	13,386	2.40%
5. id	6,247	1.12%
6. ko	3,982	0.71%
7. zh-tw	3,463	0.62%
8. ja	3,389	0.61%
9. fr	2,520	0.45%
10. de	2,051	0.37%

© 2012 Google

In the table above it's important to highlight that the 50.07% of visitors are new. This reflects that the website gets more and more popular which is a good indicator. It is also consistent with the visitors the site had in one month and that are showed in the chart below:

Appendix 4



http://singapore.roomsdb.net - http://...
singapore.roomsdb.net [DEFA...

Mar 1, 2012 - Mar 31, 2012

Visitors Overview

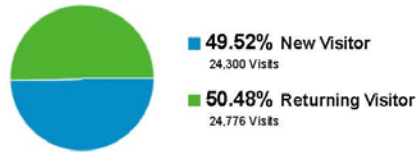
100.00% of total visits

Overview



27,741 people visited this site

- 49,076 Visits
- 27,741 Unique Visitors
- 407,938 Pageviews
- 8.31 Pages/Visit
- 00:08:32 Avg. Visit Duration
- 31.86% Bounce Rate
- 49.27% % New Visits



Language	Visits	% Visits
1. en-us	38,611	78.68%
2. en-gb	3,854	7.85%
3. en	2,193	4.47%
4. zh-cn	1,146	2.34%
5. id	397	0.81%
6. ko	360	0.73%
7. zh-tw	254	0.52%
8. ja	222	0.45%
9. fr	208	0.42%
10. fil	198	0.40%

Appendix 5

Precios de pisos y casas en España

17 de marzo del 2012



The current average price in Spain is €871¹³.

¹³ http://www.spainhouses.net/es/estadisticas/espana/comprar/resumen_st0_11_63.html (12/03/2012)