



**Project Number 683612**

## **D 7.1 – First enhanced exploitation and pricing plan**

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**petaFuel**

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## Document Control

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1.0	Document outline	23 July 2015
1.1	Complete First Draft	29 September 2015
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## **Executive Summary**

This document constitutes deliverable *D 7.1 – First enhanced exploitation and pricing plan* of Work Plan 7 (WP7) of the VIMpay project.

The purpose of this deliverable is to describe the dissemination and exploitation of the initial project results. The initial and tailored exploitation path to be followed will centre on exploitable components that will dictate the monetization strategy.

The deliverable outlines the activities that will be addressed in order to achieve the goal of monetizing the VIMpay app and preparing the app for entry into the EU market starting with Austria.

# 1 Introduction

The initial exploitation of the VIMpay results will focus on bringing the application with the core payment functionalities to the German market. This will involve the exploitation of the results of combining and consolidating core functionalities.

## 2 Target User Groups

petaFuel plans to segment and exploit the market based on the increased receptivity to online and smartphone banking and the ever increasing popularity of smartphones

### 2.1 Target groups

a) **Smartphone**

In 2012 there were 158 million smartphones shipped in Europe. The number of smartphone units shipped is forecasted to grow to 270 million by 2016 which represents 76% of all mobile phone users in Europe.

b) **Online Banking**

As of December 2014, Western Europe had an Internet penetration of 71.2% out of a population of 741 million and almost 49% of these used online banking (258 million users). As of 2012, there were 30 million smartphone users who accessed their bank accounts via smartphones in the EU5 countries of United Kingdom, France, Spain, Germany, and Italy.

c) **Unbanked EU citizens**

There are around 58 million consumers over the age of 15 in the EU who do not have a payment account. Of this segment, 25 million consumers would like to have one. Additionally, an estimated 2.5 million have been denied access to one. The number of consumers without a payment account varies from 55% in Romania to less than 1% in the Scandinavian countries. The 25 million EU consumers are a ready market opportunity for the VIMpay account component as long as they are smartphone enabled. We estimate a smartphone penetration of around 10% for the unbanked EU citizens, leading to additional 2.5 million potential VIMpay users.

Based on the above market segmentation, the potential market size for VIMpay is 32.5 million EU users (30 million smartphone banking users and 2.5 million smartphone-enabled unbanked EU citizens). This targeted group accounts for 44% of the above potential market (a target of 16.25 million potential users). Based on our calculations we plan to reach a market share of 1,2% within the project scope by 2016.

### 2.2 Key Customer

An ideal VIMpay customer will be between the ages of 18 and 35 years and have any of the following:

- a) a smartphone
- b) an affinity to online and/or smartphone banking
- c) a smartphone and lacks a bank account

### 3 Exploitation and Pricing Strategy

VIMpay is a smartphone-centric payment app tied to a prepaid MasterCard and a SEPA-ready payment account. The business and pricing model envisioned is Freemium.

#### 3.1 Pricing model

VIMpay Freemium Pricing Model			
	Basic	Plus	Premium
<b>Monthly Subscription</b>	0 €	1,50 €	1,50 €
<b>Additional Charges</b>			
(Plastic VIMpay Card) - OT	15 €	15 €	15 €
(Plastic Card Personalisation)	0 €	0 €	0 €
**SEPA Bank Account Features) - PM	-	-	5 €
(Bank Transfers) - per transfer	-	-	0,15 €
(Direct Debits) - per DD	-	-	0,15 €
(ATM Withdrawals) - per withdrawal	5 €	5 €	5 €
(Mobile Phone Top-up) - per Top-up	0,90 €	0,90 €	0,90 €
*OT-One Time, *PM-Per Month, *DD-Direct Debit	**SEPA Bank Account Features option available for Premium accounts		

#### 3.2 Monetization

VIMpay will be monetized through 2 revenue strategies:

1. Converting/upgrading a basic user via a monthly subscription to the Plus (or Premium) version of the app
2. Charging the user for additional plastic card and bank account features usage

### 3.3 Exploitable Components and Levels of Exploitation

1. Upgrade 1 (Plus VIMpay) - We are forecasting 34% of all active VIMpay users will make the first upgrade
2. Upgrade 2 (Premium VIMpay) - We are forecasting 1% of all VIMpay Plus users will make the second upgrade
3. Plastic VIMpay card - We are forecasting 12% of all VIMpay Plus users will order a VIMpay plastic card
4. Prepaid Mobile Top-up - We are forecasting 30% of all VIMpay active users will top-up their phone in the first year
5. Additional free customer loyalty add-ons such as Banking Bro and VIMpay Connect will be offered to all users

## 4 Conclusion

The initial exploitation and pricing plan defines an initial and tailored path for effectively disseminating the VIMpay project results in a strategy that will ensure an effective and profitable entry into the EU market.

The exploitation activities have been addressed so far towards two main goals:

1. Monetization of the VIMpay app
2. Preparation for entry into the EU market starting with Austria

## 5 Annexes

Annex 1		
Exploitation Activities		
<u>Specific Path/Tool</u>	<u>Target Results</u>	<u>Expected Results</u>
Engagement Rate and Penetration Rate	Basic VIMpay	We are forecasting a 50% penetration rate among active users: (Plus+Premium)/Basic
Conversion Rate (Basic to Plus)	Upgrade 1 (Plus)	We are forecasting 34% of all active VIMpay users will make the first upgrade
Conversion Rate (Plus to Premium)	Upgrade 2 (Premium)	We are forecasting 1% of all VIMpay Plus users will make the second upgrade
Plastic Card Adoption Rate	Plastic VIMpay card	We are forecasting 12% of all VIMpay users will order a VIMpay plastic card
Mobile Top-up Adoption Rate	Prepaid mobile top-up	We are forecasting 36% of all VIMpay active users will top-up their phone in the first year