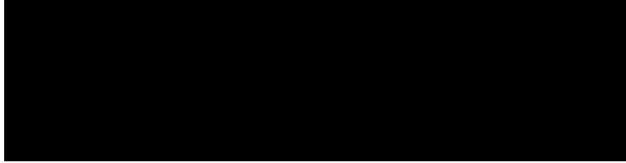


## **RE: Uber Project Proposal for Business Growth**

March 3, 2015

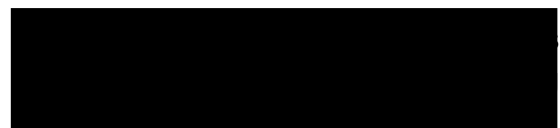


Dear Travis Kalanick and Uber executive board:

As Uber has grown in the past few years, you have made great inroads into disrupting the current taxi market for the transport of individual people. By bypassing taxi companies and empowering users with GPS data and peer reviews, you have created a seismic shift in the transportation market. Our aim to create another shakeup in the field of business deliveries. Imagine your local pizza chain is incredibly busy on Super Bowl night. Rather than suffer for hours without food, the restaurant can leverage Uber drivers who may not have fairs to deliver goods. By supplementing these employees, not only do we create more business for the restaurant, but a new opportunity for current Uber drivers.

Our proposal outlines in detail the need and market justification for this service. By leveraging the current Uber brand recognition and cutting edge driver tracking and predictive analytics we can deliver goods faster and with more granular deliver estimates. By permitting businesses ranging from pizza stores to pharmacies to nurses to auto parts stores to allow tap into this new branch of Uber, we can empower both our customers, partner businesses, and our profits. Customers unwilling to wait for traditional delivery methods can opt to use Uber to get their goods faster and we can remove many of the logistical headaches involved in adding a delivery component to existing or new businesses.

We are seeking a \$3.2 million to produce this new service and deliver not only the required business facing website and application, but at least 100 active business users in our target market by the end of the project. While pricing for this service has yet to be determined in detail, with current Uber pricing structure we are predicting a gross return of \$131 million in the first year of deployment with only 100 businesses in each of the selected 50 metro areas. Thank you for your time and consideration, we look forward to working with you to grow your business and profits in the coming year.





# Uber Proposal for Business Growth

Raleigh Area Market  
Initial Launch Phase  
Business Development & Data Gathering



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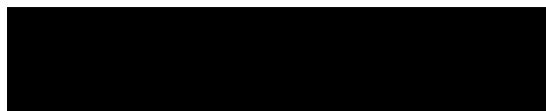
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## Summary

As we seek to expand Uber's market share, we must first examine the current state of Uber's business. By delving into current issues and possible growth areas for the business, we must assess not only what is most feasible and profitable, but what fits with Uber's long term goals. Many times, Uber has determined that it does not want to get mired in the politics and regulation that has long hampered the taxi industry. Rather, Uber seeks to subvert this system and empower users and independent contract employees to cause market changes.

While current regulation is an issue, we have aligned our goals with those of Uber and decided that being subject to regulation is an overall minor issue as Uber has had no lack of success across the world. While a few states or areas may ban Uber, the rest of the market has embraced the new model that is introduced by distributed supply and demand paradigm of Uber. In addition, the clear pricing structure and multiplier pricing has incentivized self balance in the supply and demand of the market at any time. In addition, recent news stories have focused on the privacy issue inherent in executive level tools such as Godview and the impact of tracking individuals. Rather than trying to pursue a resolution to this issue, we have decided to go with another growth opportunity. By expanding Uber's presence in existing markets, we can improve overall profits and leverage idle drivers.

In our analysis, we have identified horizontal market growth as the best option to grow the profits and brand recognition of Uber by allowing businesses to tap into the vast pool of drivers on hand. To deliver this, we have established a timeline and budget in order to develop a new website, mobile application, and API that can be used on business websites to harness Uber's drivers for business needs. In order to deliver this solution, we have set aside a 3 month initial period of data gathering and development. In this time we will interview local businesses regarding the need and demand for on-demand deliveries and permit them time to change business practices ahead of beta launch. In addition, we will have staff interface with existing Uber team members in order to gain an understanding of current issues and previous challenges to speed project development. This will also allow us time to gather team members by hiring new external candidates or by transferring existing Uber developers and managers into the new Raleigh project. During this we will also develop a new website that is tailored to business needs and discuss this with local drivers to understand how it will impact them. Next is a 6 month cycle of application roll out to local businesses. During this time we will have analysts interface with businesses and our developers will be creating new functionality based upon this immediate feedback. Our final 3 month phase is a time period for fixing any bugs and to allow developers to document processes. The final metric for success during this period is to have an average of 1000 deliveries per day in order to have been deemed a success to spread to other markets.



## Objectives, Problems, and Opportunities

### Objectives

1. *Price efficiency*
2. *Transparency*
3. *Ubiquity and brand recognition*
4. *Minimal red tape and regulations*

### Problems

1. *National and international laws regarding taxi operations*

Uber does not adhere to the same driver trainings, safety measures, or pricing rules that existing cabs must comply with. The taxi industry is fighting to place tighter regulations on Uber or ban Uber altogether, which has been the case in numerous locations worldwide. Despite these problems, Uber has elected to continue operations in some of these banned locations. Additionally, most airports have strict policies for taxi licensing and fees, keeping Uber out of a large market of service.

2. *Insurance of independent contract employees*

As Uber is a company that hires independent drivers, insurance may be an issue. The current model reflects that Uber does not want to be held responsible for its drivers, yet drivers must have some degree of insurance in order to guarantee medical safety and coverage.

3. *Balance between users and drivers in terms of demand*

Operations in big cities allow Uber to have a constant flow of users and drivers, but this balance is not as smooth in all of its markets. Imbalances cause dissatisfaction with both users and drivers, which may deter operations in less prominent areas.

4. *Privacy concerns regarding secret tracking of customers*

Uber has publicized the unauthorized tracking of individuals using the “Godview” feature, which has raised concerns of privacy and personal tracking among users. This problem has led to multiple lawsuits disputing unlawful usage of user data and locational information. Privacy is a major problem when it comes to Uber’s brand and image - users want to feel secure, not stalked.



## Opportunities

### *1. Expanding into other business markets, i.e. delivery*

Uber can use its model to explore new revenue streams, including other business markets. This would allow Uber to allocate drivers to deliver for some big industries, such as food and package services.

### *2. Expanding geographically*

Already in over 200 locations, Uber certainly has room to grow across the map. In an age where technology is the most efficient communicator, Uber has the ease of access that enables it to become a ubiquitous service.

### *3. Integration into corporate software*

With possible expansion of Uber into other businesses, software integration with current websites is important. This integration allows for a more efficient process; instead of interacting with a given business and Uber separately, Uber can incorporate its utility with the business software to create one, smooth transaction.



## Data Collection Methods

Main data collection method is a questionnaire to local potential partner businesses to discover the impact and adoption of the proposed business focused solution. Targeting businesses that currently have delivery options, third party delivery, and new partner businesses that could use our service, we aim to get a baseline for the desire and cost expectation of our proposed solution. These businesses may have different requirements than normal Uber customers and may be willing to tolerate higher costs for the convenience offered. By deploying employees to interface with a diverse group of local business owners and operators, we can gain a good sense of how to integrate their needs as well as price our product competitively while ensuring it integrates into existing business processes seamlessly.

Secondary data collection will occur with the help of Uber project managers and existing develops. We aim to have a brief session with Uber personnel before launching our 12 month project cycle. Here we aim to understand current Uber practices and learn from the experiences of the current team. While doing so, we will also endeavor to recruit existing team members to join the new project in Raleigh in order to have a high level of familiarity with Uber's tools, technologies, and business practices in order to speed development. Current budget projections are for hiring of new staff, but does not preclude the option to repurpose existing staff in order to cut development time. By having a preliminary interview and data collection meeting with Uber, we hope to cut our time to market by learning the hurdles that have already been overcome and make sure our project's development is in line with standards. In addition, this time period also permits informal recruiting and measuring the response from developers and managers to the upcoming project and eliciting input regarding previous projects.

## Interview Questions

### *Processes:*

- How does your company handle delivery requests currently?
- Have you had recent requests to deliver that you were unable to fulfill?
- If you have a delivery service, do you offer estimates based off of GPS timing or staff estimates?
- Have you ever had times of increased business demand that caused staff shortages?
- Would you consider outside contractors to delivery if they were rated and backed by a company?

### *Data:*

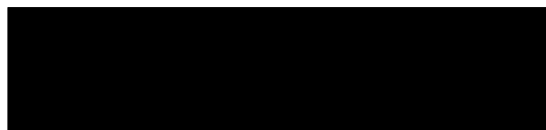
- Do you collect information regarding delivery demand or cost to delivery goods?
- Do you track your sales or deliveries in the local area to understand demand?
- What percent of your sales could be delivered if this service were offered?



- Do you have your own site for ordering that could incorporate our service for infrequent or urgent requests?
- Does your product/ service have any confidential information or chain of custody requirements that would prevent a third party from delivering it?

*General:*

- What value would you see in a service that could offer on demand, contract drivers that you would not have to manage or be responsible for?
- Could your business grow if this service were to enable more local sales?
- How many orders per day could you currently route through this service?
- Would you prefer to access this service through a web site, by integrating it in your business' existing site, or by relying on a mobile application?
- What size or type of good would you most often transport?
- Could your business rely on standard sized sedans to make deliveries or do you require any special or oversized vehicles?





## Alternative Solutions

### 1. *Complying with taxi regulations while remaining competitive*

This solution addresses one of Uber's growing problems – regulation. In order to do this, Uber must comply with the most fundamental taxi regulations, most notably driver trainings and safety measures. If Uber is able to adopt these practices now, it will avoid numerous regulatory controversies in the future. The clear downside of this solution is the cost associated with conducting these operations for all of Uber's drivers. However, the benefits could outweigh the costs in the long run. This compliance would likely allow Uber to expand into currently unwelcoming markets, lift bans in some cities, and avoid any controversies that have ill effects on the company.

### 2. *Increase privacy by remodeling the "Godview" feature*

Godview is the Uber tracking system that enables executives to track the locations of all its cars. Recently, Uber has run into privacy issues in part by publicizing the fact that the company is able to track real-time locations of users. This has become a concern for users as they feel they are being watched. To combat this, Uber could remodel its Godview feature by implementing anonymized heat maps. These heat maps would still allow Uber to track vehicles, but the anonymity of the maps would prevent personal tracking, the main concern. This solution would not only increase user privacy but also improve Uber's transparency and image, both of which have dropped due to these issues. The only disadvantage is the loss of control of executives due to the fact that they are not able to track specific users.

### 3. *Expanding into smaller markets where Uber is not currently present*

In its five years of growth, Uber has reached over 200 cities in over 50 countries worldwide. Most of these cities are populated with a highly mobile consumer base where ridesharing can thrive. While this is not the case in smaller, less populated areas, some of these locations have a high demand for ride sharing for different reasons. A good example is college, where a large percentage of students do not have access to cars. Uber could expand to these smaller markets, becoming more widespread and relevant in countless locations across the globe. This solution would allow Uber to continue its rapid geographical growth and increase its brand presence. On the other hand, it could be difficult to get into these markets where there are likely to be other forms of public, local transportation.



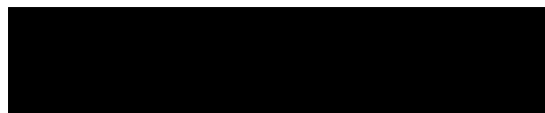
## Feasibility Analysis

### Market Feasibility

Uber is part of the taxi industry, albeit a very untraditional form. The industry has traditionally been managed by federal and state regulated licensing. The taxi industry is largest in urban areas or cities that include a high immigrant population or a history of mass immigration. The taxi industry is developed specifically for transportation of people from one location to another. The largest advantage that Uber has over any taxi service is the ability to meet supply and demand based on their mobile app. The incredible number of drivers allows Uber to deliver quickly and effectively based on a heat map which displays the most demanding locations.

Due to Uber's interference with the traditional taxi service model, the taxi industry is taking a large hit to stocks. Each taxi has a medallion that needs to be regulated. In San Francisco, the average price of these taxi medallions fell from \$1.3 million to approximately \$840,000. Uber's ridesharing model using modern technologies to expedite the process of registering and reserving on-demand "taxis" is convenient, environmentally-friendly and cost-effective in terms of gas mileage and quick transportation. This, however, also means that Uber is taking advantage of current grey areas of unregulated ridesharing which is rapidly becoming a concern to the public. To counteract this, we intend to develop an unprecedented "ridesharing partnership" with large companies in order to develop a new standard of deliveries while establishing new possibilities of regulating these grey areas.

The impact of the new application for businesses will specifically target companies that require expedited shipping from almost any location within the States. Even with one-day shipping from large retailers, many goods still require a good deal of time, both from retailers and consumers, to transport the goods. With the Uber delivery service, goods can be transported from one location to another based on a time goal which will quickly transport goods from a retailer warehouse to your business's front doors in a matter of hours. Based on demand, we will be able to gear the prices of Uber deliveries based on the distance, time and priority for goods. For example, companies that require a new generator immediately would likely pay more for shipping than those who are more apathetic about the estimated time of arrival. This will make up a large part of the profit margin in which we regulate our pricing based on these factors and gradually develop and establish a system of communications that will allow us to efficiently transport goods from California to North Carolina in less than two days.



## Economic and Technical Feasibility

The largest positive economic benefit will come from the large profit margins due to the pricing factors due to demand. We hope to expand the application to not only expedite business activities, but also typical online retailers such as Amazon as well. This means that Uber will be able to one, establish an incredible marketing scene through brand recognition and two, Uber will be able to expand into different sectors of a variety of industries through powerful connections while still retaining the same Uber model of on-demand drivers and ridesharing. The cost of the development and maintenance of the application can be estimated to approximately \$4.5 million per year with a team of thirty-five members. Venue fees will range from roughly \$245,000 to \$300,000 though this will depend on the resources we use such as electricity and water. With an approximate salary of \$90,000 per analyst and developer, we would still be able to remain below budget while also leaving room for new potential hires in the situation where we require more in-house knowledge. With only a bare 100 businesses using our application with a minimum of 1000 deliveries per day, we would make \$2.6 million per year sans tax. We do not expect to gain any profit during the first year, but will focus on increasing Uber's presence in the delivery services to increase the number of businesses that resort to using our specialized delivery service. If we were to double our deliveries to 2000, we would have a profit margin of roughly \$300,000. We expect an exponential growth in delivery services once Uber's brand has become recognized and reputable in the delivery services industry.

## Budget Estimation

- Project manager - \$91,000
- Lead software developer - \$106,000
- Lead business analyst - \$94,000
- Average software dev salary - \$96,000 (x20)
- Average IT/CompSys analyst salary - \$82,000 (x10)
- Cost of infrastructure and tech - ~\$250,000
- Total Cost Estimate - ~\$3,253,000

## Operational Feasibility

This approach to expand Uber's brand will allow the company to develop a stable foothold for legalities while also making sure the business is expanding into larger circles by partnering with potentially successful markets. We hope to still provide on-demand deliveries while guaranteeing the safety, but also the liability of our drivers and any possible damages that may be incurred to goods during the delivery services.

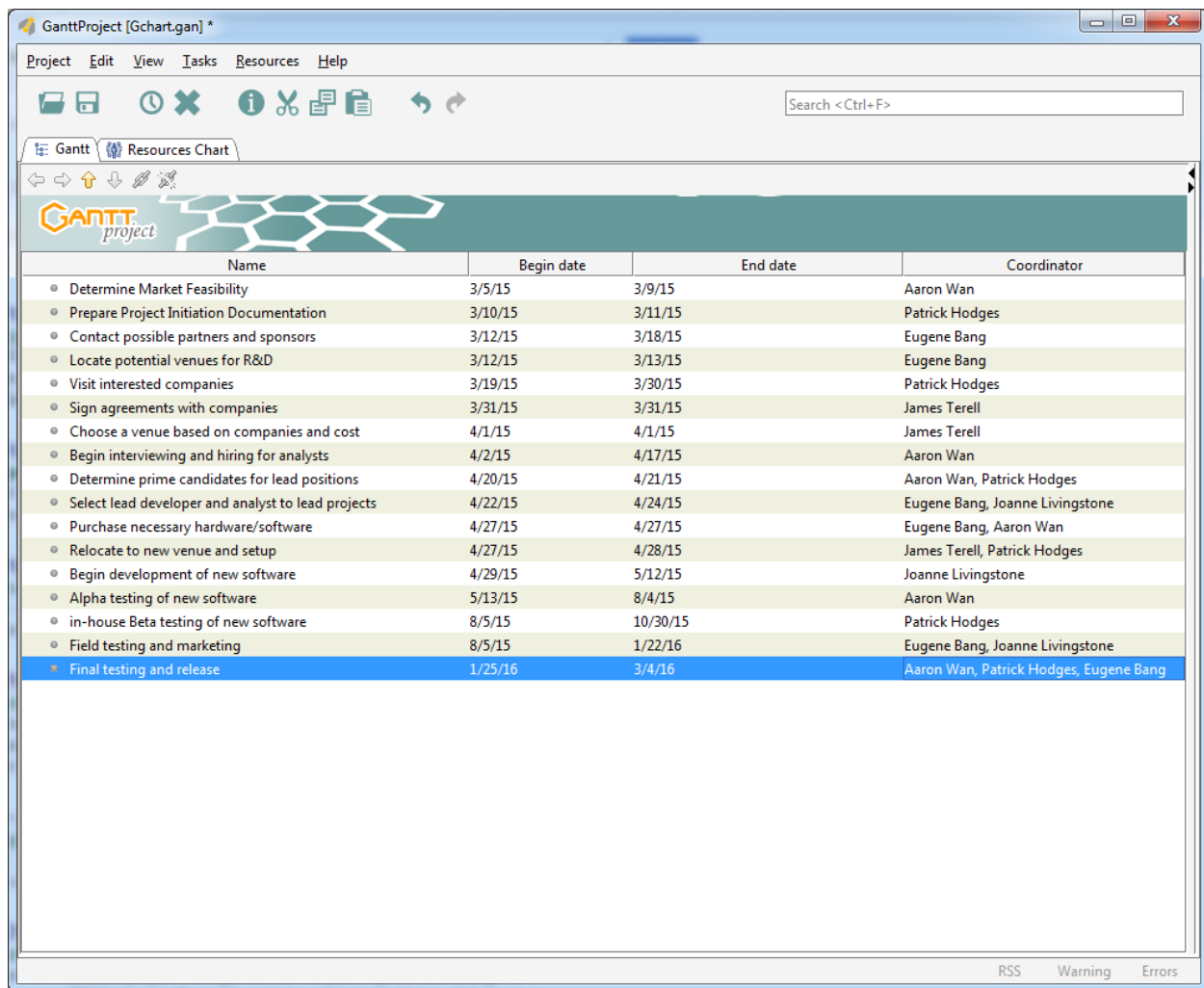
While many consumers are concerned about their security, we hope to achieve a fair level of anonymity and professionalism by combining our databases with those of our business partners so as to create a homogenous process. We will likely not use godview and

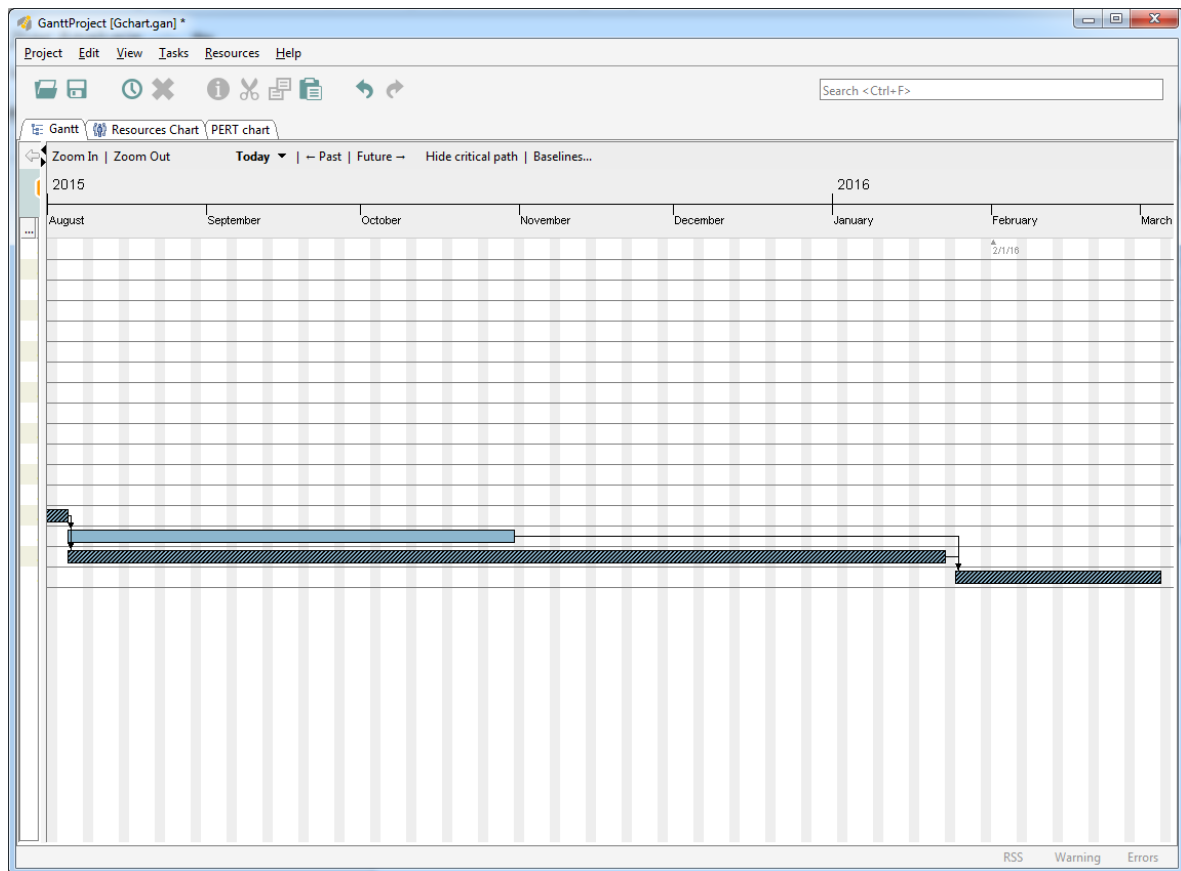
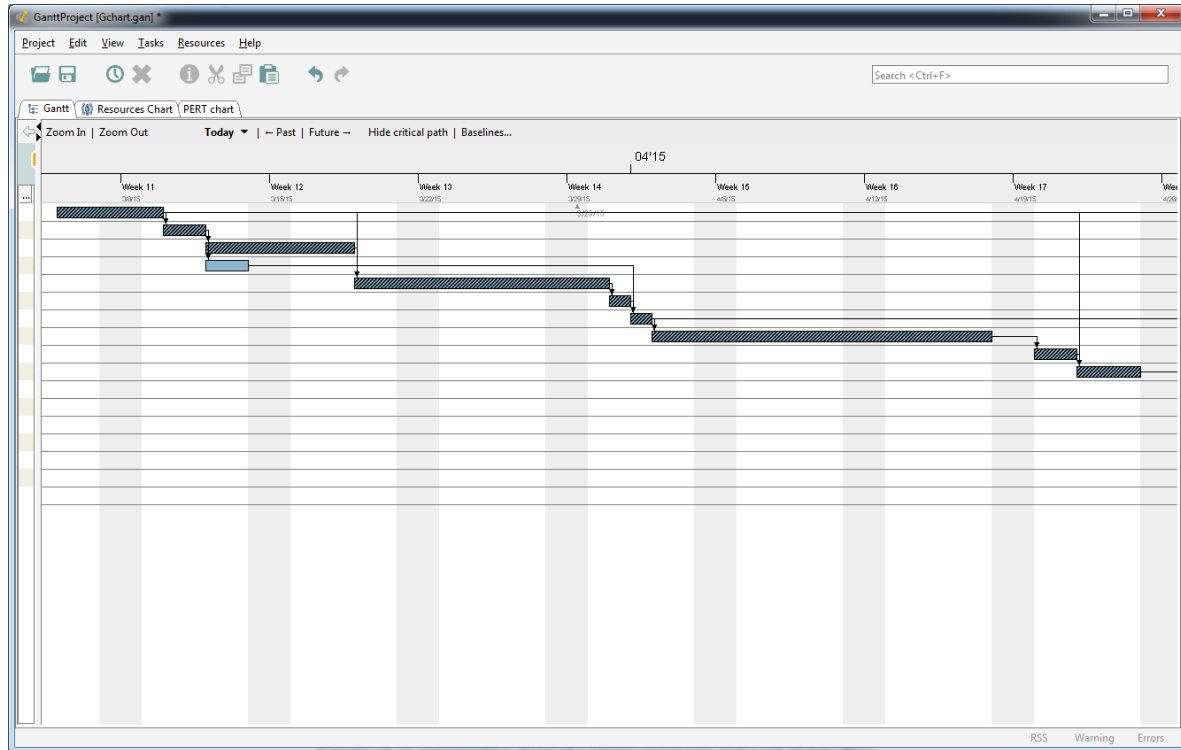


instead deploy anonymous heat maps. With the software's ability to record statistical data, we will be able to locate the areas with the highest demand population and then adapt to those areas by incentivizing higher levels of on-demand services. As we continue to adapt our software and our system, we hope to achieve a degree of brand recognition that will allow us to expand into more profitable locale so as to cater to our unique delivery service.



## Gantt Chart for Software Development





## PERT Chart

