



Bluebird Business Plan



Table of Contents

- Table of Contents 1
- Executive Summary 2
- Description of the Business 3
 - The Problem* 3
 - The Solution* 3
 - Mission* 3
 - Product Description* 4
 - Intellectual Property* 4
- Marketing Plan 5
 - Market Analysis 5
 - Industry* 5
 - Consumer Acceptance and Brand Recognition* 5
 - Industry Risks* 5
 - Cloud Hosting* 7
 - Target Market* 7
 - Competition* 8
 - SWOT Analysis* 10
 - 5-Forces Model* 11
 - Marketing Strategy 14
 - Pricing* 16
- Organizational Plan 17
 - Management 17
 - Personnel 17
 - Customer Service 17
- Finances 18



Marketing Plan

Competition

Bluetail's competitive situation is both unique and intriguing. Because of Bluetail's unique position in entering the web hosting market with their new disruptive technology it is hard to nail down any exact competitors. However, main key threats and competitors include any company looking to try and create an "On-Demand", automatic, cloud hosting service.

From research conducted, possible competitors include Rackspace Cloud¹, Superb Internet Corp., CartikaCloud Inc., Cloud bg., and Site Cloud, which are all companies that offer substitute products to Bluetail's services. The only company with a business model, offering services similar to that of Bluetail is a company known as Heroku. The only real difference between Bluetail and Heroku is that Heroku and Bluetail are based in two different scripting languages. Heroku works with Ruby and Bluetail with PHP. Bluetail is also prepared to offer a few additional perks to their services.

The Rackspace Cloud

9725 Datapoint Drive, Suite 100
San Antonio, TX

Cloud bg.

11 Edison Str,
Sofia, Bulgaria, E.U., 1574

Superb Internet Corp.

999 Bishop St. #1850
Honolulu, HI 96813-4457

Site Cloud

3435 Ocean Drive, Building 107-331
Santa Monica, CA. 90405

CartikaCloud Inc

3000 Irving Blvd.
Dallas, Texas 75247

Heroku Inc.

321 11th Street
San Francisco, CA

¹ http://www.rackspacecloud.com/cloud_hosting_faq



Any potential competitor Bluetail faces has the potential to compete with them across the board. Products, customer base, and geographical locations will all be very similar. Below are charts comparing Bluetail and its competitors on a variety of different aspects:

	Automatic Scaling	Flexible Billing	Disaster Recovery
Rackspace Cloud Servers	Yes	Hourly	Yes
Superb	Yes	No	Yes
CartikaCloud	Yes	Daily Utility Based	Add On
Heroku	Yes	No	Add On
Cloud.bg	Yes	No	No
Site Cloud	Yes	No	No
Bluebird	Yes	Usage Based	Yes

	Downtime	Support	High Availability	Managed Services
Rackspace Cloud Servers	Yes	24/7	No	No
Superb	None	24/7	Yes	Yes
CartikaCloud	None	24/7	Yes	Yes
Heroku	None	24/7	Yes	Yes
Cloud.bg	None	24/7	Yes	No
Site Cloud	Yes	24/7	No	No
Bluebird	None	24/7	Yes	Yes

	Scripting Language
Rackspace Cloud Servers	Python, PHP, Java, Ruby, and C#/.NET
Superb	PHP, Python, Ruby, Java, Perl, MySQL
CartikaCloud	cPanel, Apache, PHP, MySQL, Postgres, Perl, and BIND
Heroku	Ruby
Cloud.bg	cPanel, Apache, PHP, MySQL, Postgres, Perl, and BIND
Site Cloud	cPanel, Apache, PHP, MySQL, Postgres, Perl, and BIND
Bluebird	PHP

From looking at the graphs above we can conclude that even though Bluetail faces one main competitor and a number of substitute product competitors, their service will still offer the best technology on the market. Bluetail’s services will offer the fastest, easiest turnaround for customers with absolutely no downtime, and horizontal scaling, at the lowest costs and fees. Bluetail will deal primarily in the scripting language of PHP making their software much more direct, specific, and detailed to the needs of PHP web user’s needs. Bluetail will also offer the highest form of security options available to PHP users, by using a cloud environment with PCI compliance which is something none of Bluetail’s competitors can offer.

All of the companies on the chart are still considered competitors till Bluetail can explain how revolutionary their service and product is. When consumers can see the uniqueness and benefits of Bluetail’s service the competitor list decreases ... but the competitor companies will always be on back burner as potential substitute products.



SWOT Analysis

Situation being analyzed: Bluebird's New Software: Bluetail

<p>Strengths</p> <ul style="list-style-type: none"> Low Billing Options Automated Scaling (100%-0% interaction) Disaster Recovery Provision Backup Managed Services High Availability PCI Compliance Horizontal Scaling Security Simplification Time Saving 	<p>Weaknesses</p> <ul style="list-style-type: none"> Limitation to PHP Scripting Language New Arena/Industry Introduction of Disruptive Technology Time Sensitive Customer's don't Know they Need It Lack of Consumer Education
<p>Opportunities</p> <ul style="list-style-type: none"> New Technology Niche Target Market First to Market Patent Possibilities Zero Downtime PHP is Largest Growing Language Partnership with Larger Hosting Company Sell to a Hosting Company 	<p>Threats</p> <ul style="list-style-type: none"> Many Substitute Products Lots of Competition No Existing Patent Race to Market No Buyer Technology doesn't Work on Large Scale Staying on Top of Changes and Needs

5-Forces Model

Overview of Each Force²

Porter's Five Forces is a competitive analysis model that will help us to understand the nature of competition within Bluebird's industry. It will provide a simple yet powerful framework for further understanding the competitive forces in the industry. Below is an analysis of each of the five forces. In general the greater the competitive force, the more pressure Bluebird is likely to face, thus lower forces are ideal. Below are the conclusions in a chart format with more detailed descriptions below.

^{2 2} <http://www.whatmakesagoodleader.com/Porters-five-forces.html>





Bargaining Power of Customers

Because of Bluebird’s unique product position, and their introduction of a disruptive technology to the market, their potential customer base is huge while their number of direct competitors is quite low. Simply, this means they have low pressure coming from the bargaining power of their customers.

Switching costs are low, costs relative to total buyer purchases is lower than what competitors can offer, impact of outputs on the cost of differentiation are high, buyer profitability is extremely larger, and the threat of backward integration is almost non-existent. Because of these factors consumers do not possess much bargaining power against Bluebird. The only area of power Bluebird’s customers may possess is in the fact that there is a high presence of substitute products. As mentioned in other sections of the report, Bluebird has many substitute competitors, but none offer the same ease of service in the PHP market. Thus customers really do not have any bargaining power with Bluebird’s service.

Threat of New Entrants to the Industry

The threat of new entrants or existing competitors who create similar services is relatively high. When Bluebird introduces their service to the web hosting market they will pull a lot of their competitors’ clients to their services. Competitors will try to retaliate by creating similar systems and services. New competitors will however be restricted by upfront capital costs and access to technology or requirements to obtain patents. These barriers to entry ensure Bluebird some time to protect their market position. However, if they are not careful in monitoring potential entrants their position could be weakened significantly.



Bluebird only offering their service to PHP users allows for any other competitor that enters the market with a similar service appealing to a different scripting language, such as Heroku, to strengthen Bluebird's potential growth for business. These types of competitors allow for attention to be drawn to the new type of services without directly competing because of which type of users they are attracting. These type of new entrants are welcomed but should be monitored closely. The moment they move over into the same scripting language, they become less of an asset and more of a threat.

For the present time Bluebird's threat of new entrants remains low. This overtime can change however. Bluebird must always stay aware of possible new entrants and attempt to protect their market position and technology. It is essential that Bluebird obtains patents on their technologies.

Bargaining Power of Suppliers

Bluebird does not have any real suppliers affecting their competitive advantage or disadvantage in the industry. Bluebird's only real suppliers include, who they purchase their servers from and any other tangible equipment. Because the servers and equipment Bluebird uses is generic their supplier options are not limited. Bluebird is not dependant on any one supplier, thus their suppliers do not posses much bargaining power. If they were to raise prices or reduce service Bluebird could find alternate suppliers easily. Bluebird's bargaining power of suppliers is low.

Threat of Substitute Products or Services

As mentioned in other sections prior Bluebird's largest concern is the threat of substitute products and services. In the beginning during the introduction phases of Bluebird's services the threat of substitute services are extremely high. Customers will take some informing before they will see the benefit of moving over to Bluebird's services. They can also always turn back to the old way of doing things and have these other companies as substitute plans. This threat will always probably remain high for Bluebird.

Rivalry among Existing Firms

Bluebird's only existing competitive firm is Heroku. Heroku remains a small threat as long as they never attempt to enter the PHP market. If they begin thinking about offering their services to PHP users, Bluebird does face some concern. However, it is unlikely that Heroku will ever try to move into the PHP market because of barriers to entry. As a result rivalry amongst existing firms is very low.

Conclusion

The greater the competition of an industry, the less likely it is to bring in large amounts of profit to the industry. Porters Five Forces help analyze the industry and determine what competitors might do next. Bluebird's competitive advantage looks good after analyzing Porter's model and principles. Four of the five forces appear to have low pressure, with only the threat of substitute products demonstrating high pressure. With careful observation of potential threats, Bluebird can maintain their potential in the market.



Marketing Strategy

As mentioned prior, Bluetail is a disruptive technology. Whatis.com describes a disruptive technology as, “a new technology that unexpectedly displaces an established technology”.³ Therefore, Bluetail will position itself very carefully in order to make it appealing to potential customers. Bluetail must convince them that the way they are currently running their websites is insufficient and that this new technology will satisfy and fill needs they didn’t even realize they had.

In the early stages of bringing Bluetail to the market, Bluebird plans to use Grass Root Marketing strategies also known as viral marketing. According to viralbuzz.com, “Grass Roots Marketing is extremely attractive to businesses since it costs very little to execute and yet it can deliver astounding results in a very short period of time. Advertising and marketing budgets no longer stretch as far as they used to, and the perceived savings by using Grass Roots Marketing are very attractive”.⁴

Having a disruptive technology implies that educating the industry is one of the most vital assignments for Bluetail. Once people can understand the uniqueness and benefits of Bluetail, there will be no problems with product growth. As part of the Grass Roots Marketing one of the most important jobs is getting the information in the hands of those who will benefit from it. This starts with getting their new product/service to conferences and trade shows. Bluetail’s presence at these shows is instrumental in its initial success. They will contact and market to potential users who will in turn tell their contacts, who will then tell all their contacts, and on and on.

In Esla Sebastian’s article, Understanding Grassroots Marketing she says, “Grassroots marketing is an advertising strategy that uses the power of personal experience and referrals to create brand awareness. This strategy uses word of mouth advertising as the catalyst for a product's advertising”.⁵ To ensure the word is spread to potential customers Bluetail will in the beginning target large PHP users with large brand names. Having large brand name customers will make Bluetail’s track records more substantial. These brand name companies will also help to spread the word and ensure Bluebird’s success.

Other Grass Roots Marketing strategies Bluetail may choose to implement:

³ http://whatis.techtarget.com/definition/0,,sid9_gci945822,00.html

⁴ http://www.viralbuzz.com/grass_roots_marketing.html

⁵ http://www.associatedcontent.com/article/1905660/understanding_grassroots_marketing.html



- 'Refer a Friend' Reward Programs
- Send an Article Options via E-mail
- Giveaway Business Cards

- Word of Mouth in the Community
- Join Local Events
- Give Free Samples and Trial Offers

