



# 2019 IEO CHINA FINALS: BUSINESS CASE

## Truck Shipping Application: e运输

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# INEFFICIENCY IN THE MARKET

- 15% Deal Access Rate
  - Average of 2-3 days searching for an order
- Trucks running empty 40% of the time
- 55% of drivers face delay in payments





# TRUCK DRIVER FOR LIFE

- Only 8% has high school / college education
- Half of drivers have been driving for >5 years
- No sense of community, constantly on the move to truck



# CHINESE MARKET VS. US MARKET

- Chinese Market:
  - 80% of logistics, trucking centered around truck stops
  - Around ¥100,000 / year or ¥50 / hour
- US Market:
  - 70% of logistics
  - Around ¥25,000 / year or ¥120 / hour





# MAIN DIFFERENCE: MARKET SHARE

- China:
  - Top 10 shippers make up 5% of the market share
    - No shipper has more than 2%
  - Trucks run by owner-operator
- US:
  - Top 50 shippers make up 55% of market share
  - US operators have large market shares



# WHY USE AN APPLICATION

- 90% of trucks are owned by individuals
- 97% of drivers use smart phone for WeChat
- Retention increases app can find suppliers and receive payments





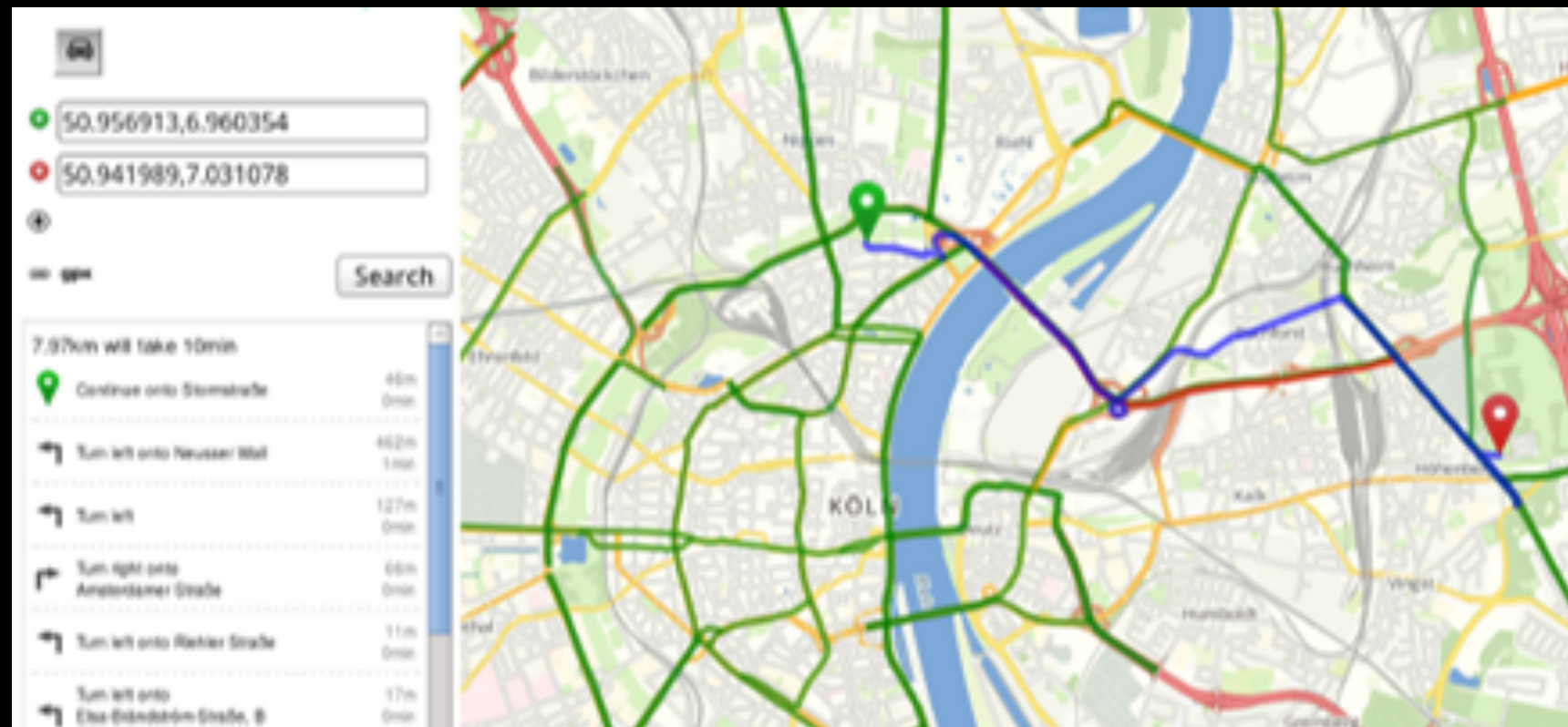
# DIDI / UBER MODEL

- Large amounts of users, divers vehicles and location
- Similar model to the trucking industry
- Analyzing orders and matching them with users



# WHY USE AN APPLICATION

- Big Data
  - Analyze data sets that are too large and complex
  - Large amounts of users, drivers and locations updated constantly
    - E.g. DiDi / Uber
    - Route planning and traffic control





# PROBLEMS & GOALS:

- Improve trucking and logistics efficiency in China
- Improve driver's condition and salary
- Sustain a profitable business in the long run

# SOLUTIONS:

- Digitize
- Subsidize
- Unionize

Our application: e运输



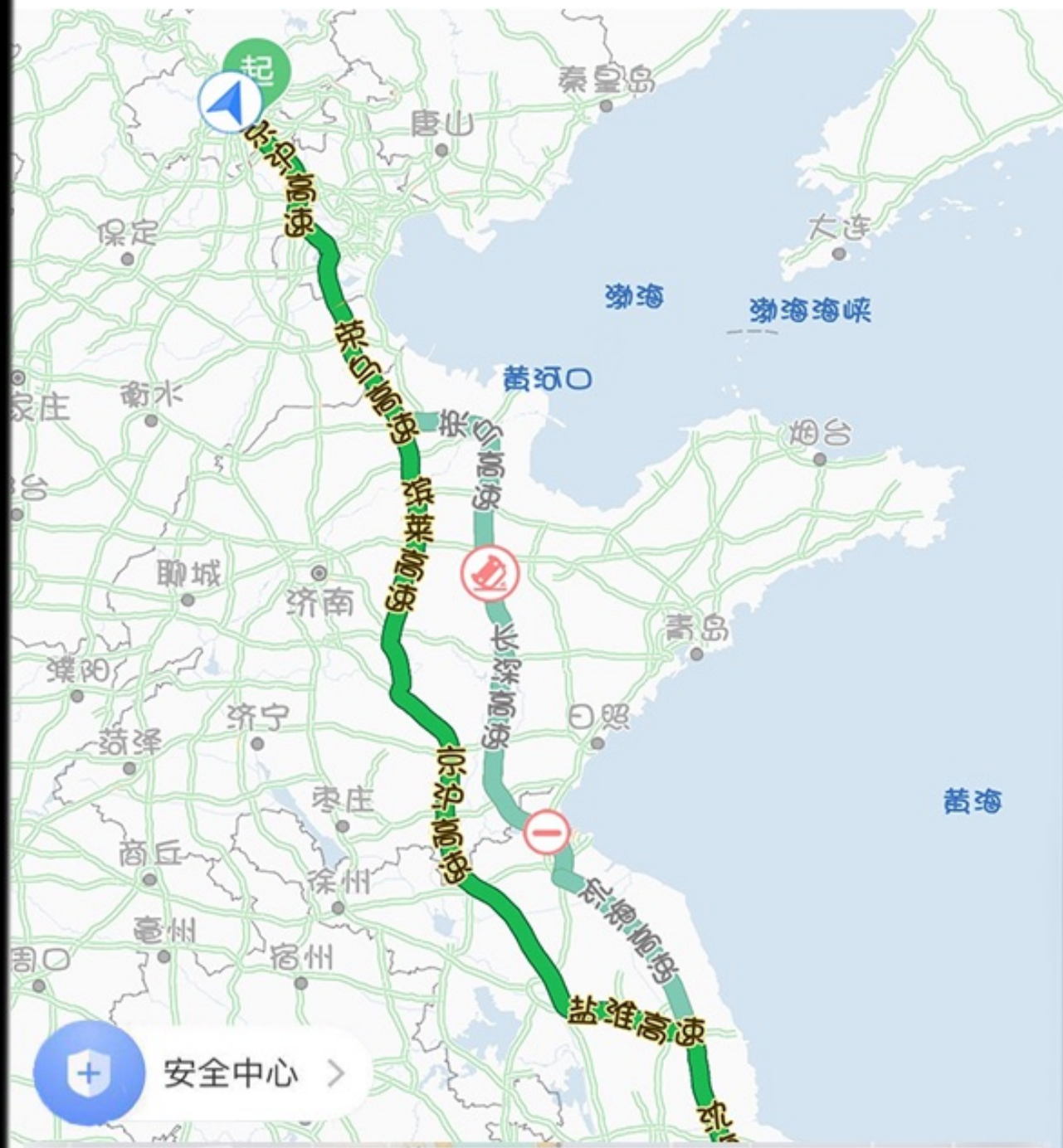
# MARKETING STRATEGIES

- Relationship Marketing
- Diversity Marketing
- Online Marketing
- Freebie Marketing

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北京市



安全中心

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>上海三和国际货物运输代理有限公司  
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预计时常: 14小时 41分 (1213公里) 预计支付: ¥1224

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- ✓ 优化程序

试用

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  - ✓ 中转站8.5折
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- ✓ 搜索订单
  - ✓ 优化程序
  - ✓ 中转站8.5折
- (包含酒店, 便利店等服务)
- ✓ 实时更新
  - ✓ 同时送货
  - ✓ 优先提供订单
  - ✓ 热度图

购买





一路向前，需e运输



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“前途是光明的，  
道路是曲折的”



# BUSINESS PLAN - YEAR 1

## FUNDAMENTAL ELEMENTS

#	ASSETS	CASH FLOW INBOUND
1	INITIAL BALANCE FUNDING	¥1,000,000

#	LIABILITIES	CASH FLOW OUTBOUND
1	SOFTWARE TECHNOLOGY	¥150,000* <sup>1</sup>
2	MAPS / NAVIGATION TECHNOLOGY	¥50,000* <sup>1</sup>
3	SOFTWARE ENGINEERS EMPLOYEES	¥12,900* x 5 (BASE) ¥12,900* <sup>1</sup>
4	CUSTOMER SUPPORT EMPLOYEES	¥5,000* <sup>2</sup> PER PERSON

\*Monthly; <sup>1</sup>Every 100,000 Drivers; <sup>2</sup>Every 10,000 Drivers

## ADDITIONAL OPERATIONS

#	ASSETS	CASH FLOW INBOUND
1	e运输 SUBSCRIPTION USER PAYMENT	¥99* <sup>3</sup> / ¥199* <sup>3</sup>

#	LIABILITIES	CASH FLOW OUTBOUND
1	BILLBOARDS PROMOTION	¥100,000* x 200
2	SHIPPER SUBSIDY RETENTION	¥300* <sup>3</sup>
3	TRUCK SHOPS SUBSIDIZATION	¥300,000 x 25 / 75

\*Monthly; <sup>3</sup>Per Individual

# MONTHLY NET PROFIT CALCULATION

$$\begin{aligned}\text{Fundamental Cost} = & \text{¥}150,000 \times \left[ \frac{\text{User Base}}{100,000} \right] + \text{¥}50,000 \times \left[ \frac{\text{User Base}}{100,000} \right] \\ & + \text{¥}12,900 \times 5 + \text{¥}12,900 \times \left[ \frac{\text{User Base}}{100,000} \right] \\ & + \text{¥}5,000 \times \left[ \frac{\text{User Base}}{10,000} \right]\end{aligned}$$

$$\begin{aligned}\text{Additional Operational Cost} = & \text{¥}100,000 \times \text{Number of Billboards} \\ & + \text{¥}300 \times \text{Number of Shippers Retained} \\ & + \text{¥}300,000 \times \text{Number of Truck Stops Subsidized}\end{aligned}$$

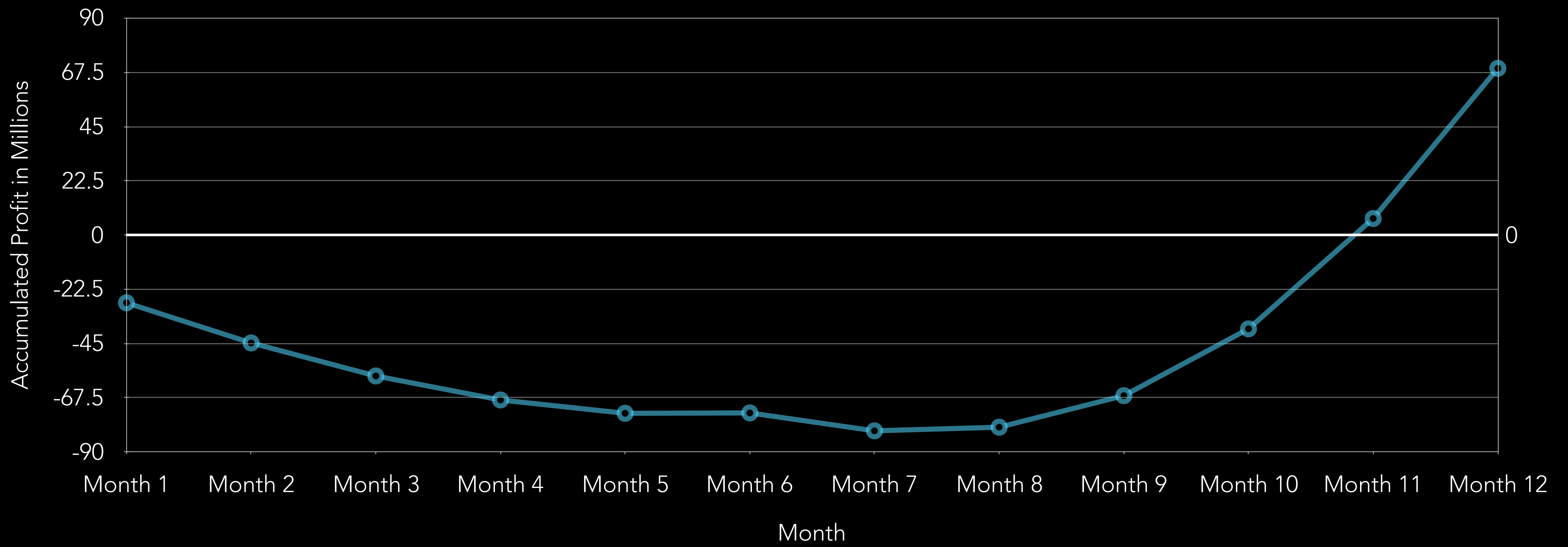
$$\begin{aligned}\text{Revenue} = & \text{¥}99 \times \text{Normal Subscription} \\ & + \text{¥}199 \times \text{Premium Subscription}\end{aligned}$$



YEAR 1: PROFIT 76.02M

MTH	USER	REVENUE	COST	PROFIT	MTH	USER	REVENUE	COST	PROFIT
1	100,000	¥0	¥28.13M	-¥28.13M	7	400,000	¥36.20M	¥43.62M	-¥7.42M
2	126,000	¥11.40M	¥28.05M	-¥16.65M	8	504,000	¥45.60M	¥44.10M	¥1.50M
3	159,000	¥14.36M	¥28.07M	-¥13.71M	9	635,000	¥57.46M	¥44.37M	¥13.09M
4	200,000	¥18.13M	¥28.09M	-¥9.96M	10	800,000	¥72.39M	¥44.67M	¥27.72M
5	252,000	¥22.80M	¥28.33M	-¥5.53M	11	1.01M	¥91.20M	¥45.41M	¥45.79M
6	317,500	¥28.73M	¥28.58M	+¥0.15M	12	1.27M	¥115.14M	¥45.97M	¥69.17M

# ACCUMULATED PROFIT GRAPH



# BUSINESS PLAN SUPPLEMENT

## LOANS AND FUNDING

- The inability to break even for the first 10 months must be remedied by loans
- Interest rate (*1Y by default*)
  - 中国银行: 4.300% *Larger bank, lower rate*
  - 建设银行: 4.300%
  - 工商银行: 4.750% (1Y~3Y) *Higher rate but longer duration*
  - 农业银行: 4.350%



# BUSINESS PLAN SUPPLEMENT

## FUTURE OPERATIONS

#	LIABILITIES	CASH FLOW OUTBOUND
1	ETC GIVEAWAYS BENEFITS	¥400 <sup>3</sup>
2	OIL SUBSIDIES BENEFITS	¥18000 <sup>3,4</sup>
<sup>3</sup> Per Individual; <sup>4</sup> Considers Beijing Prices		

9000 km/month  
0.3 L/km → 2700 L/month



- With enough influence,
  - Negotiate with oil providers for lower prices
  - Negotiate with ETC providers for bulk-order deals

e 运输

THANK YOU.

