AlumNet Business Analysis

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Executive summary

AlumNet is a web application that connects alumni of the University of Pennsylvania who are living in the same city after graduation. The platform enables Penn alumni to create verified user profiles and interact with other verified users, using features such as direct messaging, community forums, roommate search functionality, friendship recommendations, and event notifications. The unique feature of AlumNet is its alumni verification process, which combines traditional email verification with proprietary mapping of valid email extension to accredited universities. AlumNet aims to expand its services to reach a total market of four million college graduates from other universities as well. We will discuss how user preferences and market competition influenced the design and marketing strategy of our application. Sources of revenue that will be considered include advertising, talent recruitment services, and university alumni relations offices, followed by a brief discussion of flexible costs.

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Value Proposition

AlumNet is a web application that serves as a platform to connect Penn graduates with other Penn graduates living in the same city after graduation. The application will allow Penn alumni to create verified user profiles and interact with other users by means of various features. Users will be able to search for, view the profile of, and direct message other users within the Penn community. Initial app features will also include community message forums, roommate search functionality, friendship recommendations, and event notifications.
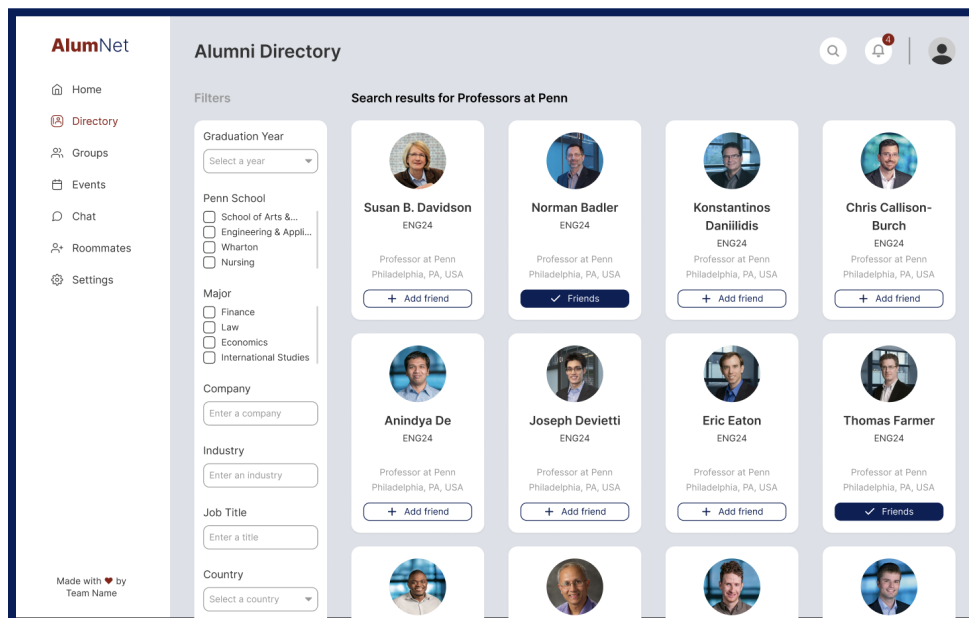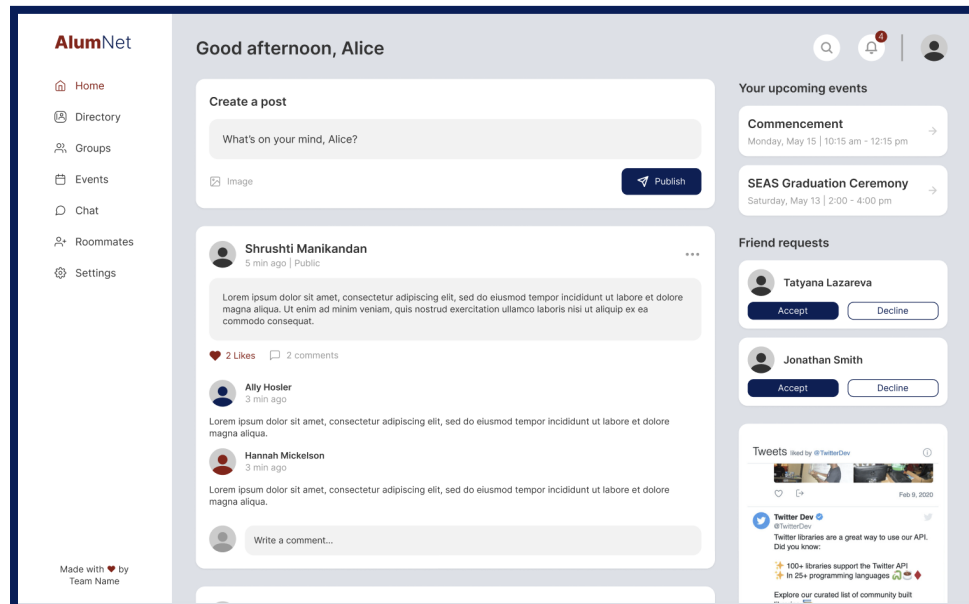
Figures 1: AlumNet demo Homepage (1a) and Alumni Search Directory (1b)

Alumni Verification Feature

The alumni verification process is the key innovation and primary differentiating feature for the social networking platform. By combining traditional implementations of email verification with AlumNet's proprietary mapping of valid email extension to accredited universities, the alumni verification process offered by AlumNet is robustly secure. This process is also designed to easily scale AlumNet's offerings of universities without relying on the cooperation of individual universities for an embedded security feature like Single Sign-On (SSO) authentication which may present potential bottlenecks to growth.

Market Research

Alumni User Demand

The market opportunity for this application became apparent to the founders as they began searching for roommates to live with in new cities after graduation. AlumNet will initially be marketed to Penn's 290,000 alumni with a specific focus on reaching the metropolitan, single, under 40 demographic that we believe will engage most with our services. However, AlumNet plans to quickly expand their coverage of universities across the country to reach the total market of four million college graduates.

Market research consisted of a qualitative survey of recent Penn alumni whose feedback helped identify pain points with current means of communication amongst local alumni and consequently influenced our initial feature designs. Helpful responses in consideration of the application design include the following:

"Would have loved a tool that helped me find friends in this city from recent Penn years a few months before I moved!"

"I feel like there is no effective way to meet new alumni on social media. Who would respond to a random account from someone who claims to have gone to the same school? I wouldn't."

"QuakerNet [MyPenn] is so hard to use and half of the profiles are missing info"

Competitive Landscape

Competitors in local alumni networking can be segmented into social networking platforms and alumni associations. Existing social networking sites such as Linkedin or Facebook offer little to no user information verification. As a solution, AlumNet verifies each of our users via Penn alumni email addresses. The greatest challenge in competing with these firms

will be achieving the scale of their existing user networks. For context, Facebook hosts nearly 3 billion active users[1] and Linkedin hosts over 900 million members[2].

In terms of alternatives that also leverage graduate verification, we have identified areas of communication and networking for improvement. Membership to Penn alumni regional clubs can be costly to maintain, communication is largely one-sided via newsletters, and in-person networking events are inconvenient and unattractive to a large segment of younger alumni. Additionally, Penn's existing alumni directory, MyPenn, previously known as QuakerNet, has its own shortcomings regarding out of date contact information and interface usability.

Table of Competition:

	Linkedin	Facebook	The Penn Club	MyPenn	**AlumNet**
Graduation verification			X	X	**X**
Instant messaging	X	X			**X**
Event coordination	X	X	X		**X**
Roommate search					**X**
Cost-free for users		X		X	**X**

Revenue Model

In this section, we outline potential stakeholder incentives and proposed revenue models for value capture. AlumNet initially plans to follow an ad-based revenue model, which will eventually be supplemented by inflows from service fees and data sales for recruiters and universities dependent on growth in network size and user engagement.

Advertisers

An ad-based revenue model would generate revenue by displaying advertisements on the AlumNet application. The company earns money by charging advertisers to display their ads to its users, either based on the number of clicks or views the ad receives. Ad-based revenue models are commonly used across other social media platforms, search engines, and online services.

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[1] "56+ Facebook Statistics For Marketers In 2023 (Infographics)"
https://www.demandsage.com/facebook-statistics/#:~:text=Facebook%20is%20the%20most%20popular,user%20(ARPU)%20is%20%2410.86.

[2] "About LinkedIn"
https://about.linkedin.com/#:~:text=900%20million%20members%20in%20more,member%20of%20the%20global%20workforce.

As data privacy is a growing concern amongst consumers, AlumNet strives to set a higher standard than competitors have historically demonstrated. This entails protecting users' data from third parties and foregoing targeted advertisements. As such, PennNet offers advantages in broad marketing by providing access to a specific valuable consumer segment without necessarily revealing any additional user information. According to 2021 data from the Bureau of Labor Statistics[3], "full-time workers ages 22 to 27 who held a bachelor's degree, but no further education, made a median annual wage of $52,000, compared with $30,000 for full-time workers of the same age with a high school diploma and no degree." This significant gap in income between AlumNet's user population and that of the general public, offers a higher valued pool of consumers to receive broadly-targeted advertisements than platforms used by the broad market.

Institutional Users

Talent Recruiters

AlumNet also plans to expand into talent recruitment services following a service-based revenue model. This growth opportunity would leverage existing user data in the network to create professional introductions between alumni users and talent recruiters. AlumNet is a competitive service for recruiters as well as alumni, because the graduate verification also ensures greater credibility of a user's resume than competitors can provide.

University Alumni Relations

As a platform that inherently connects alumni to their alma mater, AlumNet will at scale possess data and provide services that universities hold highly valuable for the purposes of analyzing and improving alumni engagement. A potential method for capturing this value is through a data sale revenue model. This may include selling (user-anonymous) summary statistics for the activity of a university's alumni-base with or without additional charges for exclusivity or nondisclosure rights. At scale, and following evidence of improving alumni engagement, AlumNet will eventually have the bargaining power to charge universities a service fee just to be listed as a university in AlumNets offerings.

Cost Analysis

Costs to achieve the initial functionality and user capacity are negligible. Long term costs primarily include those associated with maintaining and hosting a web server (from $70 to $320

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[3] "10 facts about today's college graduates"
https://www.pewresearch.org/short-reads/2022/04/12/10-facts-about-todays-college-graduates/#:~:text=In%202021%2C%20full%2Dtime%20workers,the%20Bureau%20of%20Labor%20Statistics.

per month varying upon size[4]) and expanding user engagement. We expect the customer acquisition costs to be significant specifically during the adoption phase of each university we add to our coverage due to compounding value eventually added by the Network Effect. Nonetheless, net customer acquisition spending is flexible and will vary upon revenue in order to maintain attractive margins. It is important to our business model that our service is cost-free for our alumni users, since it creates a competitive advantage over alumni club membership fees.

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[4] "Cost of Mobile App Maintenance in 2023 and Why It's Needed"
https://imaginovation.net/blog/importance-mobile-app-maintenance-cost/#:~:text=An%20app%20hosting%20server%20can,as%20a%20cloud%2Dbased%20environment.