

**Coinsource B2B Growth Strategy Proposal
Live Virtual Business Case**

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MEMO

TO: Coinsource Live Business Case Competition Judges
FROM: Team Bethune-Cookman University (B-CU)
SUBJECT: Business Case Solution for Coinsource Growth Strategy
DATE: March 27, 2020

We are pleased to submit to the IACBE Evaluation Team the attached document, the Business Case Solution for Coinsource Expansion Initiative in collaboration with IACBE

This document was developed using the tools provided by IACBE Live Virtual Business Case team, further research and results of a SWOT Analysis. We wish to thank the Competition Organizers for the opportunity and Mr. Derek Muhney, Vice President of Coinsource and Mr. Jordan Levy, CEO of Capsource.

The Team B-CU looks forward to feedback from the Evaluation Team concerning the feasibility of this proposal for the committee's decision along with possible suggestions for improvements to the process of business develop through case analysis.

Sincerely,

Trey Ricks, Team Leader
Team Bethune-Cookman University

Part 1: Coinsource Business Model

Coinsource is the international leader in the cryptocurrency industry with annual revenues of 50 million U.S. dollars. Currently, using the safest and most efficient way to purchase bitcoins using traditional currency, is one of the reasons its portfolio boasts of over 400 kiosks approaching 46 states in the U.S. and is established globally in and South America, Asia, and Europe. Coinsource as a service providing company's mission is to provide an easy, safe access to digital currency at anytime, anywhere in the world. They have been successful with their service model plan enabling businesses to provide these services in a kiosk white provide 24-hour access.

The B-CU Team conducted a SWOT analysis to fully examine the Coinsource Business Model and for the basis of their recommendation to its expansion interests and added customer engagement.

Coinsource's business model is working amazingly well in a number of ways. Proof of how well the model has worked is in the number of machines over the five years. What started out with one machine stationed in Las Vegas increased to 300 in year four, and within two months after, the number of kiosks increase to 600. The unique value these machines provide is the ability for businesses to use the "whiteglove service" enabling companies to sign on and provide the service while maintaining their brand in the appearance of the machine. This is a great feature for consumers that are brand loyal. This turnkey feature cuts down a great deal of set-up and operation thereby enabling the business regardless of size to utilize the product. Another added feature is the Coinsource involvement in the marketing and promotion, this is customized to scale. Coinsource allows two options: the white label or the Coinsource brand. Coinsource prefers that the businesses go the Coinsource brand, which is understandable as they are the ones who are delivering the service and brand recognition. Also, by using the Coinsource process, it minimizes the legal obligations for the business because they are covered under their umbrella.

One disadvantage of the Coinsource business model is the delivery of products. Currently, the bitcoin purchase process is conducted through the physical kiosks. On the drawing board is technology to develop a wallet to further meet the demands of their competitors, however, it is not available at this time. This is definitely eliminating them from reaching more customers that has the potential of over 200 million similar to that of the Line Corporation accessed in their launch of their cryptocurrency site Link.

Opportunities on the horizon for Coinsource is maximization of the block chain technology. Baby boomers which represents 30% of its market select business that share their values. One of those which is important when conducting business is the customer experience. They are loyal to brands and where they feel appreciated. Therefore the opportunity exists for Coinsource to provide perks and rewards for those who purchase and makes purchases using Bitcoins. This will be further discussed in the recommendations.

Part 2: Coinsource B2B Strategy

In an age where cybersecurity is any digital organization's top priority, the same is the case for Coinsource. One of the features that is unique comes with a set of guarantees for safety and security for any owner of bitcoins is the block chain technology. The block chain technology gives each transaction its unique identifier and is impenetrable which is vastly different from traditional fintech (financial technology) systems that has been as of most recent years susceptible to a number of well-known and publicized threats. Additionally, Coinsource is the only Bitcoin company to offer voice search for remote access from a phone.

Coinsource has a number of opportunities that it could embrace to grow their business to business side of selling their bitcoins and kiosks. The overall feature is diversification. Recent events have shown how the businesses they affiliate with or located in are essential businesses that many people require to visit in either weekly or biweekly basis.

Part 3: Analyze Market Size, Segments, and Competitors

As the demand for digital currency increases so will the size of the market. The cryptocurrency market is projected to expand in terms of U.S. dollars to \$1,400,000,000, by the year 2024 with a growth rate of 6.18%. Bitcoin holds the largest share of the market of 38.76% in 2017.

Competition for Coinsource is Coinme. Coinme has 3431 ATM locations. Coinsource only has 400+. However, Coinsource is capable of being in 50 states. Crypto-friendly ATM's are important to Coinsource because it helps ensure its users protection and easy access.

The big spenders out of the age groups, Baby boomers are an essential part of the economy. To market effectively to this audience, businesses must show them respect, make things accessible, and make sure you use social media. Being the eldest of the groups, Baby boomers, want businesses to show them respect not for their age, but for their long standing impact on the economy. Accessibility is key as well. Providing and trying to sell to this group should be presented clearly and precisely. Many baby boomers are finding their way to online, so that is also a viable market area to reach them.

Comprising of 30% of the Coinsource market, Gen X are the children of the baby boomers and therefore share some of their characteristics. With this in mind, strategies to target this audience includes clarity. This requires some level of explanation to the purpose of deals to them, push technology on them and also sticking strictly to facts. These are the people born in the age of the end of the cold war and the rise of technology, so they have seen the market go in either direction.

Making up what we know as millennials, Generation Y is one of the newest age groups with buying power. This is the most environmentally conscious group of all. It is important no matter the product or service that these companies are conscious of its digital footprint and how it impacts the world. So, those businesses with a social conscious element or trendy. More importantly, this is the generation with more than 40% not having/using credit cards. Coinsource would be an ideal mechanism for this generation for their primary financial service/ portfolio.

Part 4: Coinsource B2B Growth Strategy

Based on the SWOT Analysis, Team B-CU recommends a growth strategy focused on three marketing areas

- A. Promotion – promoting Bitcoin and its services in order to gain additional market share
- B. Increased Accessibility
- C. Customer Experience

We have termed this strategy: *Coinsource Growing Bit by Bit (BxB)*

The BxB Growth Strategy is focused on increased marketing efforts and diversify the customer base where Coinsource continues to have success and maintains its position as the leader in cryptocurrency services. In an interview with Coinsource Vice President of Marketing, Mr. Mark Duhney the baby boomers make up 30% of its market. The average consumer of Bitcoin are white males but this is gradually changing to include women. As most marketing data shows women are the largest consumer of goods and services. Organizations are increasing their marketing dollars to target these demographics as well as the children of baby boomers, Generation X and Y and their children. Basically, there are three generations that are significant opportunities for Coinsource.

Accessing these demographics would be for Coinsource to focus on businesses that cater to their interests and values. We have used The Pew Research Center definitions for the generations for analysis purposes as indicated in the table below.

Generation Definitions		
Generation	Year of Birth	Age range as of 2019
Baby Boomers	Born 1946 – 1964	55 to 73
Generation X	Born 1965 – 1980	39 to 54
Generation Y (Millennial)	Born 1981 – 1996	23 to 38
Generation Z (Post Millennial)	Born 1997 and thereafter	18 to 22

The Baby-boomers are those born 1946-1964 which make up 30% of the current market for Coinsource. Baby-boomers are very discretionary with their buying power they are loyal to those businesses that are the ones with excellent customer service. Generation X are those born 1964 to 1980 and Generation Y are those termed as millennials. Both are focused on growing families, careers and making major purchases. Further, as Coinsource is designed for the unbanked, Generation Y in particular, have less access or use of traditional credit cards, therefore a wealth of potential is available.

The benefits of targeting these businesses are aligned some of the main priorities of bitcoin investors. For Coinsource to market to franchises like the Wawa Gas Stations would be beneficial to all of the demographics of the BxB Growth Strategy. The convenience stores and gas stations attract the demographics that would be ideal for the Coinsource business model. These stores are the main place one-stop shop experience as well as providing great customer service and quality atmosphere. Amid the events occurring in the world now such as the corona

virus, stores such as gas stations/grocery stores are better for quick efficient purchase of goods and services that are essential to day to day life.

Other industries that would be great to reach the targeted customers would be entertainment centers, like malls. According to West Midland Family Center, Gen X and Gen Y worked on finding a balance between life and work. Baby boomers are at the age to retire now so they have more free time to do the things they want especially when they were the ones who were so focused on work. Entertainment centers, such as malls and travel destinations. While all of the demographics are focused on these areas they are so for varied reasons. Baby boomers select those venues that offer them great product and services but more importantly, great customer service. Generations, X and Y select entertainment that is more family oriented or a gender groups or common interests.

Promotion

The marketing efforts would include heavy promotion of the Coinsource brand as the 21st century's safest financial/service product to have in a personal portfolio. Educating through webinars, podcasts and guerilla marketing would be an ideal way to reach the demographics for Coinsource. Going back to some basic concepts is the BxB Strategy. By going out and interacting with business in the promotion of the Bitcoin, kiosk will be visibility for B2B. Promoting that one can open up an account simply online with its first transaction with a promotion expanding the college campuses and public utilities would connect to the demographics for growth.

Increase Accessibility

Growing the accessibility to bitcoins would be to expand the locations moving into entertainment centers such as malls, partnering with chain one-stop shop stores, restaurants, such as Wawa, Racetrack, Cracker Barrel. Additionally, travel destinations are favorites for all 3 demographics.

Customer Experience

Using the blockchain technology, user can become subscribers and receive rewards for utilizing the services. Referrals as well as unique experiences, purchases and destinations can be part of the engagement with the customers through the businesses that provide the kiosks. Also extending their online engagement as the new technologies are developed would be how Coinsource could grow exponentially, bit by bit.