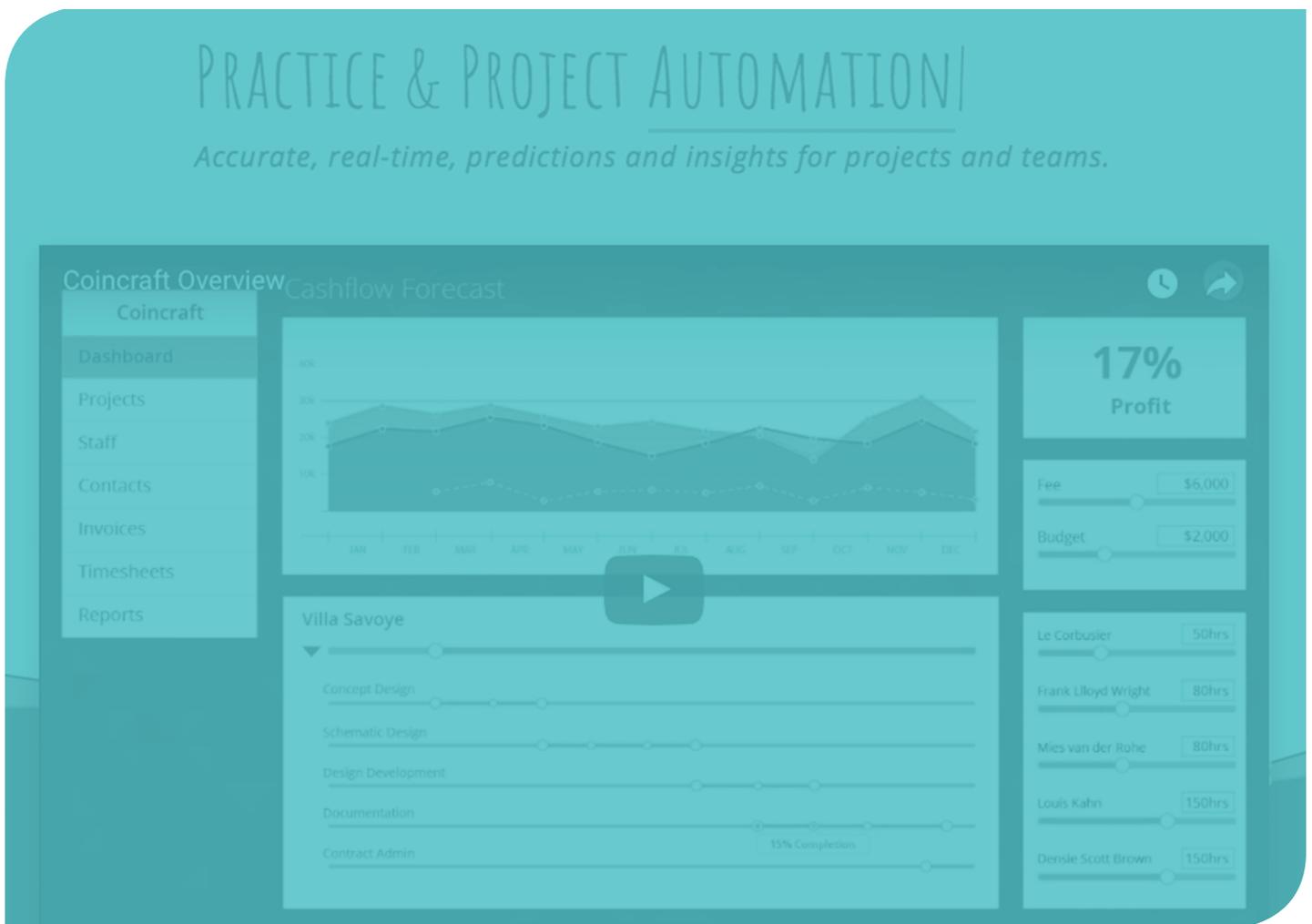


CASE STUDY

Building a Software as a Service for the Architecture Industry

BUSINESS MODEL	Software as a Service (SaaS)
COMPANY	Coincraft
FOUNDER	Ryan King



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Business Description

Coincraft is a practice and project management service for architectural businesses. The service helps architectural practices overview, analyze and manage their projects and business. Its features include project planning, resource scheduling, cash flow forecasting, project budgeting, time tracking and invoicing.

Coincraft helps visual thinkers like architects answer important business questions:

Is your business making enough money, both right now and in the future? Are your projects profitable? Do your staff have enough time available to hit project deadlines? Coincraft answers all these questions with an interface that is built for visual thinkers like architects. A product which definitely fills a gap in the business of architecture environment.

Coincraft's solution is sold as a Software as a Service subscription. Architecture offices pay a monthly or yearly fee to get access to the service. Pricing is based on the number of admin and standard users that a business needs. Admin users have access to all features including the ability to manage projects, staff and invoices. Standard user features are limited to viewing projects and milestones, tracking time and creating reports. The pricing currently starts at \$28 per month for one admin user.

Founder Background

Like many entrepreneurs Ryan's experience stretches across a variety of professional fields; from engineering to architecture, graphic design and web design to programming.

Ryan has studied both engineering and architecture. He holds a Bachelor of Engineering from the University of Newcastle as well as a Bachelor of Architecture from RMIT University in Melbourne.

Ryan has worked for several architecture practices over the last couple years. He has previously worked in graphic design, and as hobbyist programmer.

Ryan handles a bit of everything in Coincraft, overseeing business strategy, product management and branding. He sees Coincraft as an opportunity to combine his many interests and significantly improve how architectural practices are run.

Business Model Analysis

Coincraft's value proposition is to provide a solution for accurate, real-time predictions and insights for architecture projects and teams. While many project planning and management solutions already exist, Coincraft is providing a tailored solution for architects.

Coincraft's customer segment is defined as architecture offices. Customers sign up online and can access the web application using their login details. Technically, the delivery of the service is automated once customers start adding projects and enter data in the interface. However, Coincraft still has a direct relationship with customers to provide support and solve technical issues.

Coincraft's key resource is the software technology that takes the headache out of project management. Therefore key activities in the business relate to the development and improvement of this technology. This involves both programming on the backend and also design on the frontend to make it user-friendly.

The technological nature of the business also determines its cost structure. Time invested in development, servers and hosting are major cost drivers. Additionally, the cost of customer acquisition in the form of paid advertising or time invested to promote the service is a significant expense.

Coincraft's revenue model is a software as a service subscription. Customers sign up and either pay monthly or yearly for the service. The benefit of this model is that users keep paying for the service as long as they are using it. This makes cashflow more predictable than in a software as a product model where users buy the software once and then only pay again for a major upgrade or new version of it.

Coincraft's key partners are services that can be integrated with its project management tool. This includes accounting solutions like Xero or time tracking tools like Harvest.

In summary, Coincraft is a technology company offering a Software as a Service to architecture firms. This type of business model is best suited for architects with a passion for technology, like Ryan. His background in architecture allows him to understand the specific needs of architecture practices. His background in design and programming allows him to be involved in the development and improvement of the service if necessary.

KEY PARTNERS Accounting tools Employee and time management tools Project management tools	KEY ACTIVITIES Programming Development	VALUE PROPOSITION Accurate, real-time, predictions and insights for architecture projects and teams.	CUSTOMER RELATIONSHIP Direct relationship Automated software as a service	CUSTOMER SEGMENTS Architecture offices
	KEY RESOURCES Technology Software solution		CHANNELS Website Coincraft.co	
COST STRUCTURE Tool development Servers, hosting Customer acquisition Customer service		REVENUE STREAMS Software as a service subscriptions		

Highlights, Resources and Tips from the Interview

Recognizing problems as opportunities (00:23)

“I used to work architecture firm looking for software which allows us to basically forecast our workload and revenue. We couldn’t find something so I started thinking I could build this and started drawing up sketches took them around to a few architecture firms and said like “hey if I built this would you pay for it?”. And I eventually had enough people saying yes that I thought I should give it a shot and I started working on it. And I used those architecture firms to bring a software developer friend on board as well. And away we went.”

How did you get started (02:12)

“We pretty much jumped straight in. We tried doing it sort of like on our weekends which is very hard. We built a little resourcing tool but it was very buggy. And when you when you get a bug then all of a sudden you’re spending the weekend fixing the bug rather than doing what you planned on doing that weekend so your timelines blow out very quickly and we basically took it to an investor and said like in order to do this we need probably a year worth of capital to get it out the door.

We’ve got this list of architecture practices who say they will buy it. Almost none of them did that. It was still beneficial for us and we needed that initial capital to quit our jobs and start full time.”

“It was about 80k. So that was enough to keep us going for a year and a bit. We didn’t pay ourselves all that much. And now we’re on our own steam so it was just enough to get enough customers through the door to keep the business operating on its own.”

Ryan’s various roles in the business (04:06)

“Yeah my job is basically everything which isn’t coding. And even then a little bit of coding so I sell the software, I market the software, I do our branding, I design the software, I support our customers. Just absolutely everything, I even to jump into the code and make shit look pretty. It’s like when you start a business you have to wear many hats. I’m looking forward to being able to delegate some of that to someone else. But for the time being I do everything.”

The benefits of architecture education in business (04:45)

I think the training in architecture is really beneficial in helping you I guess rationalize your thoughts and I guess understand whether or not you’re achieving the objective of your design I suppose. I think early days in architecture I was like I could say this is what I want to do but actually producing that was quite difficult. But after you go through your architectural training you can actually design a building which achieves what you want it to achieve.

The most effective marketing strategies (09:40)

We we did an initial survey with the Australian Institute of Architects which is quite helpful so it’s quite helpful to find people who sell to your

customers. So that was quite beneficial in getting contacts and talking to people about what they need and then developing tools to help them with those problems. And I guess it's also quite beneficial to build as little as possible. Listen to people and then sort of go after that solution rather than trying to dictate what people need because you might be wrong.

So that was quite beneficial but also by like personal connections just emailing people out of the blue.

We tried a bit of like Facebook and Google marketing. But for us it's quite a competitive space. We'll probably looking at spending upwards of a thousand dollars to get a single customer. And that's a bit expensive for us right now. But the math kind of works out so that's still OK because your customers typically stay with you for quite a few years so it's it's actually beneficial to spend that much on acquiring a customer.

Coincraft's business model and pricing (11:26)

So we have a subscription model and that makes the software a lot cheaper. And also it gives us a continuous sort of cash flow so we can continue working on the product and updating the products. So you pay per type of user so there's an admin user. And I think that's 35 USD a month. I'm trying to figure out all the different currencies because we've got different prices in different currencies and I think the timesheet user is 15 USD a month. You can verify that on our website.

And so we basically charge per user per month and that allows us to continuously update the software. So you're always receiving new updates. It all so it covers support. So if you have a problem we've got like a little chat window where you can say I need help. Our Australian

customers just call me. Might not be too scalable but we'll we'll deal with that problem once that happens.

Clever ways to validate your business idea online (16:00)

And basically to bring my software developer on board I did a lot of non technical stuff in the first place. So I just did up some screenshots in Adobe Illustrator, took them around to architecture firms. They signed a letter of intent saying "yes I'll buy this if you build it". I think I got about 30 of them in the end and said like "this is what I got from walking around Melbourne" and "do you want to help me build it?".

You can do it in a way to generate interest and then prove to other stakeholders there's money in this. Do you want to participate in helping make it a reality? Because if we do we can sell it on and actually create quite a nice business from it.

We pre-sold the first few Coincraft subscriptions before we built anything. And we basically told people if we don't build what you want in the next three months then we'll give you your money back. And thankfully we didn't have to do that with anyone.

Technical developments very expensive and you want to basically figure out a way of proving whether or not you or your business model is going to work for you before you sink that investment into the software. Like pre-sales is kind of like a validation thing in itself because it's like people actually put money down for a tool which doesn't exist yet. There's something here. It's like you don't need to be technical to get started but it is hugely beneficial once you do get the ball rolling.

Equity agreements with business partners (19:40)

It's a 50/50 split but we are on a what's called a vesting agreement. So the vesting agreement states it typically goes for four years. If you stay around within the company and perform your role within the company for the next four years then you get the full 50 percent equity.

And you basically have flagpoles so you can say every time you get one quarter of that. So you get 12 and a half percent every year. And so if you leave after the third year but before the fourth year then you'll be down 12.5 percent from that 50 percent. So it's like if you're going to invest that much time in a company and give someone so much equity in that company it's just to ensure that they don't leave after day 2.

How many customers does Coincraft have (26:09)

I think we just signed on number 51. I still consider that to be a bit small but it's growing faster. We probably got 40 of those in the last year. So it's sort of growing at a faster rate. We think we've captured approximately one percent of the Australian market. If we can do the same in the U.S we'll be looking at five hundred plus customers which should be really nice.

Ryan's future in software and architecture (28:50)

So I think I really love architecture and I'd really like to design my own building one day. I think maybe the time it's come and gone for that and it's looking like I'm getting more and more involved in the software world.

And it has its own interesting aspects where things move a lot quicker. Buildings are great but I get a bit anxious. You design a building and then you don't see it for two years. So software you can see it the next day which is kind of nice.

But in saying that I still think it would be great to work in architecture but it's like I still need to get through a mountain of training to get to that stage and it's looking like I've already got myself set up for the software world.

Productivity tools for architects (35:58)

- Trello (task management)
- Google Sheets
- Google Docs
- Google Apps
- Big Sketchpad (“to draw out all of my ideas”)
- Squarespace (building websites)
- Slack (internal communication)
- Listium (to-do lists)

How to connect

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