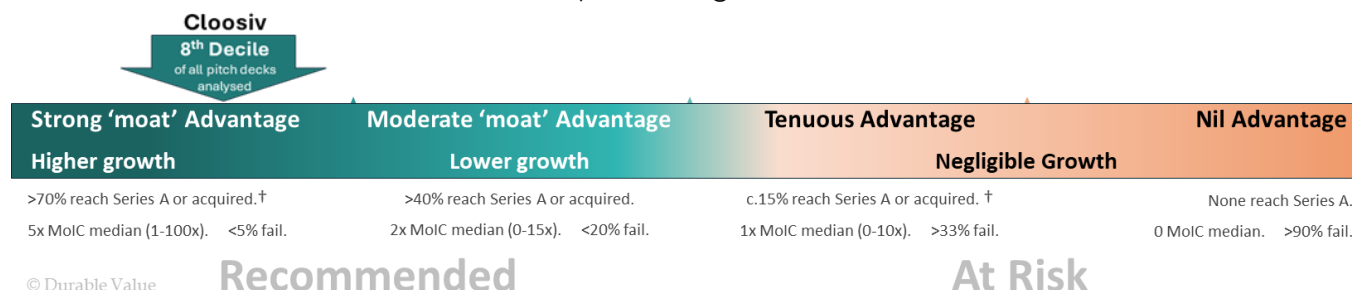# Cloosiv

Mobile app pre-ordering, for independent US coffee shops.

Seed stage analysis of Competitive Advantage and subsequent Growth Potential.

Summary: A powerful emerging Advantage that blocks out rivals and wedges between customer and coffee shop, adding value to both.   Recommended.

Cloosiv
8th Decile
of all pitch decks analysed

Strong 'moat' Advantage	Moderate 'moat' Advantage	Tenuous Advantage	Nil Advantage
Higher growth	Lower growth	Negligible Growth	
>70% reach Series A or acquired.†	>40% reach Series A or acquired.	c.15% reach Series A or acquired. †	None reach Series A.
5x MoIC median (1-100x). <5% fail.	2x MoIC median (0-15x). <20% fail.	1x MoIC median (0-10x). >33% fail.	0 MoIC median. >90% fail.

© Durable Value   Recommended   At Risk

Extent of Competitive Advantage:
The potential to lock-up the limited access to mid-tier coffee chains, as well as derive switching costs and scale economies, will present an enduring barrier to rivals.

Industry 'choke point'
- Since each coffee chain will be embedding Cloosiv's app orders into their operations, it is likely **only one 3rd party app can be accommodated** by a coffee chain, thereby excluding rivals and a powerful first-mover advantage.   In addition, penetration of mid-market coffee chains will lead to growing bargaining power as to **enforce contract tie-ups** with the app service, further excluding alternatives.

Lower cost operations
- For each additional coffee chain that Cloosiv secures, less volume will remain from non-participating coffee chains for a rival app to acquire to **reach Cloosiv's low software and selling unit costs.**

Locked-in customers
- Customer usage of the app service will lead to coffee chain shop's processes to meld around Cloosiv and thereby become **dependant on it for revenue over time**.

Mass-market platform
- Potential for Cloosiv to supply consumer insights and peer benchmarking data to **all participating coffee chains, as more join the platform.**   Also an opportunity exists for Cloosiv to sell more produce from each coffee shop on the app, becomingf a key marketing tool cross-selling a product ecosystem for each chain.

Growth Potential:
Low to Moderate growth.   The size of the defensible market is niche, however the minor reinforcing Advantage should lead to its fast penetration.

Niche Market size: The app's automation of coffee ordering such that shops become collection-only may present a huge market opportunity for Cloosiv, given the volume of daily coffees ordered.

However the viable target segment along the Pareto-distributed size of coffee chains that would outsource this service is potentially limited; chains that are not too large as to build own apps, nor too small as to see no need.

From a consumer perspective, app users would be regular visitors to the shop, requiring a high local radius of customer demand for a chain to justify promoting the app (i.e. sufficient customer numbers to use it).   This further limits market potential to a niche size.

Minor Dynamic Advantage: Unit costs will decline as more coffee chains are onboarded, and bargaining power will likely win additional chains as their (local) rivals are seen to benefit from the app.

	Dynamic Advantage	Static Advantage
Large Market	Higher growth potential	Lower growth potential
Niche Market	Moderate growth potential	Lower growth potential

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Concerns and questions to Founders:
- To confirm the potential for the app to occupy an exclusive position with coffee chains, enquire about examples of coffee shops using multiple app ordering services simultaneously- Cloosiv's and a rival app.
- Given the niche segment and nature of Competitive Advantages, a fast 'land grab' of chains is necessary.   Cloosiv's under-representation along the west coast risks giving competition a foothold.