



## MNGT 481 ✂ Spring 2024 ✂ Live Case Competition

### Challenge

Your team is to create a strategy for expanding subscription based, recurring sales for Balti Virtual. Your focus should be on the company's Squad Snaps product. A video showcasing Squad Snaps: <https://www.youtube.com/watch?v=jA4Tq1iYKA0>  
Balti Virtual's Squad Snaps product page: <https://www.baltivirtual.com/project-squad-snaps>

There are several challenges to consider.

- There are numerous options to interact with fans and your team's recommendation should have a compelling way for your idea to stand out.
- The current Squad Snaps set-up has a kiosk where fans see team players virtually incorporated on the screen. The fan may then 'pose' with player and a photo is generated. You may build on this or propose a new product/adapted product Balti Virtual could pursue.
- The actual customer can vary for the product. Both the team and a team's sponsor have been customers in the past. This could impact how you structure your recommendation and/or approach the market.
- You have the flexibility to adopt a recommendation that leverages Balti Virtual's existing relationships with the NFL, NHL, and NBA or target a new customer base.

Your recommended strategy should best position Balti Virtual to succeed by providing value to customers that will keep them coming back year after year.

To successfully complete this case, your team should do the following:

1. Carefully read the information about Balti Virtual.
2. Conduct an analysis of the focus areas listed below.
3. Utilize the research obtained from your analysis to provide a go-forward recommendation that describes the strategy for how Balti Virtual can expand their subscription-based revenues.
4. Provide estimates as to the potential benefits resulting from your team's recommendation.

### Focus Areas

#### A. External Analysis

- Provide industry statistics in this area. (e.g. size, market share, growth potential, etc.).

- There are companies that are direct competitors for products such as Squad Snaps. Who are these companies and how does the value offered differ from Balti Virtual?
- Who does your team recommend for a target customer(s)? Why does this recommendation provide the best strategy for growth?

#### B. Internal Analysis

- Identify the key competitive advantages that Balti Virtual has in this segment.
- Identify the barriers to imitation that Balti Virtual can exploit and leverage.
- Analyze the internal resources needed to implement your team's strategy.

#### C. Product Strategy

Your recommendation could disrupt this marketplace. Your team can consider several aspects in developing your recommendation. Some of these could include:

- Who will adopt or who are your target customers?
- What unique value can Balti Virtual provide to customers?
- Are there specific existing or new features that are critical to your recommendation?
- The current set-up for Squad Snaps has three versions each with increasing levels of features. The more features, the higher the subscription price for the customer.

#### D. Budget

- The target budget for the project is \$500,000.
- The target "retail" price for this project would be between \$25k and \$50k. The typical cost for a first-time customer is about \$60k for the equipment plus set-up in the first year for one Squad Snap unit. After the first year, the customer pays \$35K per Squad Snap unit in subscription fees.
- The costs for Balti Virtual are higher upfront with the production of the hardware that interacts with fans. The software updates associated with new team players, interactions are an on-going expense but far lower than the initial delivery expense.
- Create a budget that explains the costs and estimates potential revenue expansion associated with implementing your team's recommendation.

## The Current Product & Financials

### Expenses associated with Squad Snaps

- There is considerable investment in the core software platform, but the cost is shared across all customers (so the more customers the better). Consistent with this, continued subscriptions with existing customers means that software expense is minimal after the first season.
- Hardware COGS primarily occurs in the first subscription season. Some additional costs are possible once the hardware would require an update or repaired over time.
- There are 3 versions of Squad Snaps with the pricing/structure of subscription increasing depending on the features of the selected version.
- Generally, customers spend between \$50k and \$100k per season to offer these experiences to their fans (this represents two Squad Snap units)
- Fixed costs are highest in year 1, when the Squad Snap unit needs to be built and shipped, but decrease for units that stay in place for multiple seasons.

## Balti Virtual – background information provided by the company.

Balti Virtual is a Baltimore based development studio specializing in designing Virtual Reality and Augmented Reality experiences for applications in education, therapy, branding, and entertainment.

The company has a full-service augmented and virtual reality studio that aims to inspire wonder and creativity with state-of-the-art immersive experiences. With more than 20 years of experience, Balti Virtual boasts an impressive client list including PayPal, HBO, Marvel, and Under Armour.

Please watch the following video that gives an overview of the company.

<https://youtu.be/dkUf1djOSxw>

Please review some of the prior projects by Balti Virtual.

<https://www.baltivirtual.com/bad-guys>

<https://www.baltivirtual.com/northrop-grumman>

<https://www.baltivirtual.com/decalcomania>



The company is comprised of a team that include several artists, coders, a quality assurance specialist, and sales/marketing professionals. Company management oversees their various projects, budgets and the strategic direction of the company.