Problem: Language Fluency

English is the most widely spoken “second language” in the world. Globally, 600 million people are learning English, but despite the opportunities for improved communication and higher salaries, only about 5% attain fluency. Why do so few people become fluent English speakers?

¡No Comprendo!

- Miguel works 60 hours per week at a large software development firm.
- He aspires to become a manager but lacks the required English skills.
- He does not have the spare time to devote to learning English.

What Does “Fluency” Mean?

<table>
<thead>
<tr>
<th>Level</th>
<th>Proficiency</th>
<th>Meanings</th>
</tr>
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<tbody>
<tr>
<td>S-1</td>
<td>Elementary</td>
<td>Understands situations of basic courtesy and routine travel needs; understands simple questions and statements</td>
</tr>
<tr>
<td>S-2</td>
<td>Limited Working</td>
<td>Can meet routine social needs and limited work requirements; strong accent, weak grammar</td>
</tr>
<tr>
<td>S-3</td>
<td>Professional Working</td>
<td>Functional in most formal and informal conversations; moderate accent, developed sense of grammar</td>
</tr>
<tr>
<td>S-4</td>
<td>Full Professional</td>
<td>Fluent for professional needs; slight accent, errors in pronunciation or grammar are rare</td>
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<tr>
<td>S-5</td>
<td>Native/Bilingual</td>
<td>As fluent as an educated native speaker; command of a large vocabulary, idiom, colloquialisms, and cultural references</td>
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</table>

Today’s Language Learning Industry

Few language tools teach to S-5 level:

<table>
<thead>
<tr>
<th>Method</th>
<th>Advantages</th>
<th>Disadvantages</th>
<th>Examples</th>
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<tbody>
<tr>
<td>Software Packages</td>
<td>Flexible use of time, Combine text and audio</td>
<td>Fails to teach beyond S-2, Non-customizable, Not Portable</td>
<td>Rosetta Stone, Nova Development, Learn It, Auralog</td>
</tr>
<tr>
<td>Language Schools and Classes</td>
<td>Personalized, professional instruction</td>
<td>Time consuming, Fails to teach beyond S-3, Requires travel</td>
<td>Berlitz, Aspect International Language School</td>
</tr>
<tr>
<td>Book/Audio Book with Dictionary</td>
<td>Personalized content, Teaches up to S-5</td>
<td>Time consuming, Inconvenient, Tedious, Not portable</td>
<td>Franklin, Audible, Barnes and Noble, Ectaco</td>
</tr>
</tbody>
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The Importance of Vocabulary

Most language learners are unable to make the huge jump from intermediate proficiency (S-2) to fluency (S-4/5). Crossing this barrier requires mastering a large vocabulary, meaning 1200 hours or more of study using traditional techniques.

Underserved Markets

Some of the largest and fastest-growing segments of English language learners exist in the United States and Japan.

Target Markets: 19 Million English Language Learners

- 13 Million in Japan
- 400,000 Employees in ESL Training (National Assoc. of Manufacturers)
- 5.5 Million ESL Students in U.S.
- $390 Million spent on English learning (2002)
- $5.4 million take an English exam every year
- 28 million interested in learning on portable device
- 99% of U.S. school districts provide ESL programs for students
- 460,000 international students are enrolled in U.S. higher education

Did you know...

Fluency in English can double a Japanese professional’s salary.

48% of US companies cite inadequate English skills as the primary reason for job application turn-down.

Top reasons adults do not enroll in ESL programs:

Time - 41%
Money - 26%
The most effective way to learn a language at the advanced level is to listen to and understand audio books in that language. We have created a tool that greatly simplifies this exhaustive task.

**Value Proposition**

*To the Language Learner:*
- **Saves Time:** Immediate dictionary lookup
- **Convenience:** Audio book and dictionary in one device
- **Mobility:** Learn anytime, anywhere; multitask while commuting or exercising.
- **90% of an English-learning focus group said they would buy our product**

*To the Language School*
- **An Effective Tool:** Audio-based method reinforces listening and pronunciation skills outside the classroom
- **Custom Content:** Low-cost, automated content production

**Aspect**
- Chicago language school is a candidate to "beta test" our product, providing feedback throughout our development process
- ESL Department at Benito Juárez Academy (Chicago Public High School) is excited about our product

**A World of AudioDoc**

**MP3 Players**
- Flash Lite
- iPod Notes (future)

**Smart Phones and PDAs**
- Flash Lite
- Java
- .NET

**Cell Phones**
- Flash Lite
- Java

**Riding the Technology Wave**

The astounding growth of mobile devices such as smart phones is changing the way we live and work. AudioDoc will ride this global phenomenon by becoming the preferred language learning tool on MP3 players, cell phones, smart phones, and PDAs.

33% of Japanese want to learn English on mobile devices

Cell phones have already exceeded 100% penetration in several European countries

**A Marketplace for Language Materials**
- Low-cost content production permits profitability at very low volume of sales
- Custom content and a place to sell it

**Competitive Advantage**

Other language learning tools fall short of offering the same level of convenience, mobility, and low-cost content production as AudioDoc.

**Content Creation: Text/Audio Alignment Technology**
- Very low cost content creation: just input the text and audio files
- Alignment performed using conventional computers

**Custom Dictionary Creation**
- Dictionary is compiled specially for the given text
- Additional material can be added for contextual understanding

**Text**
- Automated Text/Audio Aligner
- Aligned Audio/Text File

**Dictionary**
- Dictionary Processing
- Custom Mobile Dictionary

**A Scandal in Bohemia**

To Sherlock Holmes she is always THE woman. I have seldom heard him mention her under any other name.
AudioDoc content will be sold online as individual audio books or as a subscription. Our plan is to market and sell AudioDoc to individuals and language schools. We will begin operations in the United States, then expand to Japan.

Business Model and Financials

The sources of revenue for BALL Inc. are individual audio books and monthly subscriptions sold to individuals and formal language programs. The main expenditures are royalty payments for content, salaries for programmers and marketing personnel, and website development and hosting costs.

Projection of Income

Total Costs for GO

- Revenue: $100,000
- Costs of Goods Sold: $45,000
- Expenses: $104,288
- Net Income (loss): $154,288

Projection of Income for GO

- Initial Funding: $200,000
- Finished Product: $250,000
- Initial Sales: $100,000
- Total Capital Requested: $550,000

Content Acquisition

Successful content acquisition and management is extremely important for our product and for this we rely on key partnerships.

Marketing

The marketing strategy for each customer segment is designed to be low-cost and high-impact.