

Z-WAFE

*Zero Waste-
Affordable Food
for Everyone*

Business Proposal

Technology
Arts Sciences
TH Köln

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1. Introduction

Urban centers represent one of the main challenges for societies regarding sustainability and governance. According to United Nations, currently 54% of the global population lives in urban areas and it is expected to increase to about 70% by 2050. Additionally, it's estimated that 75% of global resources are consumed in urban centers (UN, 2015). Levels of poverty and inequity continue rising around the world and it is expected to be worsened by COVID-19 crisis.

As claimed by the Food and Agriculture Organization, nowadays, 2.4 billion people live under certain level of food insecurity which may go from lack of access to availability. At the same time, it is estimated that one third of food is being wasted during the whole supply chain (FAO, 2017). Urban centers are putting pressure on ecosystems and in order to reduce the gap between the society in terms of poverty, equity and justice it is important to analyze food systems and their relevance to climate change.

In order to address these challenges as a society it is urgent to modify the way resources are being allocated and consumed in order to counteract climate change by maximize the efficiency of the food service industry with a focus on sustainability.

According to the last survey of Health and Nutrition (2019), in Mexico, 55% of the populations lives under poverty and food insecurity, in the same way, it is estimated that 37% of food is wasted which may feed more than 7 million people (Cejudo, 2015). Food insecurity is not a problem associated to lack of production; it is a problem of inadequate access to resources as a result of poverty.

Our business concept emerged from a desire to address sustainability by targeting the food sector and in particular the final link of the supply chain, end use consumption. Z-WAFE aims to maximize the use of resources and reduce food waste in urban centers, by providing a digital platform for business that want to develop a more sustainable model. This is possible by providing reduced prices on food products mainly from restaurants and retail shops for expired food products that would be otherwise discarded.

Mission- OUR GOAL

To reduce food waste in *San Luis Potosí* while promoting food security and the local economy.

Vision- OUR AMBITION

To become a climate change leader and force for sustainability by reshaping the food service industry.

Meet the Team- WHO WE ARE

Verne (Mexico)- CEO and a Business Leader

“I have a background in environmental engineering, and I'm very interested in the economic, political and social issues that come along with the inequality of structural arrangements. My dream is to support communities to enhance their local economies and improve their quality of life by creating alternative solutions which address future needs.”

Salvador (Mexico)- Marketing and Business Development

“What has inspired me to be part of this project is the possibility to support something beneficial in terms of improving the status of the environment and economic opportunities in my home city. With a background in environmental engineering, I have the skills to bring projects like ours to life. I’m inspired knowing that our platform has the capacity to address food security while simultaneously reducing waste drawing on principles of a circular economy. I would like to add that my main goal in life is to contribute as far as I can to fight against climate change and social inequalities”.

Dalila (Mexico)- Software Design and Technical Support

“My main motivation for participating in this project is that it can prevent the waste of food in good condition, which would otherwise end up going to landfills occupying space, generating leachate and damaging the planet. In this way, it seeks to make the most of resources, provide people with good food at low prices and allows businesses to generate extra income”.

Terence (Cameroon)- Legal Counsel and Financial Administration

“My main reason in being a part of this project is to help reduce hunger, food waste and improve on environmental sustainability.”

Patrick (USA)- Logistics and Public Engagement

“I am excited to use my experience working with local communities to help build lasting relationships that are beneficial to both businesses and the neighborhoods in which they are located”.

Business Description- WHAT WE DO

This business is founded on the premise that around the world food waste is a major contributor to environmental degradation and at the same time is a missed opportunity for businesses within the food service sector. By facilitating businesses within this sector to repackage and repurpose food products that would otherwise go to waste they are helping both themselves and the planet. Additionally, businesses will grant themselves access into previously inaccessible markets based on reduced price points and their heightened appeal to sustainably minded consumers. Additional beneficiaries include surrounding communities, as partnerships are formed between the local businesses and neighborhood organizations for collective gardens or personal usage.

Our Four Pillar Approach (with Indicators)

1. Business Efficiency-
 - The amount of money businesses is making through the sale of food products that would be otherwise wasted.
 - The amount of money saved through a reduction in waste management costs.
2. Engagement-
 - The number of registered businesses and users

- The number of transactions
- The average cost of each transaction
- 3. Waste Reduction-
 - The amount of food waste going to landfill (compared to previous rates)
- 4. Waste Repurposing
 - The amount of food waste donated for compost by community members (shared/ private gardens)

2. Market Analysis

In México the food services industry is comprised of 515,059 establishments dedicated to the preparation of food and beverages. The establishments can be characterized; accordingly, fish and seafood (18,365), a la carte (58,195), pizzas, hot dogs, hamburgers and rotisserie chicken to go (55,029), tacos and tortas (113,526), take away (45,204), 117,594 preparation of Mexican appetizers (117,594), food for immediate consumption (44,005), self-service restaurants i.e. cafeterias (4,502) and ice cream parlors (58,639) (CANIRAC, n.d).

In the state of San Luis Potosí State, there are 12,678 food and beverage preparation businesses, with 9,363 settled in one place permanently, 1,188 with fragile or rustic installations and 2,127 where the economic activity occurs within the same location as the living place. The total number of employees within this sector is around of 39,202 people (INEGI, 2019).

The food industry impacts on the 48% of economic activity of the city. Temporary accommodation and food and beverage preparation services are classified within Sector 72, in which 97% of its economic units belong to the food and beverage preparation services subsector, those economic units are 'micro', small businesses with 10 or fewer employees. The exception is the self-service restaurants which the 34% of this business are medium-sized companies. Mexican families allocate 34% of their monthly budget to the consumption of food and beverages; 21% of the time these expenses take place outside the home (CANIRAC, n.d).

Demographics and Customer Profile

San Luis Potosi (S.L.P.) is the capital city of the San Luis Potosi province as well as the most populated city. The city is located within the north central area of the state. It has an average altitude of 1,860 meters above sea level. Since 2005, the urban area has been adjacent to the municipalities of Cerro de San Pedro, Villa de Zaragoza, Soledad de Graciano Sánchez, Mexquitic de Carmona and Villa de Arriaga (INEGI, 2015).

The municipal population is 911,908 inhabitants, its metropolitan area includes a total population of approximately 1,243,980 inhabitants, which places it as the twelfth most populated metropolitan area in Mexico (Monroy et al. 2011). The historic center of the city is recognized as a World Heritage Site by UNESCO. Accelerated industrial development has positively favored the economic and demographic growth of the area. According to INEGI the contribution of the city of San Luis Potosi is estimated to be 84.1% of the total state with GPD (Table 1). According to INEGI, the activities that are helping to grow the GDP in the city of San Luis Potosi are divided in three:

- Primary activities: natural resources exploitation. Primary activities come first because they take advantage of natural resources that have not undergone a previous transformation.
- Secondary activities: transformation of assets. The inputs of this group of activities can come from the primary activities, or from this same group, and their outputs are destined to all sectors. Traditionally, these four sectors have been called “the industry”.
- Tertiary activities: services. For this project, services related to recreation belonging to Sector 72 "Temporary accommodation and food and beverage preparation services" will be provided. These sectors are primarily aimed at people, although they also serve businesses.

Table 1. Economic activities in San Luis Potosi and its proportion to the National GDP according to the National Institute of Statics and Geography (INEGI).

Sector. Economic activity	Contribution to National GDP
Primary Activities	4.2
Secondary Activities	39.7
Tertiary Activities	56.1
Total	100

Based on data of the first trimester of 2020, 1.23 million people of the state are economically active, 44.2% participate in formal activities and 55.8% in informal activities. Figure 1, provides the evolution of the salaries for formal and informal activities starting from 2010. During the first trimester of 2020 this was 4,500 pesos (225\$ USD) and it is 353 pesos (16\$ USD) higher than last trimester.

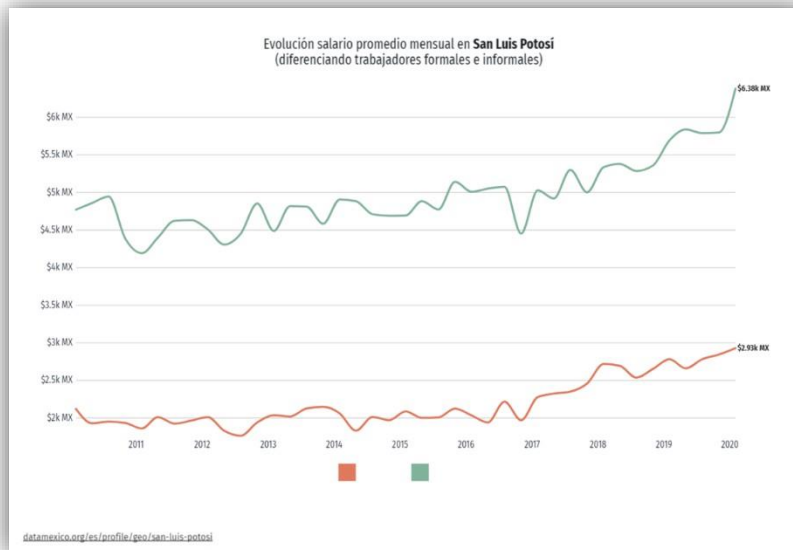


Fig 1. Evolution of the average monthly salary in San Luis Potosi ‘differentiated between formal and informal workers’ (Taken from data.org)

According to OECD, the poverty rate is the ratio of the number of people (in a given age group) whose income falls below the poverty line; taken as half the median household income of the total population. In relation to what was previously mentioned, based on data collected from 2010-2015 (datamexico.org), 22.1% of the state's population lives in a moderate level of poverty, and 1.89% lives in extreme poverty. At the same time, 30.3% are considered vulnerable due the lack of social services accessible (Fig 2).

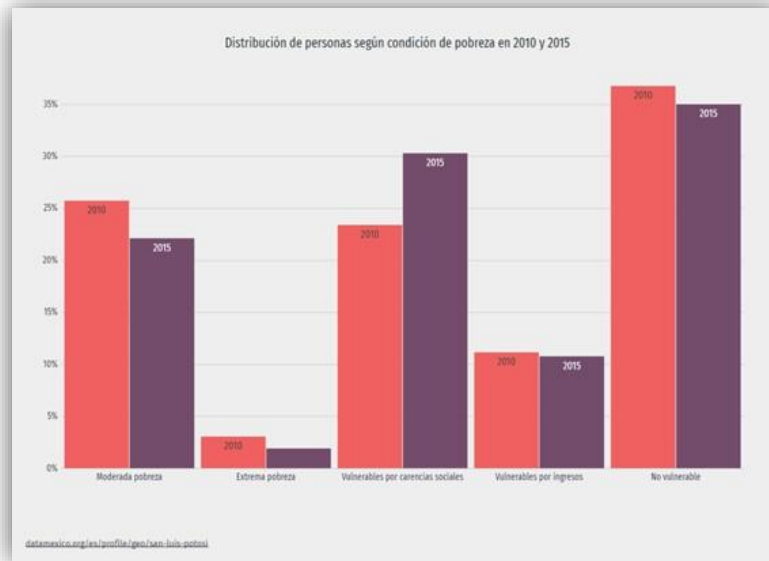


Fig 2. Distribution of people according to poverty status in 2010 and 2015, from left to right: Moderate poverty, Extreme poverty, Vulnerable by social deficiencies, Vulnerable by incomes, Non-vulnerable. (Taken from Data Mexico)

Connectivity

According to San Luis Potosi Government's official page, the public and private sectors coordinate efforts and actions to accelerate the use of better technologies and better telecommunications services. In the state of San Luis Potosi, fixed internet connections through fiber optics increased from 2015 to 2016 by 90%, which implies a better-quality service. Additionally, smartphone use increased from 68% to 72.2 % and mobile internet use also increased by 11%. Fig 3 shows according to Data Mexico, that in the city of San Luis Potosi:

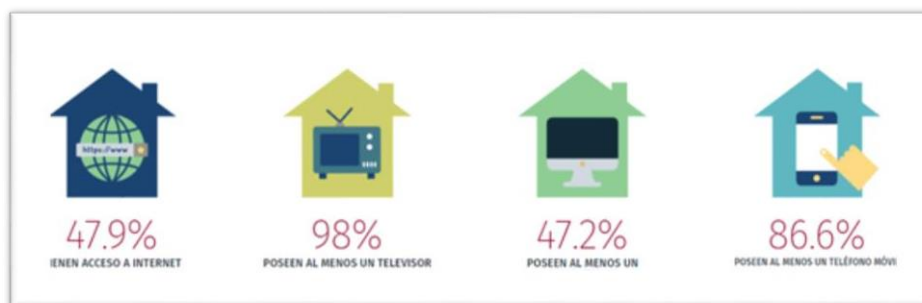


Fig 3. Household connectivity in San Luis Potosi (Taken from Data Mexico)

Structure of the food service industry

In the restaurant industry, the economic units are made up of three types of establishments:

- **Fixed establishment:** Economic unit in a single physical location, seated in a place of permanently and delimited by constructions or fixed installations.
- **Semi-fixed establishment:** Economic units who carry out their activity on a mobile basis (such as carts or street vendors) or with facilities that are not permanently attached to the ground.
- **Economic activity in housing:** Economic units in houses-rooms where a productive activity for consumption or services are offered ~~that are performed elsewhere.~~

The next Fig 4 shows that within the State of San Luis Potosi, we have a total market of 12,678 economic units (mainly concentrated in the capital city). Of these units, 9,363 are fixed establishments, 1,188 are semi-fixed and 2,127 are economic activities in housing.

Entidad federativa	Unidades económicas	Tipos de establecimiento		
		Fijo	Semifijo	En vivienda
Total	584 023	434 030	61 072	88 921
Aguascalientes	7 452	5 660	580	1 212
Baja California	11 900	10 650	636	614
Baja California Sur	4 136	3 309	570	257
Campeche	4 645	3 437	335	873
Coahuila de Zaragoza	10 387	7 403	1 637	1 347
Colima	5 682	3 687	510	1 485
Chiapas	23 103	15 494	2 100	5 509
Chihuahua	11 482	8 513	2 135	814
Ciudad de México	54 105	42 719	7 918	3 468
Durango	7 910	4 927	1 371	1 612
Guanajuato	27 479	21 202	1 749	4 528
Guerrero	18 715	11 801	1 685	5 229
Hidalgo	13 581	10 838	1 323	1 420
Jalisco	40 634	31 026	4 178	5 430
Estado de México	67 986	54 296	7 865	5 825
Michoacán de Ocampo	27 378	19 471	1 962	5 945
Morelos	13 146	10 181	856	2 109
Nayarit	10 352	6 004	1 249	3 099
Nuevo León	18 883	14 356	2 610	1 917
Oaxaca	28 442	16 887	2 823	8 732
Puebla	31 225	24 987	2 942	3 296
Querétaro	10 735	8 882	659	1 194
Quintana Roo	8 212	6 820	797	595
San Luis Potosi	12 678	9 363	1 188	2 127
Sinaloa	13 184	9 311	1 701	2 172
Sonora	11 123	7 990	1 684	1 449
Tabasco	10 645	7 370	1 221	2 054
Tamaulipas	12 990	10 078	1 797	1 115
Tlaxcala	6 367	5 439	401	527
Veracruz de Ignacio de la Llave	38 692	27 763	3 131	7 798
Yucatán	13 958	8 905	635	4 418
Zacatecas	6 836	5 261	824	751

Fig 4. Types of establishment in the restaurant industry by state, 2018 (Taken from INEGI,2019).

Customer Profile

Market segmentation is an important strategy in the food-service industry to provide the framework for targeting specific customer bases. Segmentation can be used to obtain a competitive advantage in a marketplace with many service providers. “*Market segmentation is the process of dividing a large population of heterogeneous customers into smaller subsets of customers that share certain characteristics and respond differently to the marketing mix*” (Reid and Bojanic, 2005).

Segmentation variable Examples (Adapted from Bojanic, D. C. 2007)		
Geographic	Continents, global regions, countries, country, regions, states or provinces, and cities or towns	Metropolitan area of S.L.P.
Demographic	Age, gender, income, education, family size, marital status, and occupation	<ul style="list-style-type: none"> • 12+ years old; non-gender specific; • Income: \$200+ USD/ month; • Education: of minimal importance- primary school or higher
Psychographic	Values and lifestyle, hobbies, activities, interests, and opinions	<ul style="list-style-type: none"> • Anyone with a smartphone and internet access can consume because the payment can be made in cash or through automatic payment to a card; • Hobbies: good deals, new experiences/ special menu items, lots of time at home • Interests: Cost conscious consumer, Sustainable- decreasing individual waste
Behavioral	Brand loyalty, usage rate, user/non-user, and usage situation	<ul style="list-style-type: none"> • Usage rate: one to three times a week; • Taste for street food; • Taste for fast food; • Taste for fine dining (to take out); • Bakeries; • Supermarkets bargains
Benefits Sought	Price, location, cuisine, atmosphere, etc.	<ul style="list-style-type: none"> • Minimum price: \$1 USD; No maximum; • Cuisine: dependent on participation • Atmosphere: takeout only, friendly hosts; • Location coverage area of the capital city S.L.P.

Fig 5. Consumer Profile (own table, 2021)

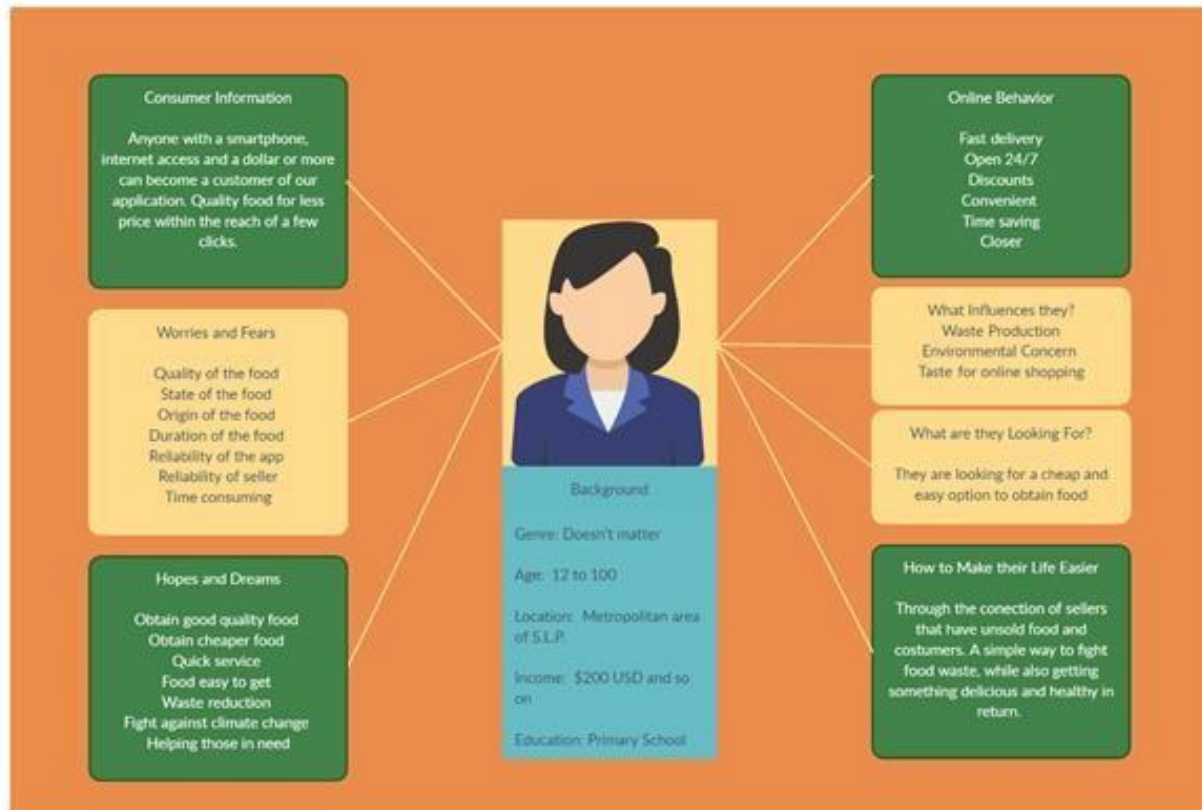


Fig 6. Consumer patterns for the consumers (own creation)

There are several studies that focus on the age of customers, and often on the specific needs of the mature market, or seniors. Auty (1992) looked at the attributes used by customers to choose a food service and identified three segments in the process:

1. Students
2. Well-to-do middle-aged people
3. Older people

We have identified the first two population segments as the most likely to engage by using our mobile app. With regards to 'older people' there is a technical barrier associated with using smartphones and new applications and would prefer face-to-face food transactions without this additional challenge.

Attribute's importance ratings

The final area of concern is the costumers' importance ratings of attributes or characteristics used when choosing a food service.

- Timeliness of service (15 - 60 minutes, maximum)
- Quality of service
- Cleanliness
- Quality of food
- Menu variety

- Employee friendliness
- Atmosphere
- Convenience of location
- Value for price paid
- Dining and carryout frequency
- Amount spent per person

The carryout segment is difficult to define in terms of attributes or characteristics considered when choosing a dining option. The “casual dining segment” is an upward trend and restaurants are focusing more of their marketing efforts on reaching these customers and creating demand for the carryout products. Carryout service providers are finding better ways to package food to make it attractive and keep it warm. The “grab and go” concept is also very popular among conveniences stores and canteens (Bojanic, D. C. 2007).

A company that seeks for an **ideal customer profile** is the type of company that would realize the most value from your product/solution. These companies tend to have the quickest, most successful sales cycle, the greatest customer retention rates and the highest number of evangelists for your brand.

A new sustainable market of Green consumers is quickly emerging, and Afonso, C. et al. 2017 has identified three profiles of sustainable customers. For the purpose of this project, we are putting special emphasis on the following consumer profiles with certain Psychographic Characteristics (watch Fig. X).

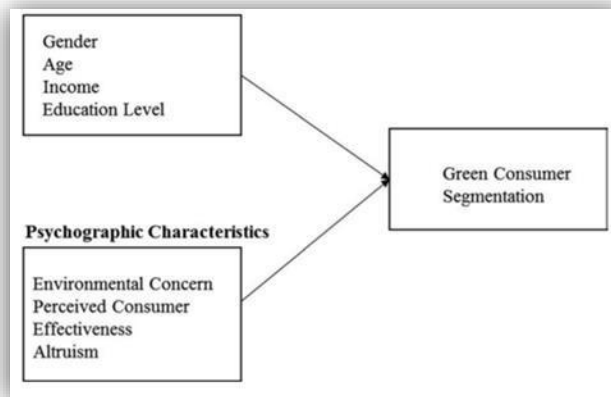


Fig 7. Green Consumer Segmentation. (Taken from Afonso, C. et al. 2017)

Lastly, in order to target the ideal customer profile, the team created a customer journey map (Fig 8) which visual represents the story of our customers' interaction with our brand. It will allow us to gain insight into common customer touch points (within the app) and how to improve them. Mapping the customer journey has a variety of benefits such as:

- Allowing us to optimize the customer onboarding process
- Gauging the expectations and experience of the customers
- Understanding buyer personas as they move from prospect (app viewer) to conversion (app user) through the 'buying funnel'
- Making the buyer journey efficient and logical



Fig 8. Customer Journey Map (own creation with <https://creately.com/blog/diagrams/what-is-a-customer-journey-map/>)

Analysis of Best Area

Starting in the 1990s, with the signing of the North American Free Trade Agreement (MEX-USA-CAN), globalization and the opening of markets, in Mexico an acceleration and economic transformation was generated through foreign investment. The municipality of San Luis Potosí became a national strategic industrial point due to its geographical location, access to services, production costs, and proximity to a potential market of 40 million people. It is currently located as one of the main production and commercialization centers of the manufacturing industry. Due to this growth and the existing labor demand, unplanned urban expansion processes have been influenced by a deficit of strategies and public policies aimed at protecting vulnerable groups and sites.

Nevertheless, San Luis Potosí has been characterized by its rapid economic growth and has attracted a lot of investment from a wide variety of companies and sectors around the world. Still, the city is facing issues associated with poverty, inequality, pollution and food insecurity. Sustainable solutions are required to enhance the quality of life of their citizen through offering opportunities to improve their income, nutrition and fairness.

In mid-2010, the city of San Luis Potosí was named by *The Financial Times*, as an area with the third greatest economic potential in Mexico and one of the best places to invest among 700 cities in the world. The city's standard of living is considered one of the highest in Mexico. It contributes 68% of the state GDP, has a low unemployment rate and is considered one of the best cities to live and to do business in Mexico. In 2017, *The Financial Times* listed San Luis Potosí as the seventh city of the future in the American continent, competing with Santiago de Querétaro, Saint Louis, Seattle, Cincinnati, San Jose, Orlando and Calgary.

Based on these descriptions we can define San Luis Potosí as one of the up-and-coming cities in Mexico with a high potential for investment in business related to sustainable development. Our business model provides a strategy to tackle poverty by providing cheap sources of fresh and nutritious food at low cost, enhancing the food security of the population, spurring the local economy and by doing so, mitigating climate change with the reduction of food waste.

3. Competition

Local competitors

In Mexico food delivery services have increased and four potential competitors have been identified within the state of San Luis Potosí, three of which are well-established while the other is an industry newcomer. Non-profit food banks may also be considered as competitors because they receive food donations from supermarkets, which may be included in the future plans of the project. Amongst delivery companies that are currently operating within Mexico, none of them consider sustainability as a main pillar of their business model.



Food Bank in the state of San Luis Potosí “BAALI: Banco De Alimentos De San Luis Potosí, A.C”.

This is a nonprofit civil association which supports people with food vulnerability, they receive donations from companies and supermarkets and donate them to the people. This could be a potential competitor if in the future the project aims for the expansion to the local markets.

Uber Eats

UberEats is a recognized brand for food delivery and take out service, where the application promotes restaurants and is a means to connect with the consumer. The application sends a person to deliver the food and the clients can follow the delivery within the application. The company has promotions for the delivery service and allows the restaurants to offer promotions and discounts.



DiDi Food is an application to deliver food similar to UberEats, that connects consumers with restaurants and with delivery partners.



This application offers food delivery but also includes other products and services like markets, pet shops, technology, etc. The delivery has to be within 2 to 5 Km radio.



Comal is a local food delivery application but has expanded to other states of Mexico. It is focused on small local businesses but also includes fast-food restaurants, and has no distance limits, reaching places where other applications do not deliver. In addition to food, other products can also be requested at home like wines, groceries, products of butcher shop, pharmacy, hardware stores, florists, shoe stores and auto part stores.

Pricing

The company charges anywhere from 25 to 33% of every sale to the business which is comparable to other delivery food companies in México. There are no additional charges for the use of the platform. A minimum, 1-year contract is required to engage with the business.

Specifically, UberEats has an activation fee of \$17.12 USD to cover the cost of the tablet with software to receive orders for the restaurants which includes a complimentary photoshoot of the dishes and setup support. The application charges a commission of up to 30% to restaurant partners if the restaurant uses its own staff to make the delivery or 15% when customers collect their own orders.

Regarding the rest of the applications, Didi charges 30% plus the value added tax but does not charge for delivery. The charges of Rappi are between 20 to 25 %. Comal has the lowest with only 16 % however they have a separate delivery fee for bicycles (35%), motorcycles (30%) and cars (25%). In 2021 some applications such as; UberEats, Rappi and Didi are adjusting their fees in response to the COVID-19 global pandemic.

The Food Bank has authorization to transfer deductible receipts to the donors, this way supermarkets can pay less taxes through their donations.

In order to provide a competitive alternative to the market regarding the prices for food delivery services and online platforms, the average price offer for the business that aim to collaborate with our business model would be 20% of the total cost of the product on each sale. There are no additional charges for the use of the platform. In order to start the platform, participating business will be required to comit to use of the application for a 1-year minimum. This is a great alternative for local businesses to both reduce the amount of waste and second increase their profits.

Competition Analysis

To date there are no specific business models which address food waste as one of the main guidelines. Nevertheless, there are certain programs that local governments carry out, mostly with large supermarket companies to donate food to vulnerable people. Because a similar mission (food security for the poor) is shared, we could form alliances as part of a marketing strategy rather than competing.

The main advantage that our application offers is that restaurants can make the most of their invested resources by taking profit from something that would normally be a loss. Also, users can buy food at better prices and potentially even afford products or restaurants that with normal prices they would not be able to access. Lastly, the prices can be lower because the application doesn't involves a deliver person.

Market Access

The Market access will develop through the concept of sustainability, circular economy and reducing food waste, highlighting the advantages of being one of our partners. Any restaurants with high food losses or a variable number of clients in the day or week challenged to effectively plan consumer demand stand to benefit. Additionally, restaurant owners interested in gaining access to more sustainable minded consumers can utilize our concept as a commercial strategy. The potential clients are people interested in sustainability and want to enjoy good foot at lower prices.

The App

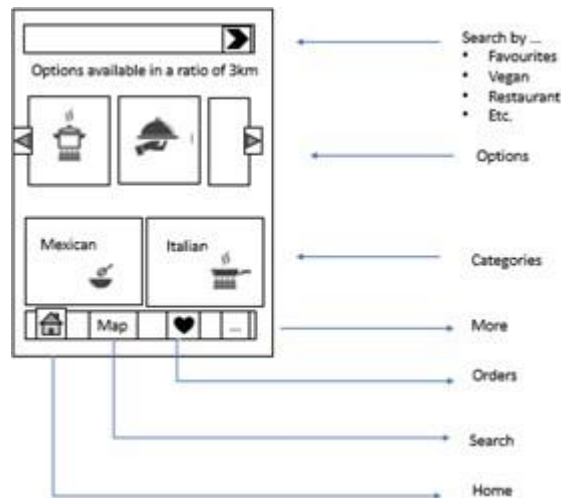
The business will be realized with the launch of two separate mobile applications, one for the costumer; focused on presenting available food options and one for the restaurants; to engage directly with app users and manage their orders.

The application for the client will consist of three main pages as noted below.

Login page: during the initial account creation, the user will be prompted to enter their name, phone number, e-mail address and password. Once the account is created, the login process will simply require the users registered e-mail and password.

The image shows two separate login forms. The first form on the left contains four input fields: 'User name', 'E-mail', 'Cell phone', and 'Date of birth', followed by a black 'Submit' button. The second form on the right contains two input fields: 'User name or e-mail' and 'Password', followed by a black 'Login' button.

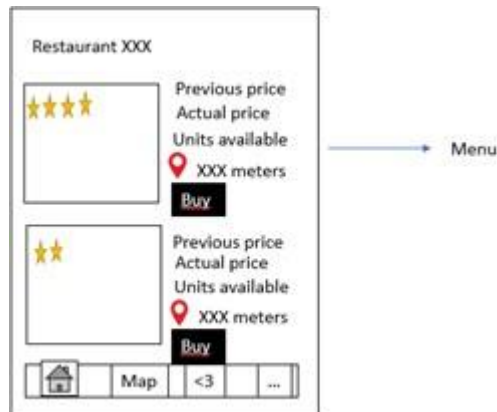
After the 'logging in', a page with options will be appear with a browser to search for favorite restaurants, the closest options available, and the options by categories (e.g. Italian, Mexican or Japanese food). There will be an options toolbar at the bottom to search on the map, see the orders and adjust user settings.



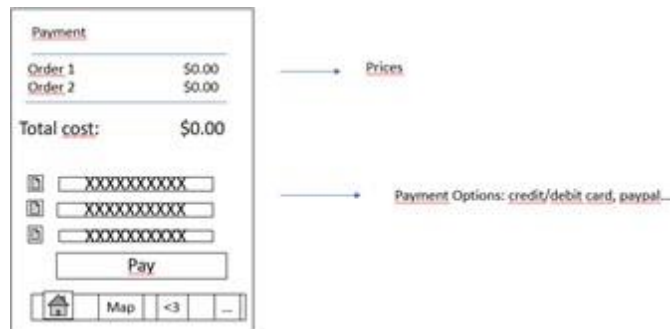
If you search by categories, it will show you all the options of the categories and details like the ratings of a restaurant, distance from your location, number of options available and the time to pick up the order.



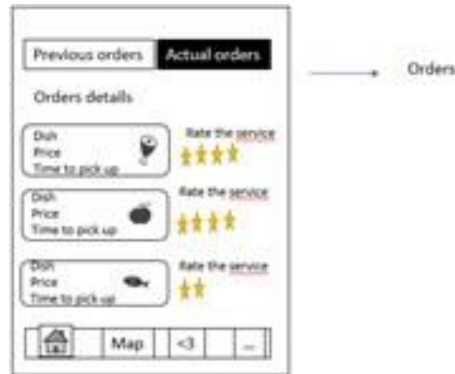
If you choose a restaurant the menu will be displayed with pictures about what the various dishes look like, the previous price and the price with reduction, dish units available and the distance from your location and the score that will allow you to know the quality of the dish.



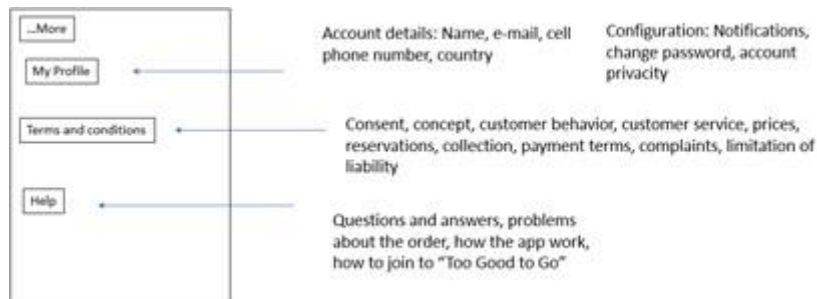
Then, you choose the food that you want to purchase which will be displayed including a ticket with the details of the cost, menu items chosen and the payment options like in-person or through the app and cash, card, PayPal, etc.



In the third section, the previous and the current order records will be registered so you can rate the quality of the dishes that you have purchased and the restaurants/ dishes you've purchased.

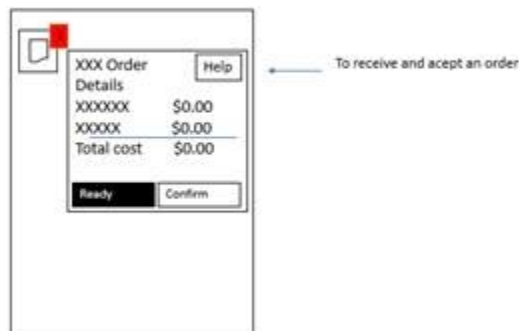


In the fourth section the customers can modify their personal details like phone number, e-mail address, name, they will activate and deactivate the notifications, change the password, etc. The terms and conditions of the business will be available here as well.



For the restaurants, another application will be required to help manage the service delivery. Here the notifications about the client's orders will appear with the purchase receipt.

Dashboard for restaurants



Here the restaurant will find the history of the purchases that have been made, as well as those that are pending to pick up, the cost and the rating that the client gave to each dish.

Dashboard for restaurants



There will also be a page where the restaurants can upload the availability of the dishes and the time that they will be available for pick up.

Dashboard for restaurants



The restaurant can modify its profile and manage information about their phone number, the description and the opening hours.

Dashboard for restaurants



Marketing Concepts

Marketing strategy.

As a part of the marketing strategy, we will use digital sources for advertising as our main channel, such as Facebook, YouTube and Instagram. Also, we plan to use traditional strategies within the metropolitan area of San Luis Potosi, such as billboards, printed flyers and radio commercials. According to the mission of the business it is important to be mindful of waste generation so we'll attempt to minimize the use of resources, therefore our marketing strategy will be carried out primarily online. In addition to our channels for advertising we are looking to create a communication channel with local governments which may promote the use of our platform as an incentive to reduce food waste and improve food security.

Social Media advertising.

These strategies will make use of major social media platforms and make use of advertising in order to provide a free service to the consumers. Making use of these platforms via targeted marketing strategies makes it possible to effectively share our business as they can be categorized by preference. Considering this marketing strength while accounting for relevance and budget the following platforms have been chosen:

- Facebook
- Instagram
- Twitter
- YouTube
- TikTok
- Google

Our business will create special content, events, happy hours, seasonal-discounts and promotions with aims to raise awareness and application engagement which we predict will translate into more purchases and ultimately sales.

Influencer-marketing.

Making use of social media it is important to work in partnership with segments of society that can help promote the ideology of the business. Influencer-marketing uses endorsements and product mentions, with people that have many followers on social networks known as, "influencers" which may promote the business and the overall concept to the society.

Customer Relationships

Our company plans to build technology that addresses real, tangible problems by adapting innovative approaches and novel strategies creating new solutions.

For that solutions, transparency and trust matters. In many cases, one of the biggest barriers to individuals testing out something new is a lack of trust. From this, the concept of customer reviews as a tool for comparison has emerged as a pillar of many modern, digital markets. For example, when choosing a restaurant for dinner, we might utilize an online resource to determine the price, quality or any other characteristics of the meals being offered. Inherently, we trust both the platform hosting the reviews and the thousands of individuals who have provided feedback about their personal experience.

Effectively, our consumers are leveraging some version of social proof to determine if a provider will meet their expectations. The main element of social proof is trust, for this reason, our goal as a company will be looking forward to developing a strong community of costumers-buyers within the city.

Finally, we are planning on create channels with their respective indicators which communicate in real-time, allowing the costumers, buyers and us for high-velocity decisions and efficient actions in terms of more sustainable food acquisition.

4. Operation

Human Resources

The main functions of the human resources department include the activities of onboarding full-time or part-time employees, hiring contractors, and terminating employee contracts. On-boarding new employees and providing resources for continued development is a key investment for organizations, and this department is charged with maintaining that approach to the existing human resources. Distribution of salary and benefits are also within the scope of human resource management. This includes identifying appropriate compensation based on role, performance, and legal requirements.

Defending employee rights, coordinating with unions, and mediating disagreements between the organization and its human resources is also a core function of this department.

Due to the nature of this project, the team is going to prioritize a human resources employee as the first employee of the company. This employee will then assume the hiring responsibilities associated with onboarding the rest of the team members and all other related human resource type responsibilities.

Marketing

The Marketing team members will be focused more on creating a demand for our product and successfully filling the customer needs/ satisfaction. This may be contrary to a more traditional sales-based marketing approach.

Marketing functions:

- 1. Research & Development
- 2. Purchasing
- 3. Standardization & Grading
- 4. Packaging & Labeling
- 5. Branding
- 6. Pricing (in cooperation with participating businesses)
- 7. Promotions
- 8. Physical Distribution
- 9. Transportation
- 10. Warehousing
- 11. Risk-taking
- 12. Support Services

Customer Service

The Customer service employee(s) need the ability to perform all the processes and activities needed to enable customers to reach the right parties in the company, receive quick and satisfactory service, and solve their problems properly (Kotler, 2000). One essential qualification is that customer service employee(s) should have unique reputation-building skills, problem-solving skills, verbal communication skills and a deep understanding of service culture as a fundamental part of building the organization's reputation.

Employee(s)' must politely satisfy customers, putting them at the heart of business, making customers' needs the top priority in the organization, continuously asking for feedback, providing easy access to employees, handling customers' complaints quickly and professionally, and making customer satisfaction the responsibility of each employee within the organization.

Since direct interaction with the customers is not expected to occur until after the platform has launch this is a position that can be filled later than some of the others. As the user base of the application grows, so too will this division.

Administration department

Among their functions will be providing comprehensive administrative planning, leadership, and organizational development of all the departments, therefore, communication is a key aspect. In the same sense, they are required to evaluate the performance of the departments and propose strategies to improve. They are in charge of administering all the legal part of the business, fulfilling the laws and legislations that may be required to operate. They must collaborate with all the department to maintain a general record of activities that may optimize and enhance the productivity.

Financial department

Accounts Payable (money out) – In order to maintain great relationships with vendors making sure that the business which make up our platform are paid on time is vital. The role of the accounting department includes tracking opportunities to save money, for example, determining if there are discounts or incentives available for paying certain vendors more quickly. Their primary incentive should be ensuring that the least amount of money possible leaves our accounts go out for payments, i.e., no late payment charges!

Accounts Receivable and Revenue Tracking (money in) – Another critical duty of the accounting department is to account for and track receivables, including outstanding invoices and any required collection. Accounts receivable is responsible for creating and tracking invoices. The primary responsibility here includes ensuring that customers pay invoices on time, so organization, consistency and a system of friendly reminders are crucial.

Payroll – Payroll is a critical function of the accounting department and includes making sure all employees are paid accurately and timely. In addition, proper taxes are assessed, and tax payments are on time with relevant state and federal agencies.

Reporting and Financial Statements – The primary reason to collect data through accounting software is to prepare financial reports which are used to make strategic decisions for; budgeting, forecasting and other decision-making processes. In addition, these and other reports may be needed for communication with investors, banks, financial regulatory agencies, etc.

Sales department

This department will oversee recruiting new businesses in order to increase the variety of offer within the app creating a better customer experience and ultimately more usership. The main function of this department is searching for local business in terms of restaurants, retail shops and others related to the food industry and to convince them to begin a partnership with our platform. Specific functions will be to seek meetings with business owners to explain the model and share with them the potential benefits while elaborating on the social market that they can engage by using a sustainable branding approach.

Software department

Once the platform and the apps on android and iOS software are launched, this department will oversee providing the core functions such as operating systems, storage systems, databases, networks and hardware management. They will be required to update on daily basis the offers of the business associated to provide the most current information to the final consumers. Constant communication between the Sales and Software department will be required since they will provide the basic information for the new associates to be included in the platform. Training for the associates will be provided by the software department to introduce the use of the platform.

5. Administration

Insurance

Mexico has a nationalized, public healthcare system therefore health insurance costs are not included as a benefit for our employees. Social security insurance however is mandatory and is included within the employee salaries as listed in the cost calculation figures.

Articles of Association

See Annex I (page 41)

Employment Contract (written in Spanish)

See Annex II (page 43)

End User License Agreement (EULA)

See Annex III (page 45)

Funding, Financing and Venture Funds

Funding

1.-Reto San Luis Emprende

A blue rectangular logo with white text that reads "Reto San Luis Emprende 2020".

Is an entrepreneurial initiative promoted by SEDECO (Secretary of Economic Development) and the StartupLab MX Business Incubator in the state of San Luis Potosí. The participants go through the selection of 100 best business ideas, a plenary session where they adjust the business model for later demonstrate its potential, then 40 teams are selected to participate in the accelerated

incubation and finally there is a demo day where investors can make funding offers for the best projects. The final prize is up to \$4,970 USD in cash, the opportunity to participate in an acceleration program and services to startup the company.

2.-SIFIDE (Financing system for development) from the Government of the State of San Luis Potosí. "Emprende expés" for Micro and small businesses.



Is focused on businesses established in the State of San Luis Potosí in the Commerce, Industry or Service sectors to help cover the needs of working capital, equipment, furniture and physical adjustments of the business for an amount up to \$ 2,451.85 USD. The requirements include a credit bureau consultation and a vehicle as a guarantee of the credit.

3.- SIFIDE (Financing system for development). Micro and small businesses.



Aimed at established businesses of commerce, industry or services (individuals and legal entities) to cover the needs of working capital, equipment, furniture and physical adjustments of the business. The amount is up to \$ 21,842.65 USD and the requirements are a credit bureau consultation authorization format and a vehicle or mortgage guarantee.

4.-SIFIDE (Financing system for development): Micro-Business.



Is provided to satisfy working capital needs like acquisition of inventories, supplies, operating expenses and / or wages and salaries, the amount can be up to \$147,253.80 USD. Is aimed at businesses established in the State of San Luis Potosí that comply with economic activity with antiquity of at least 24 months of operation and do not record losses in financial statements, tax returns or negative credit bureau record. It is necessary to have a mortgage guarantee on any urban property.

5.-BBVA Bank. Entrepreneur's credit



This bank gives credits for working capital and or equipment in amounts up to \$ 430,555.50 to Entrepreneurs with an annually interest rate of 8.4 %. The requisites include information of the real estate, the patrimonial relationship of the joint obligor or copy of the property, the constitutive act and original tax registration.

6.-Credit to businesses and companies



The amount is up to \$60,730.50 aimed at individuals with business activity and legal persons, clients and prospects of the institution, the financial statements are not required, the bank evaluate the company based on the bank account statements. The requirements include the authorization of the applicant to be investigated in the bureau, the registration in the SHCP (Secretariat of Finance and Public Credit), the constitutive act, the bank statements for the last 12 months, the property ballot for the last fiscal year and proof of tax.

Crowdfunding



7.-Prestadero

With this crowdfunding option the loans are up to \$ 12,283.25 USD. The credit must be approved and enter in a funding stage where the people (lenders) will be able to see the application and ask questions about the credit. Each lender can contribute with certain part of the money until gather the total of what the company need. When the total of your credit is collected, the funds are transferred to the bank account, discounting the opening commission and taxes.

8.-Yotepresto.com



The loan can be up to \$ 15,968.23 USD, the amount approved will depend on the monthly payment capacity of the company. The requirements are to have a good credit history, validated in the Credit Bureau, have a bank account to deposit the credit and collect the payments and have a proof of income, either with payroll receipts or bank statements.

9.-Angels funds options

- **Angel ventures:** The Firm assess opportunities and invests in early-stage to early-growth companies by becoming a leading Series Seed and Series A investor in startups with innovative business models for the Latin American market.
- **Avalancha Ventures:** is a Mexican venture capital investor focused on innovative technology companies in their first years of operation. They are early stage investor in one-of-a-kind teams which through innovation, develop massively scalable solutions.

After considering the options, a Bank Loan was chosen like the best alternative because the loan can cover the amount that the project needs to work. The “Reto San Luis Emprende” is mainly focused on the development of the project idea, the acceleration program as a prize is attractive, but the cash prizes are too low, it could be considered to participate in this program to enhance the idea and make connections with the businessmen. The requirements of the Financing system for development (SIFIDE) are too specifics and the amount of credit are not enough to cover the necessities of the project, with crowdfunding we have the same problem because the quantity offered is too low. The angel fund options can be considered, but lots of investors can change the sustainable approach of the business.

6. Revenue and Cost Analysis Financing Costs

Investments

The total investments costs are subdivided into equipment, legal, licenses and rent deposit (Table 2). The Windows office software and Photoshop licenses must be renewed yearly. The notaries costs to register the company and have a business license with the city council and the secretary of finance and public credit, it is only done once in a lifetime. The stock includes the products that are required to start up the company's offices and thus start business activities. The rent deposit needs to be paid in advance before the space is rented.

Table 2. Investments

Category	Detail	Price per Units (USD)	Units	Total
Equipment	Laptops	\$ 500,00	6	\$ 3.000,00
	Workstations	\$ 1.500,00	2	\$ 3.000,00
	Vehicles	\$ 10.000,00	2	\$ 20.000,00
	Printers	\$ 150,00	4	\$ 600,00
	Office furniture	\$ 2.500,00	1	\$ 2.500,00
Legal	Business license	\$ 50,00	1	\$ 50,00
	Notaries Cost	\$ 722,00	1	\$ 722,00
Licences	Photoshop License	\$ 125,00	3	\$ 375,00
	Windows Office License	\$ 60,00	6	\$ 360,00
	Office License	\$ 60,00	6	\$ 360,00
Rent Deposit	Deposit	\$ 500,00	1	\$ 500,00
Total Investment costs				\$ 31.467,00

Depreciation Costs

The depreciation costs are calculated based on the depreciation rate of each asset seen in lectures: vehicles 5 years (20%), machines 10 years (10%), furniture 10 years (10%) and informatics 4 years (25%). For some assets is necessary a new reinvestment because many of them are replaced often the re-investment will be made in the years 4, 5, 8 and 10. All re-investments are marked with orange. Table 3 summarizes next the annual depreciation and re-investment costs.

Table 3. Depreciation Costs and Re-investments costs for a 10-year period

Detail	Price per unit (\$USD)	Units	Depreciation years	Sum	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Laptops	\$ 500,00	6	4	\$ 3.000,00	\$ 3.000,00	\$ 1.956,00	\$ 1.956,00	\$ 1.956,00	\$ 3.000,00	\$ 1.956,00	\$ 1.956,00	\$ 1.956,00	\$ 3.000,00	\$ 1.956,00	\$ 1.956,00
Workstations	\$ 1.500,00	2	10	\$ 3.000,00	\$ 3.000,00	\$ 300,00	\$ 300,00	\$ 300,00	\$ 300,00	\$ 300,00	\$ 300,00	\$ 300,00	\$ 300,00	\$ 300,00	\$ 3.000,00
Vehicles	\$ 10.000,00	2	5	\$ 20.000,00	\$ 20.000,00	\$ 800,00	\$ 800,00	\$ 800,00	\$ 800,00	\$ 20.000,00	\$ 800,00	\$ 800,00	\$ 800,00	\$ 800,00	\$ 2.000,00
Printers	\$ 150,00	4	4	\$ 600,00	\$ 600,00	\$ 375,00	\$ 375,00	\$ 375,00	\$ 600,00	\$ 375,00	\$ 375,00	\$ 375,00	\$ 600,00	\$ 375,00	\$ 375,00
Office furniture	\$ 2.500,00	1	10	\$ 2.500,00	\$ 250,00	\$ 250,00	\$ 250,00	\$ 250,00	\$ 250,00	\$ 250,00	\$ 250,00	\$ 250,00	\$ 250,00	\$ 250,00	\$ 2.500,00
Re-investment									\$ 3.600,00	\$ 20.000,00			\$ 3.600,00		\$ 7.500,00
Depreciation						\$ 3.681,00	\$ 3.681,00	\$ 3.681,00	\$ 4.950,00	\$ 22.881,00	\$ 3.681,00	\$ 3.681,00	\$ 4.950,00	\$ 3.681,00	\$ 9.831,00
Total (depreciation+ re-investment)						\$ 3.681,00	\$ 3.681,00	\$ 3.681,00	\$ 8.550,00	\$ 42.881,00	\$ 3.681,00	\$ 3.681,00	\$ 8.550,00	\$ 3.681,00	\$ 17.331,00

Labor Costs

Labor costs were calculated for 9 employees, 5 of them mentioned in the Chapter 1. “meet the team”. The salaries were calculated according to Mexican salaries and for the director “employee number 1”, the average monthly salary is higher than the other employees, approximately 9600.00 USD including all benefits offered by employer. The other employees including the management team, they also will have all the benefits that the Mexican law request (Ley Federal del trabajo MX, 2020).

Table 4. Labor Costs

No.	Type of employee	Standard time (hours/week)	Salary (Month)	Salary (Year)
1	Full time	40	\$ 800,00	\$ 9.600,00
2	Full time	40	\$ 700,00	\$ 8.400,00
3	Full time	40	\$ 700,00	\$ 8.400,00
4	Full time	40	\$ 700,00	\$ 8.400,00
5	Full time	40	\$ 700,00	\$ 8.400,00
6	Full time	40	\$ 700,00	\$ 8.400,00
7	Full time	40	\$ 700,00	\$ 8.400,00
8	Full time	40	\$ 700,00	\$ 8.400,00
9	Full time	40	\$ 700,00	\$ 8.400,00
Total				\$ 76.800,00

Utilities and Administrative Costs

Most administrative costs are monthly and just one yearly (Pen and office things), for the utilities all of them are monthly (Table 5).

Table 5. Administrative Costs and Utilities

Type	Category	Detail	Price per unit	Units	Recurrence	Sum	Sum/year
Utilities	Service Administrative	<i>Car Insurance</i>	\$ 40,00	2	Monthly	\$ 80,00	\$ 960,00
	Energy	<i>Electricity Cost</i>	\$ 50,00	1	Monthly	\$ 50,00	\$ 600,00
	Water	<i>Tap Water Cost</i>	\$ 10,00	1	Monthly	\$ 10,00	\$ 120,00
	Internet	<i>High Speed Internet Cost</i>	\$ 70,00	1	Monthly	\$ 70,00	\$ 840,00
	Telephone	<i>Line Telephone</i>	\$ 30,00	1	Monthly	\$ 30,00	\$ 360,00
Administrative	Leasing	<i>Commercial space lease</i>	\$ 500,00	1	Monthly	\$ 500,00	\$ 6.000,00
		<i>Website domain cost</i>	\$ 10,00	1	Monthly	\$ 10,00	\$ 120,00
		<i>Website hosting service</i>	\$ 50,00	1	Monthly	\$ 50,00	\$ 600,00
	Office supplies	<i>A4 Paper</i>	\$ 10,00	1	Monthly	\$ 10,00	\$ 120,00
		<i>Black and Color Tonner</i>	\$ 14,00	1	Monthly	\$ 14,00	\$ 168,00
		<i>Pen (Pack of 50)</i>	\$ 5,00	1	Yearly	\$ 5,00	\$ 5,00
		<i>Cleaning products</i>	\$ 10,00	1	Monthly	\$ 10,00	\$ 120,00
Accounting	<i>Service</i>	\$ 40,00	1	Monthly	\$ 40,00	\$ 480,00	
Total							\$ 10.493,00

Marketing Costs

The marketing costs include the development and maintenance of the mobile application, social networks profile and website which are the main drivers of the business model because they are the most important way to attract customers and business partners, the marketing costs also includes the social media marketing which is the main way of marketing of the company. Other Marketing costs include advertising billboards and media like radio and TV short spots. Table 6 shows the detailed marketing cost for the 10 years period. Regards to the billboards and media advertising (radio and TV), the management team has decided to raise this type of marketing only in strategic years for the growth of the company (years 1,2 and 5), taking into account that this years or ways of marketing could vary with the growth of the company.

Table 6. Marketing Costs

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<i>Application-Mobile</i>	\$ 1.330,00	\$ 106,40	\$ 106,40	\$ 106,40	\$ 106,40	\$ 106,40	\$ 106,40	\$ 106,40	\$ 106,40	\$ 106,40
<i>Website</i>	\$ 170,00	\$ 120,00	\$ 120,00	\$ 120,00	\$ 120,00	\$ 120,00	\$ 120,00	\$ 120,00	\$ 120,00	\$ 120,00
<i>Billboards</i>	\$ 1.700,00	\$ 1.700,00			\$ 1.700,00					
<i>Media advertising</i>	\$ 1.000,00	\$ 1.000,00			\$ 1.000,00					
<i>Social Media Marketing</i>	\$ 1.000,00	\$ 1.000,00	\$ 1.000,00	\$ 1.000,00	\$ 1.000,00	\$ 1.000,00	\$ 1.000,00	\$ 1.000,00	\$ 1.000,00	\$ 1.000,00
Total	\$ 5.200,00	\$ 3.926,40	\$ 1.226,40	\$ 1.226,40	\$ 3.926,40	\$ 1.226,40	\$ 1.226,40	\$ 1.226,40	\$ 1.226,40	\$ 1.226,40

Financing Costs

The management team requires a total investment of \$USD 31,467.00 (Table 2). 100% of the initial investment will be financed by the BBVA bank with a fixed interest rate of 8.4% per year over a period of 10 years. The bank loan includes the constant annual loan redemption and the 8.4% interest cost (Table 7). For the purpose of this project there is going to be no personal investments for none of the management team all the budget will come out of the Bank loan. The team decided to start paying the bank loan since the year zero, before mentioned in order to finish paying the loan up to the year 10 and obtain pure profits.

Table 7. Financing costs

Year	Balance of debt	Repayment credit	Interest cost (8,4%)	Total
0	\$ 31.467,00	\$ 3.146,70	2643,228	\$ 5.789,93
1	\$ 28.320,30	\$ 3.146,70	2378,9052	\$ 5.525,61
2	\$ 25.173,60	\$ 3.146,70	2114,5824	\$ 5.261,28
3	\$ 22.026,90	\$ 3.146,70	1850,2596	\$ 4.996,96
4	\$ 18.880,20	\$ 3.146,70	1585,9368	\$ 4.732,64
5	\$ 15.733,50	\$ 3.146,70	1321,614	\$ 4.468,31
6	\$ 12.586,80	\$ 3.146,70	1057,2912	\$ 4.203,99
7	\$ 9.440,10	\$ 3.146,70	792,9684	\$ 3.939,67
8	\$ 6.293,40	\$ 3.146,70	528,6456	\$ 3.675,35
9	\$ 3.146,70	\$ 3.146,70	264,3228	\$ 3.411,02
10	\$ -	\$ -	\$ -	\$ -
Total				\$ 46.004,75

Financial Costs

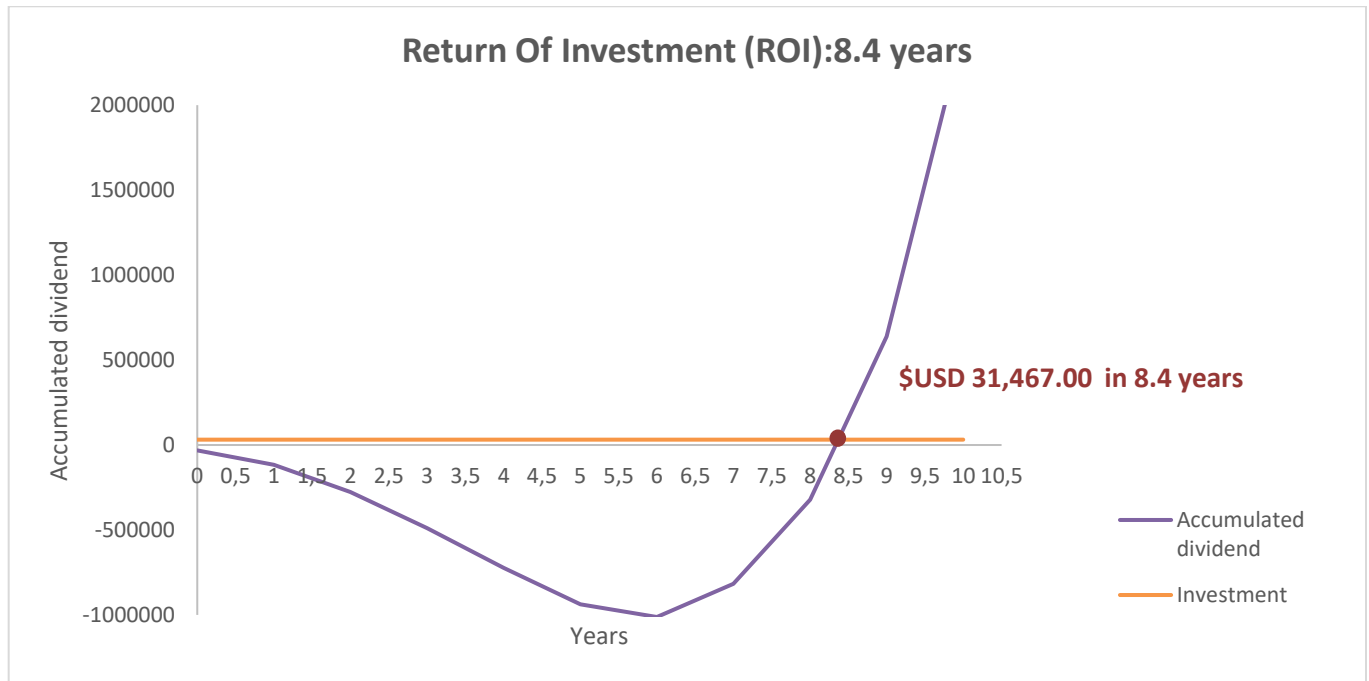
Finally, throughout this chapter with the calculations previously shown, we arrive at the final calculation of the financial costs -all costs calculation, the revenue and the profitability will be addressed over 10 years- (Table 8). The investment expenditure (\$USD 31,467.00) occurs in year 0, for the start-up of the company. The revenue increases up to \$USD 2,776,903.38 in the year 10. The costs are divided into depreciation, labor, products, utilities and administrative, marketing, financing and reinvestment costs, start with the first year of operation of the business (Year 1). In the first six years, the profit (gross and net) is negative. At the same time, the cash flow and the dividend in the same first two years is also negative. Since in the first six years the profit is negative, no taxes will be paid, in Mexico commercial taxes are accounted as 33% of profit according to the Mexican tax administration service, 2020.

Reinvestments will be made in the years 4, 5, 8 and 10. The breakeven point occurs at year 9 (see Fig. 9). The total calculated accumulated dividend after 10 years is \$USD 2,434,200.30 (Table 8).

Table 8. Ten years financial analysis

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<i>Revenue</i>		\$ 13.000,00	\$ 22.815,00	\$ 41.580,34	\$ 75.780,17	\$ 138.109,35	\$ 251.704,29	\$ 458.731,07	\$ 836.037,38	\$ 1.523.678,12	\$ 2.776.903,38
<i>Investment Expenditure</i>	\$ 31.467,00										
<i>Depreciation Cost</i>		\$ 3.681,00	\$ 3.681,00	\$ 3.681,00	\$ 8.550,00	\$ 42.881,00	\$ 3.681,00	\$ 3.681,00	\$ 8.550,00	\$ 3.681,00	\$ 17.331,00
<i>Labor Cost</i>		\$ 76.800,00	\$ 76.800,00	\$ 76.800,00	\$ 76.800,00	\$ 76.800,00	\$ 76.800,00	\$ 76.800,00	\$ 76.800,00	\$ 76.800,00	\$ 76.800,00
<i>Utilities and administrative cost</i>		\$ 10.493,00	\$ 10.493,00	\$ 10.493,00	\$ 10.493,00	\$ 10.493,00	\$ 10.493,00	\$ 10.493,00	\$ 10.493,00	\$ 10.493,00	\$ 10.493,00
<i>Marketing cost</i>		\$ 5.200,00	\$ 3.926,40	\$ 1.226,40	\$ 1.226,40	\$ 3.926,40	\$ 1.226,40	\$ 1.226,40	\$ 1.226,40	\$ 1.226,40	\$ 1.226,40
<i>Financing Cost</i>		\$ 2.643,23	\$ 2.378,91	\$ 2.114,58	\$ 1.850,26	\$ 1.585,94	\$ 1.321,61	\$ 1.057,29	\$ 792,97	\$ 528,65	\$ 264,32
<i>Loss carrier forward</i>			\$ - 85.817,23	\$ - 160.281,53	\$ - 213.016,18	\$ - 236.155,67	\$ - 233.732,66	\$ - 75.550,38	\$ -	\$ -	\$ -
<i>Profit before tax (gross)</i>		\$ - 85.817,23	\$ - 160.281,53	\$ - 213.016,18	\$ - 236.155,67	\$ - 233.732,66	\$ - 75.550,38	\$ 289.923,00	\$ 738.175,01	\$ 1.430.949,08	\$ 2.670.788,66
<i>Taxes (33%)</i>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95.674,59	\$ 243.597,75	\$ 472.213,20	\$ 881.360,26
<i>Profit after tax (net)</i>		\$ - 85.817,23	\$ - 160.281,53	\$ - 213.016,18	\$ - 236.155,67	\$ - -233.732,66	\$ - 75.550,38	\$ 194.248,41	\$ 494.577,26	\$ 958.735,88	\$ 1.789.428,40
<i>Cash-flow (net profit + depreciation)</i>		\$ - 82.136,23	\$ - 156.600,53	\$ - 209.335,18	\$ - 227.605,67	\$ - 190.851,66	\$ - 71.869,38	\$ 197.929,41	\$ 503.127,26	\$ 962.416,88	\$ 1.806.759,40
<i>Refunding Bank Loan</i>		\$ 3.146,70	\$ 3.146,70	\$ 3.146,70	\$ 3.146,70	\$ 3.146,70	\$ 3.146,70	\$ 3.146,70	\$ 3.146,70	\$ 3.146,70	\$ 3.146,70
<i>Re-invest</i>					\$ 3.600,00	\$ 20.000,00			\$ 3.600,00		\$ 7.500,00
<i>Dividend</i>		\$ - 85.282,93	\$ - 159.747,23	\$ - 212.481,88	\$ - 234.352,37	\$ - 213.998,36	\$ - 75.016,08	\$ 194.782,71	\$ 496.380,56	\$ 959.270,18	\$ 1.796.112,70
<i>Accumulated dividend</i>	\$- 31.467,00	\$-116.749,93	\$-276.497,16	\$-488.979,04	\$-723.331,41	\$-937.329,77	\$-1.012.345,85	\$-817.563,14	\$-321.182,58	\$638.087,60	\$2.434.200,30

Figure 9. Return of Investment period for Z-WAFE Company



7. Key Partners

In order to build our platform by adding partnerships (additional restaurants), we will rely on our app users as an instrumental link in this process. Customers will be encouraged to recommend partnerships to their favorite food service establishments and given a personalized code which will reward customers if successful connections are established. Additionally, app users may suggest these partnerships directly through the app in which case they will be automatically identified and rewarded through the platform. This option accounts for social distancing restrictions and seeks to minimize face to face interaction when possible due to the global pandemic.

With the added economic stress of the pandemic on small businesses, we have considered this additional pressure when considering how we will engage with new businesses/ partnerships.

- Owners of newly opened shops might try to exploit every possible online channel to let themselves be known and create consumer awareness.
- Owners of stores, like bakeries and gastronomies, who may not be very familiar with technology but who want to get involved, in order to reduce waste and get some economic advantages. Maybe the cost of waste removal is expensive or there are difficulties in predicting consumer demand with large fluctuations.
- *Stores that are going to reopen soon* who want to reconnect with their customers by offering new, more affordable menu options and showing their commitment to environmental protection.

This table below summarizes main categories of partner groups we seek to engage:

Table 9. Potential partner groups

Potential Partner	Interest and Needs	Motivation to Innovation
Application Users (Customers)	Interest of our customers will be both to reduce food waste and try new/ different foods at a lower cost.	Customers will be encouraged to facilitate partnerships with businesses which they visit within the community. They will receive rewards (i.e., App credits/ discount) when new businesses join the platform. It is fundamental to stress the importance of their positive impact on the quality of the application and to the businesses involved.
IT companies (social media & app developers)	IT companies will be interested in our business because they will help to create the platform initially and will sell advertising space so that we can reach new users.	Motivation could be merely economical, but ideally the values of our platform would align to the technologies of these IT companies Partnerships.
Business Partners (the food service providers that make up our platform)	Reducing losses related to unsold food items (waste).	Increasing revenue by essentially monetizing waste while also reducing waste management costs by minimizing waste collection frequency/ volume.

Local governance cooperation.

Food waste is a societal/ environmental problem that must be addressed politically due the increasing poverty, inequity, health issues and climate change. Therefore, the support of local governing bodies is anticipated in order to increase the impact of the business its associated socio-environmental benefits.

8. Conclusion

The e-commerce market is a fast-growing and remarkable phenomenon which is changing the nature of retail and has been accelerated by the global pandemic. By using online application platforms, companies can tailor their online offerings to best meet customers' needs and interests. The increased consumer focus on environmental sustainability is a clear sign that online sellers must commit to environmentally friendly practices: companies can do this by reducing packaging waste, using recycled or biodegradable materials or proposing products that offer a social or an environmental benefit, as is the case with our business model. In addition, the interest of consumers is beyond consumption of final product: many are demanding *sustainability* too. As a trend, consumers are looking for food products which have low environmental impacts.

The reality however is that it's a standard practice for food businesses to throw away perfectly edible food because they either lack storage facilities or because they have overestimated the demand of a particular product. Our business model however provides the food service providers the flexibility to re-market edible food products through our app at a discounted price. It's a win for retailers, because they reduce waste, acquire new customers and ultimately increase revenue. Consumers benefit too as they are now able to try new and different food for a reduced price.

Finally, every time our app is used it removes food from the waste stream and reduces pressure on the environment. By creating a new market for surplus food, we ensure more food gets eaten, making businesses and consumers winners in the process. Our business model contributes positively to the social issues of food insecurity, improved health status, economic inequality, and economic growth – all while promoting environmental health and global sustainability.

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10. ANNEX

ANNEX I: Articles of Association

The following articles of association are in place for the formation of a GmbH conducted according to: **Verne Javier Martinez Guzman as CEO and Managing Director**

§ 1 Company Name, Registered Office and Financial Year

The name of the business is Zero Waste affordable for everyone (Z-WAFE) GmbH

The company will be located at Av. Sierra Leona 550, *San Luis Potosí, México*.

The financial year shall be the calendar year

§ 2 Object of Business

To encourage and facilitate local businesses within the food service industry to engage in the discounted sale of excess food products that would otherwise be sent to waste. The main goals for this business would be to:

Reduce food waste

Help businesses maximize their profits

Build local partnerships with community members that can compost food waste

The company is entitled to pursue all business and carry out all measures which appear to serve its object. It may establish additional branches, subsidiaries or participate in other utilities. The company is entitled to transfer or relinquish its business fully or partially to other companies, to conclude company agreements and enter into co-operations.

§ 3 Share Capital

The share capital amount authorized for the initial launch of Z-WAFE is \$420,032.60 USD, This amount may from time to time, be adjusted in accordance with the internal guidelines, regulations and legislative provisions in place at the time, and as allowed by federal and local legislation.

Upon the inception of the business *Verne Javier Martinez Guzman*, as the business creator and managing director, will be own (40%) of all capital stocks associated with Z-WAFE.

Remaining Z-WAFE associates will each own (15%) of capital stocks respectively: *Dalila Garcia Landaverde (15%), Terence Kendong Chia (15%), Jose Salvador Fernandez Reyes (15%) & Patrick Sanady (15%)*

Capital shares shall be paid directly to Z-WAFE.

The personal liability of each member is limited to the amount of their individual contributions.

§ 4 Formation Costs

All costs associated with the formation and incorporation of Z-WAFE will be assumed proportionally by the associated shareholders: *Verne Javier Martinez Guzman (40%), Dalila Garcia Landaverde (15%), Terence Kendong Chia (15%), Jose Salvador Fernandez Reyes (15%) & Patrick Sanady (15%)*

§ 5 Shareholder Meetings (quarterly)

The voting rights of the shareholders are measured in accordance with the initial contribution of each shareholder.

Shareholder are permitted to be represented by another, present shareholder or by a third party in the case that they are unable to attend (in which case a power of attorney would be necessary).

When necessary, shareholder meetings may be held by means of telecommunications in which case decisions made are valid and legally binding. Evidence of telecommunications and

relevant resolutions, as confirmation by fax or email, will be included in the respective acts, in accordance with the requirements established in these by-law.

§ 6 Managing Director and Shareholder Representation

Verne Javier Martinez Guzman will be the CEO and Managing Director of Z-WAFE.

Z-WAFE associates and shareholders; *Dalila Garcia Landaverde, Terence Kendong Chia, Jose Salvador Fernandez Reyes & Patrick Sanady* may represent the association at any time with written consent from acting CEO.

§ 7 Dissolution of the Company

The company may be dissolved when voted upon by a parties representing a majority of shareholder capital shares (51% or more). This vote must take place at any one of the quarterly shareholder meetings. All shareholders must be present in order for this vote to occur.

§ 8 Death and Disability

In case of the death or disability of a shareholder, control of shares will be transferred to the estate of the deceased. The inheritor of capital shares shall determine if they would like to sell or maintain control of shares.

If the inheritor chooses to liquidate, they must offer preference to existing shareholders while never surpassing a majority (51% or more) shares for any individual. If there are multiple shareholders who wish to acquire the shares, they will be distributed amongst them in proportion to the value of their contributions.

§ 9 Foreign Clause

Any foreigner who acquires capital stock shares of Z-WAFE shall be treated and governed as a pupil of the *United Mexican States*. The owner of said stock shares will thereby forfeit rights offered by any other sovereign nation in respect to the management, operation and profit acquisition associated with Z-WAFE capital stock purchase, sale and ownership.

§ 10 Final Provisions

These articles of association shall be governed by the laws of the *United Mexican States*. In case of any discrepancies between the Spanish and the English version the Spanish version of these Articles of Association shall override the English under the jurisdiction of legally authorized Mexican domestic court of law.

ANNEX II: Employment Contract (written in Spanish)

CONTRATO DE TRABAJO POR TIEMPO DETERMINADO

Contrato Individual de Trabajo por Tiempo Determinado que celebran, por una parte _____ (Nombre del empleado) _____, para el puesto de Gerente general a quien en lo sucesivo se denominará “El (La) Trabajador (a)”, y por la otra la empresa Z-WAFE S.A. de C.V., del cual el Sr. Verne Javier Martínez Guzmán es el representante legal y a quien en adelante se denominará “El Empleador” conforme a las siguientes declaraciones y cláusulas:

DECLARACIONES

Declara El Empleador:

Ser una persona moral, debidamente establecida y registrada conforme a la legislación mexicana con domicilio en Bosques de Mezquite 100, 76113 Santiago de Querétaro, México y con registro federal de contribuyentes BRWGN200115UD8.

Por su parte el trabajador manifiesta: Llamarse como ha quedado escrito y ser de nacionalidad _____, tener _____ años de edad, ser su estado civil _____, con domicilio particular _____.

CLAUSULAS

PRIMERA: “El Empleador” contrata a “El Trabajador” por tiempo determinado, y por un período de _____ días, mismo que queda comprendido del día _____ del mes de _____ del año _____ al día _____ del mes de _____ de _____, para que le preste sus servicios con el puesto y/o categoría de _____.

SEGUNDA: “EL EMPLEADOR” se reserva el derecho de fijar unilateralmente una pena convencional que deberá de cumplir en caso de averías o daños ocasionados por negligencia comprobable y/o mal uso en los equipos que se proporcionen para el desarrollo de las actividades de él “EL TRABAJADOR” ó “EMPLEADO” entendiéndose como equipos los siguientes: Equipo de cómputo, instalaciones energéticas, instalaciones de manejo de agua y en general en todo el equipo que se le proporcionen a “EL TRABAJADOR” ó “EMPLEADO”. Esta pena convencional será exigible por “EL EMPLEADOR” sin necesidad de declaración judicial.

TERCERA: El presente contrato obliga a lo expresamente pactado, conforme a lo dispuesto por el artículo 31 de la Ley Federal del Trabajo en vigor, y por lo tanto, la duración del mismo será estrictamente la que se señala en la cláusula anterior, por lo que al vencerse su término las partes lo darán por concluido en forma definitiva con apoyo en el aludido precepto legal, en directa correlación con los artículos 35, 37, fracción Y, 53, fracción III, y demás relativos y aplicables de la citada ley laboral, sin ninguna responsabilidad para “EL EMPLEADOR”.

Appendix II: Mexican contract example

CUARTA: “El Trabajador” se obliga a prestar sus servicios en el domicilio de la empresa o en cualquier otro lugar que ésta le indique dentro del municipio de Santiago de Querétaro, México y/o cualquiera otra entidad de la República Mexicana.

QUINTA: La jornada semanal de trabajo será de 8 horas diarias mediante un horario de labores de “El Trabajador” que quedará comprendido de las 9:00 horas, a las 17:00 horas. Con una jornada semanal de lunes a viernes de cada semana, con descanso el día Sábado y Domingo.

SEXTA: "El Trabajador" recibirá un salario (anual) de \$8,400 USD (Ochomil cuatrocientos dólares estadounidenses), mismo que le será cubierto por "El Empleador" en el domicilio de esta o en su caso, en el lugar donde éste preste sus servicios, los días 15 y 30 o 31 de cada mes, en el cual se encuentra incluida la parte proporcional, correspondiente a los séptimos días y/o días de descanso semanal de cada período devengado. Del mismo modo, "El Trabajador" está de acuerdo en que "El Empleador" realice por cuenta de éste, las deducciones legales correspondientes, particularmente las que se refieren al pago del Impuesto sobre la Renta, Seguro Social, cuotas sindicales ordinarias y extraordinarios, etc.

SÉPTIMA: "El Trabajador" no podrá laborar tiempo extraordinario de trabajo, sin previa autorización por escrito que "El Empleador" le otorgue, por conducto de sus representantes.

OCTAVA: "El Trabajador" se obliga en términos de la fracción X del artículo 134 de la Ley Federal del Trabajo a someterse a los reconocimientos y exámenes médicos que "El Empleador" le indique.

NOVENA: "El Trabajador" se obliga a observar y respetar las disposiciones del Reglamento Interior de Trabajo que rigen en "El Empleador".

DÉCIMA: "El Trabajador" disfrutará de la parte proporcional, del período vacacional anual de 6 días hábiles, con pago de prima vacacional del 25%, sobre la cantidad que le corresponda por el primer concepto en mención; así como la proporción en iguales términos de un aguinaldo anual de 15 días de salario por el tiempo de los servicios prestados a "El Empleador".

DÉCIMA PRIMERA: Lo no previsto por este contrato se regirá por las disposiciones de la Ley Federal del Trabajo vigente al momento de la firma de este contrato, así como por el Reglamento Interior de Trabajo que rige con "El Empleador".

DÉCIMA SEGUNDA: Las partes contratantes manifiestan en términos de lo dispuesto por el artículo 39 de la multicitada ley laboral: estar de acuerdo en que, si vencido el término fijado en la cláusula primera subsiste la materia de trabajo, la relación laboral se prorrogará únicamente por el tiempo que produce dicha circunstancia y consecuentemente terminada ésta, terminará también el contrato y/o relación individual de trabajo existente entre las partes contratantes.

DÉCIMO TERCERA: "El Trabajador" solo podrá dar por terminada la presente relación laboral y sus acuerdos con "El Empleador" luego de entregar una notificación escrita 15 días laborales antes del término de su labor. "El empleador" puede dar por terminada la presente relación laboral y sus acuerdos, sin necesidad de notificaciones previas en caso de infracciones graves al presente contrato o reglamento interno de "El empleador". "El Trabajador" está obligado a regresar todo material y equipo que sea propiedad de "El empleador" al momento del término del contrato. Leído que fue el presente contrato por quienes en éste intervienen lo ratifican en todas y cada una de sus partes a su más entera conformidad y lo suscriben por triplicado, entregándose copia del mismo al "El Trabajador" para los fines legales que a éste convengan.

Santiago de Querétaro, Querétaro, México a los _____ días del mes de _____ del año _____.

"TRABAJADOR" o "EMPLEADO" Declaro que recibí copia del presente Contrato _____ (Nombre) "EL ESTABLECIMIENTO"
_____ Verne Javier Martínez Guzmán.

ANNEX III: End User License Agreement (EULA)

This Mobile Application End User License Agreement ("Agreement") is a binding agreement between you ("End User" or "you") and Z-WAFE ("Company"). This Agreement governs your use of this mobile application for Apple iOS or Google Android operating systems (including all related documentation, the "Application").

BY DOWNLOADING/INSTALLING/USING THE APPLICATION, YOU (A) ACKNOWLEDGE THAT YOU HAVE READ AND UNDERSTAND THIS AGREEMENT; (B) REPRESENT THAT YOU ARE OF LEGAL AGE TO ENTER INTO A BINDING AGREEMENT; AND (C) ACCEPT THIS AGREEMENT AND AGREE THAT YOU ARE LEGALLY BOUND BY ITS TERMS. IF YOU DO NOT AGREE TO THESE TERMS, DO NOT DOWNLOAD/ INSTALL/USE THE APPLICATION (Steelcase, 2017).

1. License Grant. Subject to the terms of this Agreement, Company grants you a limited, non-exclusive and nontransferable license to:

(a) download, install and use the Application for your personal, non-commercial use on a single mobile device owned or otherwise controlled by you ("Mobile Device") strictly in accordance with the Application's documentation.

2. License Restrictions. Licensee shall not:

(a) copy the Application, except as expressly permitted by this license;

(b) modify, translate, adapt or otherwise create derivative works or improvements, whether or not patentable, of the Application;

(c) reverse engineer, disassemble, decompile, decode or otherwise attempt to derive or gain access to the source code of the Application or any part thereof;

(d) remove, delete, alter or obscure any trademarks or any copyright, trademark, patent or other intellectual property or proprietary rights notices from the Application, including any copy thereof;

(e) rent, lease, lend, sell, sublicense, assign, distribute, publish, transfer or otherwise make available the Application or any features or functionality of the Application, to any third party for any reason, including by making the Application available on a network where it is capable of being accessed by more than one device at any time; or

(f) remove, disable, circumvent or otherwise create or implement any workaround to any copy protection, rights management or security features in or protecting the Application.

3. Reservation of Rights. You acknowledge and agree that the Application is provided under license, and not sold, to you. You do not acquire any ownership interest in the Application under this Agreement, or any other rights thereto other than to use the Application in accordance with the license granted, and subject to all terms, conditions and restrictions, under this Agreement. Company and its licensors and service providers reserve and shall retain their entire right, title and interest in and to the Application, including all copyrights, trademarks and other intellectual property rights therein or relating thereto, except as expressly granted to you in this Agreement.

4. Collection and Use of Your Information. You acknowledge that when you download, install or use the Application, Company may use automatic means (including, for example, cookies and web beacons) to collect information about your Mobile Device and about your use of the Application. You also may be required to provide certain information about yourself as a condition to downloading, installing or using the Application or certain of its features or functionality, and the Application may provide you with opportunities to share information about yourself with others. All information we collect through or in connection with this Application is subject to our Privacy Policy. By downloading, installing, using and providing information to or through this Application,

you consent to all actions taken by us with respect to your information in compliance with the Privacy Policy.

5. Updates. Company may from time to time in its sole discretion develop and provide Application updates, which may include upgrades, bug fixes, patches and other error corrections and/or new features (collectively, including related documentation, "Updates"). Updates may also modify or delete in their entirety certain features and functionality. You agree that Company has no obligation to provide any Updates or to continue to provide or enable any particular features or functionality. Based on your Mobile Device settings, when your Mobile Device is connected to the internet either:

- (a) the Application will automatically download and install all available Updates; or
- (b) you may receive notice of or be prompted to download and install available Updates.

You shall promptly download and install all Updates and acknowledge and agree that the Application or portions thereof may not properly operate should you fail to do so. You further agree that all Updates will be deemed part of the Application and be subject to all terms and conditions of this Agreement.

6. Terms and Termination.

(a) The term of Agreement commences when you download/install the Application and will continue in effect until terminated by you or Company as set forth in this Section 6.

(b) You may terminate this Agreement by deleting the Application and all copies thereof from your Mobile Device.

(c) Company may terminate this Agreement at any time without notice if it ceases to support the Application, which Company may do in its sole discretion. In addition, this Agreement will terminate immediately and automatically without any notice if you violate any of the terms and conditions of this Agreement.

(d) Upon termination:

- (i) all rights granted to you under this Agreement will also terminate; and
- (ii) you must cease all use of the Application and delete all copies of the Application from your Mobile Device and account.

(e) Termination will not limit any of Company's rights or remedies at law or in equity.

7. Disclaimer of Warranties. THE APPLICATION IS PROVIDED TO LICENSEE "AS IS" AND WITH ALL FAULTS AND DEFECTS WITHOUT WARRANTY OF ANY KIND. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, COMPANY, ON ITS OWN BEHALF AND ON BEHALF OF ITS AFFILIATES AND ITS AND THEIR RESPECTIVE LICENSORS AND SERVICE PROVIDERS, EXPRESSLY DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, WITH RESPECT TO THE APPLICATION, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT, AND WARRANTIES THAT MAY ARISE OUT OF COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OR TRADE PRACTICE. WITHOUT LIMITATION TO THE FOREGOING, COMPANY PROVIDES NO WARRANTY OR UNDERTAKING, AND MAKES NO REPRESENTATION OF ANY KIND THAT THE APPLICATION WILL MEET YOUR REQUIREMENTS, ACHIEVE ANY INTENDED RESULTS, BE

COMPATIBLE OR WORK WITH ANY OTHER SOFTWARE, APPLICATIONS, SYSTEMS OR SERVICES, OPERATE WITHOUT INTERRUPTION, MEET ANY PERFORMANCE OR RELIABILITY STANDARDS OR BE ERROR FREE OR THAT ANY ERRORS OR DEFECTS CAN OR WILL BE CORRECTED.

SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF OR LIMITATIONS ON IMPLIED WARRANTIES OR THE LIMITATIONS ON THE APPLICABLE STATUTORY RIGHTS OF A

CONSUMER, SO SOME OR ALL OF THE ABOVE EXCLUSIONS AND LIMITATIONS MAY NOT APPLY TO YOU.

8. Limitation of Liability. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT WILL COMPANY OR ITS AFFILIATES, OR ANY OF ITS OR THEIR RESPECTIVE LICENSORS OR SERVICE PROVIDERS, HAVE ANY LIABILITY FOR DAMAGES ARISING FROM OR RELATED TO YOUR USE OF OR INABILITY TO USE THE APPLICATION. THE FOREGOING LIMITATIONS WILL APPLY WHETHER SUCH DAMAGES ARISE OUT OF BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE AND REGARDLESS OF WHETHER SUCH DAMAGES WERE FORESEEABLE OR COMPANY WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. SOME JURISDICTIONS DO NOT ALLOW CERTAIN LIMITATIONS OF LIABILITY SO SOME OR ALL OF THE ABOVE LIMITATIONS OF LIABILITY MAY NOT APPLY TO YOU.

9. Indemnification. You agree to indemnify, defend and hold harmless Company and its officers, directors, employees, agents, affiliates, successors and assigns from and against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including attorneys' fees, arising from or relating to your use or misuse of the Application or your breach of this Agreement. Furthermore, you agree that Company assumes no responsibility for the content you submit or make available through this Application.

10. Export Regulation. The Application may be subject to Mexican export control laws, including the Mexican Export Administration Act and its associated regulations. You shall not, directly or indirectly, export, re-export or release the Application to, or make the Application accessible from, any jurisdiction or country to which export, re-export or release is prohibited by law, rule or regulation. You shall comply with all applicable federal laws, regulations and rules, and complete all required undertakings (including obtaining any necessary export license or other governmental approval), prior to exporting, re-exporting, releasing or otherwise making the Application available outside Mexico.

11. Severability. If any provision of this Agreement is illegal or unenforceable under applicable law, the remainder of the provision will be amended to achieve as closely as possible the effect of the original term and all other provisions of this Agreement will continue in full force and effect.

12. Governing Law. This Agreement is governed by and construed in accordance with the internal laws of the State of *San Luis Potosí* without giving effect to any choice or conflict of law provision or rule. Any legal suit, action or proceeding arising out of or related to this Agreement or the Application shall be instituted exclusively in the federal courts of Mexico or the courts of the State of *San Luis Potosí*. You waive any and all objections to the exercise of jurisdiction over you by such courts and to venue in such courts.

13. Entire Agreement. This Agreement and our Privacy Policy constitute the entire agreement between you and Company with respect to the Application and supersede all prior or contemporaneous understandings and agreements, whether written or oral, with respect to the Application.

14. Waiver. No failure to exercise, and no delay in exercising, on the part of either party, any right or any power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or power hereunder preclude further exercise of that or any other right hereunder. In

the event of a conflict between this Agreement and any applicable purchase or other terms, the terms of this Agreement shall govern.