



# Kids on the Move®

UC Berkeley: ELPP Fall 2023

## Abstract

*Kids on the Move*® is a child transportation business concept that specializes in the transportation of children between the ages of 6 and 11. Today's largest disrupted transportation model (Uber and Lyft) is more geared towards adults and not children. Some competitors do exist today (HopSkipDrive, Zum, Bubbl, Kango), but they are in localized markets only and are not available to all areas. Our business model focuses on areas not served by the competitors. We have a 5-year plan that will expand to different areas, and also stretch to serving children up to 16 years of age. After 5 years, we look to be acquired or combined with a competitor.

**Number:** ELPP Team 1

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## Authors

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# 1. Problem Statement

There is a significant need for child transportation services with today’s busy parents’ schedule. Current larger competitors such as Uber or Lyft do not specialize in transporting elementary school children without caregivers. There are a few companies that do specialize in child transportation services, but their areas of service are very limited to certain locations. A survey of more than 1,000 working parents conducted by HopSkipDrive, found that 47% of parents say their work schedule has prevented their child from participating in extracurricular activities. According to a new Pew Research Center analysis of Current Population Survey data, 41% of working women say it is hard to advance their careers when having children to care for. In fact, over 10M women have left the workplace to take care of their children. There is a large need for child transportation services as 27M children need to be transported twice per day to various activities in the United States.

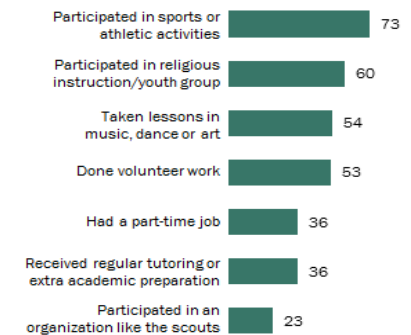
Parents are concerned about the safety of their child during any type of commercial transportation. The safety concerns include, but are not limited to, the background of the driver, the driver following driving laws, and ensuring that their child has arrived safely at the destination.

From 2008-2018, the average cost per student transportation rose 27%. For 2017-2018 school year alone, the transportation costs added 3.5% of K-12 expenditures (Source: *USAFACTS*). Pew Research Center showed that 7 in 10 parents say their school-aged children participated in sports in the past year. 60% of children attended youth group activities, and another 54% needed to attend after school lessons.

The market opportunity for safe and affordable child transportation is huge.

### Seven-in-ten parents say their school-aged kids participated in sports in the past year

% saying any of their children have \_\_\_\_\_ in the past 12 months



Note: Based on parents with children ages 6 to 17. Figure for "Had a part-time job" is based on parents with at least one child ages 13 to 17.

Source: Pew Research Center survey of parents with children under 18, Sept. 15-Oct. 13, 2015

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# 2. Proposed Solution

Our business venture proposes a solution to this problem by creating *Kids on the Move*®, a child transportation business venture. There are approximately 24.2M children (ages 6-11) that are potential clients. Even with current competitors in the market, we still see a

significant gap in child transportation services, and this is where our company comes in to help fill this void. Initially, we propose to serve a narrow market of 6–11 year old children, and do it well. Later in our business plan, we will increase the age range to 6-16 years olds. We see less of a market after age 16 years old, as this is the age when most will obtain a driver’s license. Based on the survey we conducted, it’s unlikely that there is a large market for children under the age of 6.

**Kids on the Move®** will only provide child transportation services and this will be the core of the business. Some competitors have a hybrid business model to also include adult transportation and parcel delivery for businesses. We feel that sticking to the core of only child transportation services and doing it well will grow parent’s trust and business.

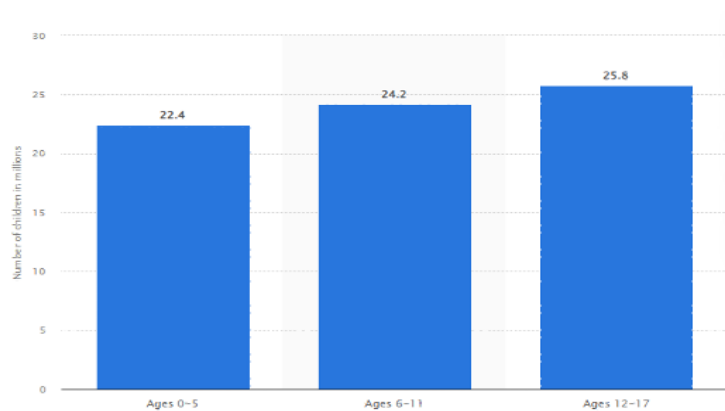
Child safety will also be a core value of **Kids on the Move®**. This will be addressed by focusing on hiring drivers that are parents and First Responders, or child care professionals. A full background check will occur semi-annually on all drivers. In addition, we will offer live, real-time tracking services available via a mobile app. This tracking will show the physical location of the child at all times and will show when the child is successfully delivered to the desired location. We are also considering having cameras in the vehicles so the parents can view the driver and child real time.

Lastly, our business will be affordable to encourage frequent and repeat business. Initially, we will start out as a pay as you go model, but by Year 3 we are proposing to add a subscription-based mode option. This will encourage repeat customers, with reliable services the customer can count on time and time again.

### 3. Potential Market

**Kids on the Move®** has evaluated the potential market size.

- *In 2022, there were approximately 25.8M children in the age range of 12-17 years old, and this grows every year, ensuring a steadily growing market.*
- *24.2M children alone make up the age range of 6-11 years old - our initial target customer base.*



<https://www.statista.com/statistics/457786/number-of-children-in-the-us-by-age/>

**So, what is the market size?**

24.2M children are potential clients (6-11yrs) per year, assume 50% need rides = 12.1M

- Total Addressable Market (TAM) = 12.1M @ \$20 per ride x 2 trips/day x 300 days/yr = \$145B
- Service Available Market (SAM), assume 10% or 1.2M opt for **Kids on the Move®** = \$14B
- Serviceable Obtainable Market (SOM) = target 0.25M kids at 1 ride/day = \$1.5B

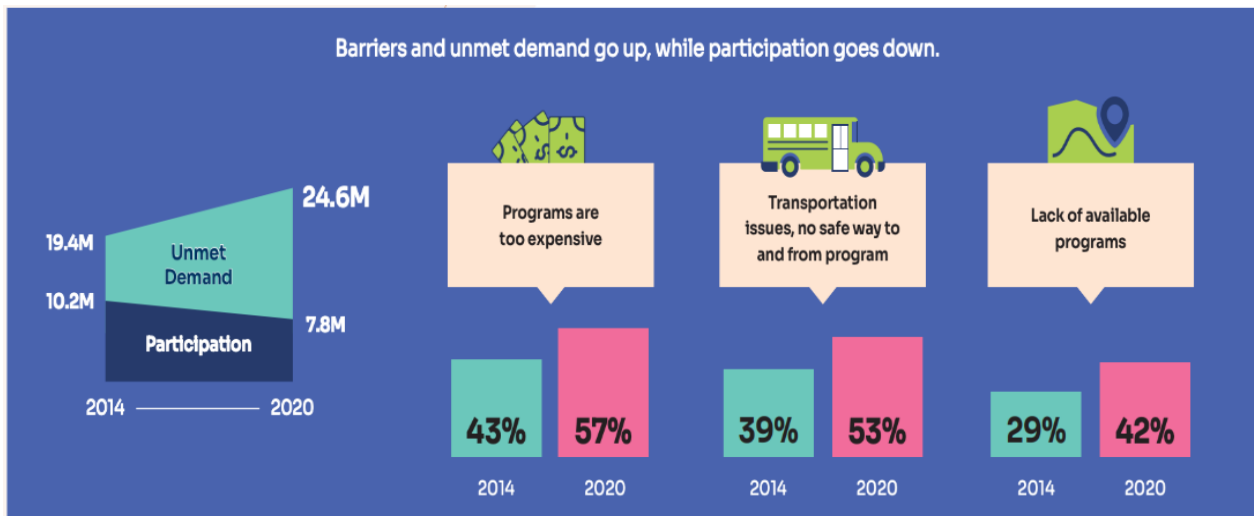
## 4. Winning with Kids on the Move®

**Kids on the Move®** pivots on 3 focal areas:

1. Focus on Kids
2. Focus on Parents
3. Focus on Community

### 1. Focus on Kids:

Lack of safe transportation is a key reason why so many kids are missing out on afterschool activities, a barrier that has gone up in the last decade, a statistic chronicled by [America After 3pm.](#)



Source: [America After 3pm: Demand Grows, Opportunity Shrinks](#) (study based on responses from more than 30,000 U.S. families)

### 2. Focus on Parents:

On one hand, many working parents struggle to balance work and their children's

transportation needs after 3pm, this creates undo stress both at home and in the workplace. On the other hand, many stay-at-home parents in the same community (and parents who cut back and work reduced hours) need extra money but can't afford reliable childcare.

**Kids on the Move®** creates a unique job opportunity, tapping into a new workforce:

- 1) Many people, women in particular would feel safe driving kids in their community but don't feel safe driving an Uber or Lyft.
- 2) A driver can bring their own child along for the ride, allowing them to spend quality time with their child and save on childcare. As any parent knows, some of the best conversations (and naps) happen in the car.

Two thirds of parents we surveyed said that this was important to them (from the viewpoint of a potential driver).

None of the parents we surveyed would mind if the driver brings their own child for the ride, although some parents would prefer that these kids are in the same age group as their own child.

- 3) Kids usually need recurring rides, creating predictable schedules and reliable income. Almost 80% of our survey respondents said that this was important to them.

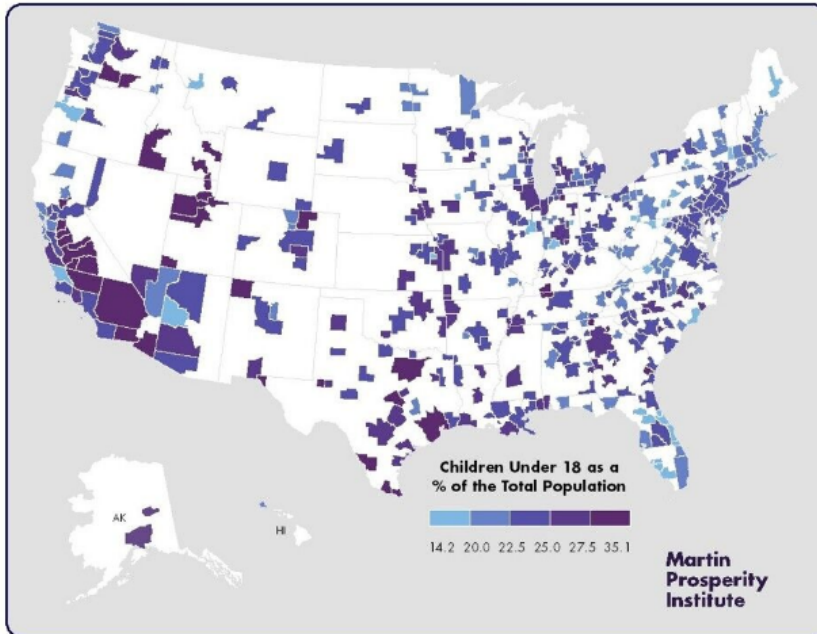
### 3. Focus on Community:

- **Environmental Impact:** Driving kids to/from places with other children -> reduces the number of vehicles on the road in the community.
- **Car-pooling lets drivers earn more per ride** and builds a sense of community.
- **Support community volunteering:** **Kids on the Move®** can also match parent volunteers who want to help transport kids from low-income families for free (for a nominal **Kids on the Move®** fee/waived fee once we are profitable).
- **Partner with schools and afterschool facilities** to increase adoption and ride efficiency. As we get to know the kids enrolled in the **Kids on the Move®** (their age, schedule, location, other classes they are enrolled in), we can send **transportation offers** for specific afterschool classes in the area. By partnering with after school facilities, we can offer to handle registration as well as transportation, easing adoption.

## 5. Location Areas to Focus on

Our studies have looked at the areas with the largest child populations in order to focus on those areas first.

- Children Population Distribution in the United States



- Metros with largest children population in the United States.

**Overall Metros with the Largest Shares of Children Under 18 Years of Age**



Rank	Metro	Share of Population Made Up of Children Under 18 Years of Age
1	Laredo, TX	35.1%
2	Provo-Orem, UT	35.0%
3	McAllen-Edinburg-Mission-TX	34.6%
4	Brownsville-Harlingen, TX	33.0%
5	Visalia-Porterville, CA	32.5%
6	Ogden-Clearfield, UT	32.4%

6. Competition



We looked at 4 current child transportation competitors. Although the base model is the same, some of these businesses combine with other non-child transportation services. All have limited areas that we can grow both in and outside of.

## COMPETITION CASE STUDIES

HopSkipDrive	Zum	Bubbl	Kango
<ul style="list-style-type: none"> <li>- 46M miles driven</li> <li>- 3M rides completed</li> <li>- Vetted driver network</li> <li>- <b>Needs minimum 8hrs notice</b></li> <li>- <b>Limited Area</b></li> </ul> 	<ul style="list-style-type: none"> <li>- \$200M VC funding</li> <li>- Valued at \$937M after \$130M funding in 2021</li> <li>- 1M completed rides</li> <li>- Backed by world-class investors</li> <li>- <b>Limited Area</b></li> </ul> 	<ul style="list-style-type: none"> <li>- <b>Combine Delivery with transportation</b></li> <li>- ALL drivers are first responders (currently employed or retired)</li> <li>- Ages <b>8-17</b> served</li> <li>- Pre-scheduled service only (<b>not same day requested service</b>)</li> <li>- <b>Limited Area</b></li> </ul>	<ul style="list-style-type: none"> <li>- Series A Venture fund \$3.6M</li> <li>- <b>Combines Driver and Sitter Services</b></li> <li>- Ride services down to 2-year-old, but <b>must be accompanied by parent or guardian</b></li> <li>- <b>Limited Area</b></li> </ul>

## 7. Financials

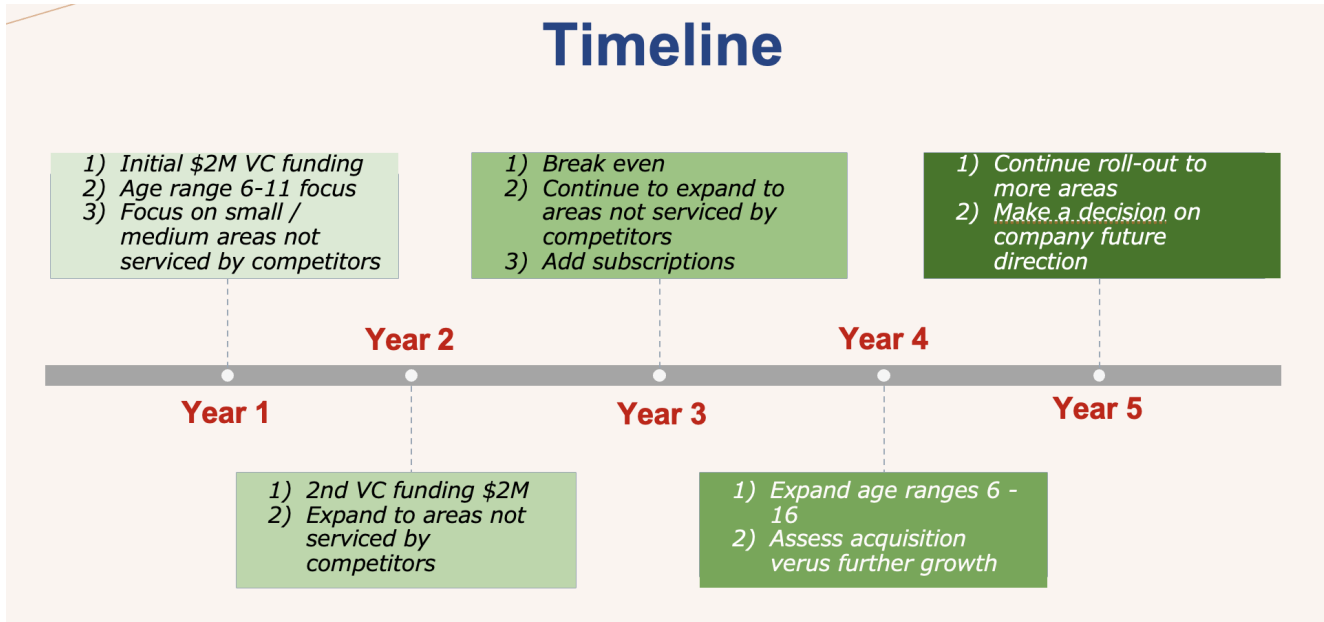
Below is our business model over the next 5 years.

	Year 1	Year 2	Year 3	Year 4	Year 5
Active Child Clients	1,000	3,000	6,000	12,000	24,000
Number of rides per child	25	50	100	150	200
Total number of rides	25,000	150,000	600,000	1,800,000	4,800,000
Average cost per ride	15.00	15.00	15.00	15.00	20.00
Revenue	\$ 375,000.00	\$ 2,250,000.00	\$ 12,000,000.00	\$ 36,000,000.00	\$ 120,000,000.00
Cost of Goods Sold (75%)	\$ 281,000.00	\$ 1,688,000.00	\$ 9,000,000.00	\$ 27,000,000.00	\$ 90,000,000.00
Gross Profit	\$ 94,000.00	\$ 562,000.00	\$ 3,000,000.00	\$ 9,000,000.00	\$ 30,000,000.00
Fixed Costs	\$ 600,000.00	\$ 800,000.00	\$ 2,500,000.00	\$ 6,000,000.00	\$ 18,000,000.00
Net Profit	\$ (506,000.00)	\$ (238,000.00)	\$ 500,000.00	\$ 3,000,000.00	\$ 12,000,000.00






**\$12M in Profit by Year 5**

## 8. Go to Market Strategy and Timeline

Below is our business market strategy and timeline for the next 5 years.



## 9. Meet Our Team

 <p><b>Margaret Petrus</b> CEO <i>(Knows all, Sees all)</i></p>	 <p><b>Alina Beygelzimer</b> CTO <i>(Knows the Need)</i></p>	 <p><b>HyukJoon Kwon</b> CFO <i>(Knows how to handle other people's money)</i></p>	 <p><b>Alex Eidukonis</b> CMO <i>(Knows how to sell and won't let you go)</i></p>	 <p><b>Chris Haynes</b> COO <i>(Knows how to operate the system)</i></p>
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