

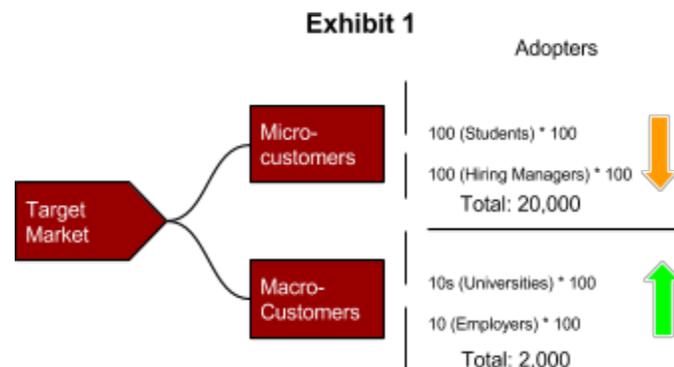
Memorandum

To: Nick Ducoff, Vice President at nuEX;
Jon Fish, Project Manager at nuEX;
From: Marquis Cabrera, Project Consultant at nuEX
Date: November 17, 2014
Subject: Learnx focuses on scalability and failing fast

This memorandum attempts to explore and answer the question: How can Learnx scale quickly or fail fast? In investigating this question, I have to make two critical assumptions: 1. College students will use Learnx; and, 2. Corporate Human Resource Departments will adopt Learnx. The two assumptions above are interdependent and constitute the philosophies driving Learnx's product development and two-sided marketplace: student product users and employer product adopters. However, nuEX cannot control for the many variables and human factors that would prove these two assumptions accurate. As a result, the Learnx team should hedge risks by focusing on one side of the marketplace if the goal is to sell B2C to micro customers (college students and hiring managers). If the aforementioned is not the goal, - and scaling and failing fast is - the Learnx team should sell B2B to macro customers (Universities and HR Corporates)

B2C to micro customers or B2B to macro customers?

Employers and college students are going to determine if we scale quickly or fail fast. However, we cannot control massive scale product adoption by targeting micro customers, unless we are willing to spend a ton of time and resources on targeting the crowd. Moreover, micro customers are beneficial to nuEX if they have the power to cut through bureaucratic tape and their word-of-mouth coefficient becomes significant. Even so, I predict the cost to acquire a micro customer is higher than the cost to acquire macro customers (see Exhibit 1) because of the time needed to talk to many people. In Exhibit 1, I created a fixed COCA, for I believe it includes only manpower now, but that may vary. By going after macro customers though, we are also targeting micro customers through a top-down, trickle down approach.



In my opinion, students will use the Learnx platform if Corporate Human Resource Departments adopt and/or validate Learnx. Therefore, we should focus our energies and

efforts on selling to macro users, but design our product for the end user (college student and hiring manager) to save money.