

# Investment Research and Analysis for the Elude Company Based on POCD and SWOT Analysis

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## ABSTRACT

Investment requires significant consideration of diverse elements, especially for a new product or service in the market. Elude company is one company in the travel industry that presented an app to help people identify areas they can visit based on how much the budget. The paper uses different components to help gain a deeper understanding and decide whether or not to invest in Elude Company. The methods used include assessing people, opportunity, external context, and deal (POCD), SWOT analysis, and investment analysis. The findings determined shortcomings in the people element based on POCD. This article also revealed that though the organization's management is well-equipped with extensive business skills and experience, only a few have skills and knowledge for technological matters. Though external issues like the COVID-19 pandemic may hinder its expansion, proper and efficient marketing approaches will guarantee success. We used SWOT analysis and POCD to evaluate Elude's investment value and demonstrated it through this article with the information we can find. Through our analysis, we can understand the direction, potential, and future situation of the company's funds in the market.

**Keywords:** *Travel destination, trip design, financial constraint, investment analysis*

## 1. INTRODUCTION

Before the arrival of COVID-19, the world travel market has reached its peak in history: the international tourist arrivals around the world of 2019 reached 123.10 billion; the global international tourism revenue reached USD 5.8 trillion, equivalent to 6.7% of global GDP, and achieved five consecutive years of growth. The young generation is playing an important role in such a big market: they are enthusiastic, open to experiencing new things, and travel more frequently.

Traveling is an essential component that is hard for human beings to avoid. There is diverse information available online for those interested in visiting different destinations. These include costs of specific areas, distance from one's location to the destination, and exciting areas to travel. What lacks is the ability to determine areas that one can visit given a specific budget. Elude aims to solve this issue by suggesting possible destinations based on clients' financial positions.

Elude is a nascent company aiming at these travellers. Incorporated in 2019, the company aims to provide an unprecedented travel style to their customers: they can start the journey based on the budget instead of the destination. Elude can also make the trip design more efficient by providing a complete set of hotels and flights simultaneously. These outstanding features have great attractions for the young generation.

In this paper, we are going to utilize several scientific analyses, POCD analysis, SWOT analysis, and investment analysis, to calculate this young company's prospect, especially during the COVID-19 pandemic. The following paper offers basic information about Elude company, its founders, and the factors that motivated them to present the new service in the travel market. It evaluates the organization and its objectives using people, opportunity, external context, and deal (POCD) analysis. It concentrates on the first three elements, giving minimal consideration to the deal factor. It also presents a SWOT analysis of the new product. The analysis will determine the organization's strength that

will guarantee its success in the market. It also assesses the weakness that's it should improve. It also focuses on threats from the external environment that will make it hard to succeed in the market. Lastly, it evaluates the available opportunities for expansion. The paper also offers an investment analysis to determine the needs to invest in Elude and the new product. It assesses the available need of the service. It also presents how the organization will solve the issue with the new product. It also evaluates essential components regarding the payback of the investment made and approaches to pay.

The structure of the article is as follows. In section 2, this paper introduces a venture company, Elude Co. Then, this company is analysed in terms of the POCD framework, breaking into three main components, people, opportunity, and the context in Section 3. Furthermore, this paper also analyses Elude according to the SWOT framework, including a detailed investigation of this company's strengths, weaknesses, opportunities, and threats in section 4. Lastly, this paper concludes with an investment analysis that sums up the company's financial circumstances and chances based on the POCD and SWOT frameworks.

## 2. FIRM'S DESCRIPTION

The co-founders of the company Elude are Alex Simon and Frank Scerbo, a pair of passionate travellers. The business was founded on February 12, 2019. Their idea of this company comes from their feelings that they invested too much time and money for each trip but did not get a fantastic journey in return. Therefore, they started this company to help others who would like to have an app to help them design their trip [1].

The problem that this business intends to solve is to create a new way of trip design, which is to base the trip mainly on the budget. The usual travel sites tend to ask people to choose their destination first, and then generate a cost for the journey based on the flight and hotel chosen by the customer. Yet oftentimes when the customers reach the last page and make their final decisions, they will notice that the cost is well above their budget. Therefore, for those who only have the idea of traveling and a set budget in mind, Elude will help them to reach their goal in a few minutes.

When users first enter the Elude app, they would see a screen where they have the opportunity to set their budget, departing city, departure date, return date, and the number of people in their group. Once they complete all fields, they can click on "explore", and it will generate several cities where they can travel within their budget. Users simply choose the city that they are interested in and choose the flight and hotel on the next two pages. One extraordinary feature about Elude is that it can show users some cities that they have never thought of exploring in the past.

Throughout the past two years, Elude successfully raised a total of \$4.1 million through 8 rounds of financing from their investors, as state in Table 1. The leading investors include Mucker Capital and Expert Dojo. On May 6, 2019, investors funded a total of \$ 50 thousand in the pre-seed round, with the lead of Dojo. Most recently in August 2021, a total of six investors funded \$2.1 million with the lead investor being Mucker Capital [2]. Elude is an appropriate company to invest in because it has the potential of offering a return on investment. The increasing number of investors is a sign that the investors have identified the organization's potential in offering returns on money invested.

**Table 1** List of all Rounds of Investment for Elude Co.

Announced Date	Transaction Name	Number of Investors	Money Raised
Aug 4, 2021	Seed Round-Elude	6	\$2.1M
Feb 1, 2021	Pre-Seed Round-Elude	1	\$800K
Oct 1, 2020	Pre-Seed Round-Elude	-	\$350K
Feb 1, 2020	Pre-Seed Round-Elude	2	-
Nov 1, 2019	Pre-Seed Round-Elude	1	\$750K
Jun 6, 2019	Pre-Seed Round-Elude	-	-
Jun 1, 2019	Pre-Seed Round-Elude	1	-
May 6, 2019	Pre-Seed Round-Elude	1	\$50K

## 3. POCD ANALYSIS

According to "Some Thoughts on Business Plans", an article published by Harvard Business School Professor William A. Sahlman, the POCD framework is a useful tool to diagnose any entrepreneurship. The POCD consists of people, opportunity, external context, and deals. This paper will be focusing on the first three components of the POCD framework when analyzing Elude. When analyzing the people of the startup, we are focusing on the group of people who play a significant role in this company, such as providing resources or performing services. More specifically, this paper is to analyze the founders, their experiences, their skills, their social network, their motivation, their commitment, and the people still needed on their team. When we examine the opportunity of the business, we evaluate the market

that the venture serves, as well as the customers' decision-making, pricing, competition, acquisition of customers, and cost of production. Lastly, the external context consists of the influences from the macroeconomic environment, such as inflation, technology, and regulations [3].

### **3.1. People**

When choosing a company to invest in, people are considered one of the most important factors. For the company Elude, there is 16 employees total as of today, including the co-founders Alex Simon and Frank Scerbo. Simon's focus when studying at the University of the Sunshine Coast and Rider University included International Relations, International Business, and International Economics. In addition to his academic achievements, he also worked as a business manager for investment banks such as the Deutsche Bank and Morgan Stanley [4]. On the other hand, the main focuses of study of Frank Scerbo while in school include business administration and acting. He also worked as the assistant manager and regional director for GMB North America, Inc., and EON respectively. It is proven from their experience that both have plentiful experience in business and management [5].

According to LinkedIn, in addition to the co-founders, the other employees of Elude are also experienced in business development, entrepreneurship, and marketing. Fairly few of them are professionals in information technology and computer science. This shows that they might be weak in terms of their technologies and will eventually need more professionals in this area to further expand their business. In addition, almost all employees including the co-founders reside in the United States [6]. Therefore, they can also consider hiring people who can work remotely on the go, while constantly exploring new destinations around the world. It may be very challenging to reach these goals due to COVID-19. Nevertheless, with a strong marketing and sales team, Elude can reach out to their target customer efficiently as well as publicize their product. Furthermore, Elude will be able to successfully expand the company and make the best business decisions with its strong strategic and management team.

### **3.2. Opportunity**

Then, we analyze the opportunity of the Elude. Today, around 70% million of trip planners use their smartphones to research their trips. Additionally, in 2019, online travel sales are worth a total of \$755 billion worldwide [7]. This successfully proves that travel technology is an industry with high potential. The younger generation is also more indecisive and is not particularly brand loyal to hotels. Most importantly, the budget is a significant factor when making decisions.

Although they have plenty of time and strong wills to travel, they are often limited to their budget. Starting from a budget means that whatever their budget is, they can take a trip with that budget. In addition, they can also travel more frequently than before with a more efficient design procedure of Elude. Therefore, the innovative travel style of the Elude app is attractive to these travelers.

The competitors of Elude are other dominants in the travel technology industry, including Expedia, TripAdvisor, TripsAction, etc. Competitors in the travel industry may try to apply Elude's concept to strengthen their advantages. Elude can publicize its advantages by advertising to its target group and providing discounts to the customers because of their independent payment system. In addition, they currently partner with the biggest global distribution systems in the world, such as the International Air Transport Association and the Airlines Reporting Corporation [8]. Moreover, Elude will use a cost leadership approach to guarantee that it retains its clients. It will set the service costs at lower levels than their competing companies. Elude can also partner with organizations in the travel industry to undertake B2B transactions, linking accounts of third parties to reduce the switching costs.

### **3.3. Context**

When considering the context, the most inevitable factor that is currently affecting the entire globe is the COVID-19. Traveling was restricted during the pandemic, and the travel technology industry was greatly impacted. Yet, Elude took this opportunity to digest and delve into developing its technology and engine. After more than a year of travel restrictions, all passionate travelers around the world have been waiting for the moment when they can travel again. As more people are vaccinated, traveling is at its peak. Elude also take their users' health under consideration by filtering out destinations that are currently closed due to COVID-19.

In conclusion, although Elude currently lacks professionals in technology, having a strong financial and management team is essential for a startup to be successful. As more and more young adults are on their way to exploring the world, Elude will be a great tool for them to plan their journey with a limited budget. Since cost is a primary factor for customers to choose their service, Elude can provide services at a lower cost to attract more customers from their competitors. Once Elude gains a large enough group of loyal customers in the industry, an option for Elude may be to join their competitor as a segment for their services. Although Elude was greatly impacted by COVID-19 in the short term, the company has a great prospect in the long run.

## 4. SWOT ANALYSIS

SWOT analysis is a widely used framework used to help people to evaluate an enterprise's competitive position based on four factors, strengths, weaknesses, opportunities, and threats. Over the past decade, this framework has focused on analyzing organizations for strategic actions. As a formula to formulate a company's future strategy, SWOT analysis has been beyond all kinds of companies to countries and industries and is used in virtually every published business case positioned for business student analysis. [10]

### 4.1. Strengths

Elude is a small company including only 16 employees. And its founders, Alex Simon and Frank Scerbo have plentiful business management experience according to their career history. Such an efficient group can react to the response of consumers and improve their product quickly.

Their product, Elude app, is designed to save time from trip planning and provide an unprecedented travel style: starting from budget instead of the destination. These features make Elude more attractive to their target consumer than their competitors, the traditional travel style.

### 4.2. Weakness

Until recently, the company has only raised 4.1 million dollars from seed investment. In consideration of the aspects they need to spend money on, advancing technology, marketing function, operations, and customer support, the limited budget may be deleterious to the development of the company.

The functions of Elude app depend strongly on existing database technology instead of creating a new one. The app service their customers by tapping into the same flight and hotel databases that all online travel companies use that store hundreds of thousands of flights and hotels and connection to the largest global distribution systems. So the product has difficulty holding its uniqueness and can be easily copied.

### 4.3. Opportunities

Young travelers play a more and more important role in the tourist market. According to a data report of Northstar in 2018, young travelers are more destination indecisive and they travel more frequently than any other age group. Until the advent of Elude, there is no special product to aim at this segment market and match the requirements of these customers perfectly.

The influence of covid-19 in recent two years also make some traditional travelers begin to have a try on Elude due to their limited budget for traveling. According

to the statistical data of UNWTO, for example, the global passenger numbers had fallen that month by 94% year on year by April 2020, to levels last seen in 1978. This great recession is fatal to the tourism industry, aviation, lodging, and so on. So they had to enhance the service prices and pass the extra cost on the passengers. And the end of low-cost flights and hotels may force travelers to start their trip on Elude app: starting from budget means fewer money worries.

### 4.4. Threats

The dominants in the tourist industry, such as Expedia, are always greats to Elude. Once this unprecedented style has been proven profitable by Elude, they will take action to participate in this segment market. By utilizing abundant resources, dominants can easily defeat Elude and take away the market share of Elude.

And another obvious threat is covid-19. Lockdown of different countries, the decline of flights, and economic recession, these factors hit the tourist market very hard. Although the global vaccination has reached almost 7 billion dosages, the prospect is still uncertain. Elude may fail to survive if the pandemic lasts far longer or the tourist market take a longer time than expected to return to a normal level.

## 5. INVESTMENT ANALYSIS

There exists a need to invest in Elude because of a prevailing ready market. Presenting a platform where people can get suggestions on travel destinations that they can visit based on their financial position is vital. As determined in the analysis of the market, the younger generation constitutes the group with great travel motivations [11]. Therefore, Elude Company sought for approaches to make them travel considering the diverse perspective involved in this category, especially the financial dimension.

### 5.1. The need for the company and its services

The first area assessed was the existence of the need for the services. The analysis determined that younger age cohorts have more tendencies to travel than the older ones. Then, the team evaluated this age cohort's characteristics. There are two major issues presented that require solutions in the particular group of consumers. The first was that this age cohort faces financial constraints, hence costs of travel and exploration are major concerns. The second issue is that it has minimal knowledge regarding available destinations they can visit. Being a young group who have not traveled much, the age category does not have the experience on the available options for areas to visit.

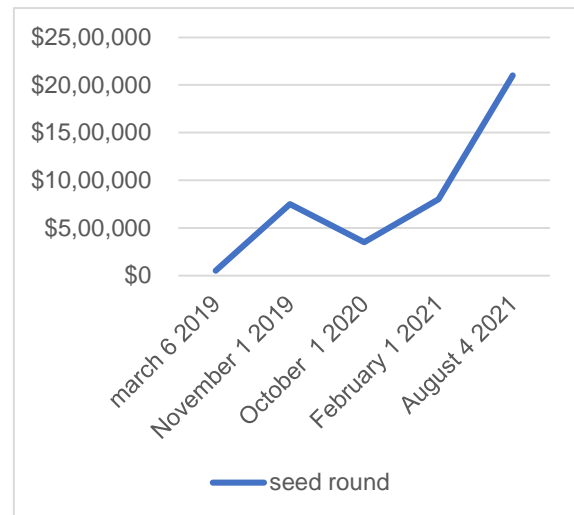
Elude company determined that offering different alternatives that people can visit based on their financial

position is important. People especially young ones want to explore new places but have limited financial resources. Therefore, availing of different places that they can visit based on their financial position is important. The primary worry that people face when they want to visit places is how much it will cost. Therefore, the new service will guarantee people visitations of different places regardless of their financial position. The client only keys in how much they want and gets a list of options based on the financial estimates. The approach has worked well in the real estate sector whereby people offer the range of money they want to spend on a house and receive suggestions. The new service will hence offer clients the comfort of knowing how much they are likely to spend. It also allows them to budget in advance.

The other advantage of the service presented by Elude is that it will offer multiple alternatives for particular prices presented by clients. The client may prefer certain locations; hence this product will have a range of alternatives. Ronner et al. [12] elaborate that one approach to an efficient market and increasing its demand is offering diverse options from which they would choose. It ensures that the consumers are not restricted to a particular option. As identified earlier, the young generations that are into traveling have minimal knowledge about the available options for them to visit.

**5.2. Payback duration and approach to pay**

The investment is expected to yield returns and pay the invested amount in the next twelve months. The estimates were derived based on the Discounted Cash Flow (DCF) model. The model figures out the value of an investment today, based on projections of how much money it will generate in the future. The trends in investments show a rising rate of investment and an increasing pool of investment in the organization. Another important consideration is that Elude demonstrates an increasing return on investment for previously invested financials. That explains the increasing investment levels between the time Elude was institutionalized up to now. The latest deal is a 13million investment from thirteen investors. Figure 1 below shows the previous trends in the organization that will guarantee that the investment will yield returns:



**Figure 1.** Second round financing of Elude

Based on the information above, there is an expected growth in employee count and financial round. Therefore, the investment will guarantee an increased financial outcome in the shortest possible time as demonstrated by the graph. The key approach to paying it will be through increased customer subscriptions and charges for the services.

The primary use of the fund is advertising. The company already has an App in place that clients use to determine the diverse alternatives available. The finances obtained from the investment will also be used in improving the App by making it more friendly for client use. It will also be used to improve the organization's website and its demonstration of how clients can use the app. The choice to invest will guarantee information access to many potential clients and awareness on how to use the App. Awareness will increase subscriptions and consequently the level of income flow.

**6. CONCLUSION**

In recent years, the young generation plays a more and more important role in the global tourist market; they are enthusiastic and open to innovations in travel. A nascent company, Elude, responds requirements of these young travellers. The unprecedented product of Elude can allow their customers to start travel from budget and travel more frequently than before. In consideration of the global pandemic situation, the development prospect of Elude becomes unclear. This article gives a rational prediction about Elude through several practical models, including POCD, SWOT analysis, and investment analysis.

The analysis reveals that the keys trigger towards presenting the travel app is the lack of enjoyment in the travel sector experienced by Elude's founders. They decided to identify approaches towards improving the travel design that makes cost its primary consideration. The key components in the app include the budget,

departure city, departure date, return date, and the number of people who will travel. There is an increasing trend in investment, which demonstrates the app's attractiveness and return on investment. Based on POCD analysis, the people at Elude, especially the co-founders, have extensive knowledge in investment, though limited in technology. There is also a projected 70 million trip planners using smartphones to identify ideal travel destinations. Thus, there is an opportunity for business success. In this case, the primary external context is the prevailing COVID-19 pandemic that has resulted in increased travel restrictions. The company is taking time to digest and delve into developing its technology and engine. There are also competitors but Elude would employ a cost leadership approach as its competitive advantage.

Based on the SWOT analysis, Elude has a small number of employees with extensive management experience. Thus, the group can react to consumer responses and improve their product quickly. Its weakness is that until recently, the company has only raised 4.1 million dollars from seed investment. A technological investment like the app requires extensive financial investment. There is an increasing travel rate, especially for the young generation, which offers potential growth and demand for Elude's services. The threats include the existing dominant companies like Expedia that can easily deny the market share to Elude. The COVID-19 restrictions also pose threats due to minimized traveling.

The significance of this paper is to analyze the business Elude Co. and its current position in the market. Although the article utilizes various methods to evaluate the company position, these inferences are not objective, detailed, or comprehensive enough: most of them are derived from macro public information. Moreover, some public information is not current or up to date. Therefore, it is essential to take under consideration of the evolving situation regarding COVID-19 when analysing Elude Co. more deeply. Thus, the next step is to adopt microanalysis, for example, Porter 5 force analysis, Delphi Method, doing online market questionnaire and establishing mathematical model, require to make further internal data public.

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