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MAINROAD
INFORMATION TECHNOLOGY INVESTMENT SOLUTION

FIELD LAB INTREPRENEURIAL INNOVATIVE VENTURES

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Executive Summary

The purpose of the following business plan is to define all the aspects and procedures that will guide the company Mainroad through the development of a new project in the present year of 2010. Moreover it will serve as an outline for all the operations that may be conducted, in the next four years of this venture, in order to reach the main objective - the release and success of a new Software solution in the Portuguese market by October of the mentioned year. The project will be financed by the company's own capital starting with a Capital Share of 700,000€ through which the company will be able to start the project. In addition, it is expected that the company will apply to the QREN innovation subsidy program from IAPMEI, which can result in the additional financing of 400,000€.

Mainroad belongs to Sonae group and it has been acquiring a lot of expertise in the IT area since 1995, when it started to operate as the IT department of the group. By focusing on innovation Mainroad wants to sell an IT investments solution composed by a software application and hardware box to overcome the lack of IT investments transparency among companies. Nowadays companies are recovering from an economic recession and they are aware of the need to maximize their investments, reduce redundant costs and stay competitive in a more increasingly global market. The management of IT investments requires, like any other pivotal asset, high quality and organized information and tools to support decisions and their respective analysis. Especially in IT investments, due to its results' intangible nature, decision makers find a lot of uncertainty when buying other projects or disinvesting. For instance, 50% of the decisions markers (in the Iberian Market) pointed out that it is very difficult to decide over an IT project because they find very difficult to justify the project's value for the business units. The purpose of this solution is to answer, with the right information, to questions that arise to decision takers – mainly CEO, CFO and CIO - when trying to manage a company IT infrastructure. The targeting will be done in order to reach Portuguese companies with high rates of IT spending/Total Revenue – since these are the ones that own the most complex infrastructures. These targets correspond to companies belonging to the Financial Services, Communication and Public Administration Sectors, which have their businesses more dependent on IT systems.

Mainroad will outsource the research and development (R&D) of this solution to its well recognized group partner Wedoo Technologies software-house. Mainroad will focus on a differentiation strategy – therefore the solution will be positioned according to the following differentiated features: highly flexible, on premises deployment; and outstanding and user-friendly interface, highly customizable. In addition to these three factors, experienced and high qualified technicians will provide the company with all the key resources to deliver a differentiated value in the market.

The proposed business model is established according two main objectives: maximize the delivered value and potentiate the company's business as a whole. This way the IT investments tool will be individually commercialized – which will be the focus model of this plan – and will also integrate in bigger projects – composed by IT Diagnosis, Project Implementation and Monitoring - where Mainroad also sells its other portfolio services.

In what regards the financial projections, this venture presents the potential for growth and success in the Portuguese market. With an evaluation period of 5 years and using a Capital Opportunity Cost rate of 5% this project presents a Net Present Value of 130.903€ which corresponds to the Internal Rate of Return of 13%. Following a price policy that intends to approximate this project to the Software as a Service type - charging monthly prices according to software licenses requested and services packages required for the tool implementation – the project and sales are presented on the following table.

Year	2010	2011	2012	2013	2014
Revenues	20.350	586.002	476.233	682.254	1.396.653
Net Profit	-454.935	75.873	32.821	131.202	512.329

To finalise the overview perspective of my executive summary I would like to refer that I will present an implementation plan, a review of financials referring the main risks of the project and, finally, a key set of conclusions and recommendations for maximising the success of this initiative.

1. Introduction

The business plan I here present comes forth with the intention that Mainroad has to venture in a new project – the launch of a product, in the Portuguese market, that will integrate its vast services portfolio by October of this year 2010. The structure of this plan is composed by the project strategy analysis and its implementation plan. As for the strategy analysis it is presented the Business Description, where the stakeholder is able to find the project base line, the value proposition and other related points. It is then presented the Business Environmental and the Market Specifics section where it is presented IT market related information as well as the SWOT analyse that sustains the project viability.

In what concerns the second part – the implementation plan – it is suggested the Competitive Strategy Mainroad may follow as the Marketing and Sales strategy. Following, more details on the process and project operations, company organization design and human resources management are provided. Lastly, the risk and financial analysis and recommendations are presented.

1.1 Mainroad Presentation

Mainroad is a Portuguese company that belongs to the Software and Information Systems area of Sonae SGPS's sub holding – Sonaecom. This company started its activity as an Information Technology department of Sonae Distribuição and became an official company, Sonae Rede de Dados, in 2000 when it started providing consultancy management and supporting services to the Sonae Group computing lot. Entering the Portuguese market in 2003, the company rebirths with its actual name, Mainroad, and begins providing, to Portuguese companies (B2B market), IT infrastructures management services using the specialized know-how it has acquired since it was operating. Recently, Mainroad is initializing its internationalization process by opening a business branch in Madrid, Spain – in the past year of 2009 the Portuguese company was able to totalize approximately 5 million Euros of revenue whereas 300 thousand Euros resulted from its activities in the Spanish market.

1.2 Companies, the Use of Information Technology and Mainroad Business

Companies have been increasing their dependency on Information Technologies (IT). In order to reduce process costs, to be more efficient and more productive firms acquire computers, software applications licenses, data servers and contract IT services which results in highly complex and expensive infrastructures that companies need to manage and support – the Portuguese market invested 3,59 billion Euros[i] on IT in the last year 2009. These infrastructures allow firms to manage resources more effectively and to take both better operational and strategic decisions. Moreover, through customer dedicated solutions, companies have been increasing their analytical skills and are improving their ability to act on market changes, creating more value to the customers. Nevertheless, the storage and management of information are also needs addressed by IT – companies invest on servers to build up information networks by which collaborators can have access to email account, internet, documental software management and other applications to support and leverage the quality of their work.

At the end, this dependency demands knowhow on IT systems and companies see themselves obliged to search for an IT management service provider or even to contract a full time specialized team to manage this need. Besides buying the systems' tools (hardware and software) they need to know how they should be organized (procedures) to better take advantage of the whole system.

In addition, the consistency and the reliability of the whole system are also considered critical needs – in many companies a system breakdown may provoke a huge amount of losses in their businesses – and they must be assured. IT supporting services, like help desk, network security and other monitoring services, are required to guarantee that assurance. See the example of an online store or even a Bank – these companies must assure their systems are always ready.

Mainroad's mission rises exactly in this context: reduce operational costs, assure client companies have a reliable IT infrastructure and allow them to better focus on core activities are the main purposes of this IT company. Using two Datacenters[ii] – one in Oporto and other in Lisbon – and more than 220 specialized technicians, this company is able to provide in an integrative way three types of IT services. These are: Data Center Services, Support Services and Professional Services. As a result of this integration, clients can find in this firm a complete end-to-end process and portfolio of IT services that, at an ultimate level, can altogether sustain their businesses and guarantee efficiency of their activities. Besides the Business Continuity Services or Complete IT Outsourcing, Mainroad also offers IT Services Management, Enterprise Management, Datacenters Hosting, SAP Managed Services and Security Services. Refer to *Appendix 1* that represents Mainroad's business purpose. In a very simple description, it shows the company X that supports its business with an IT infrastructure – computers, network, and software – and contracts Mainroad services to support, to manage and to guarantee it is cost efficient, secure, and never fails.

2 Business Description

2.1 Historic

Following the strategic objective of delivering an increasing added value to its clients Mainroad wants to create a product and launch it into the Portuguese market by the end of this year 2010. Focusing on its markets along with partnerships the firm has with IT market research companies (IDC and GARTNER), every year new ideas result from brainstorm reunions, where collaborators debate and discuss ways to improve the quality of the company and the value for its clients.

The idea of this project emerged in April 2009, when Mainroad realized the difficulties that its clients have on the IT spending control and management. The lack of information that companies have about the investments they do in IT is the catalyst idea of this project.

2.2 Brief Project Explanation

In this section I present the following 3 points to provide the stakeholder with a practical explanation of the project: <u>customer baseline/market scenario</u>, <u>market needs/customer problem</u> and <u>Mainroad value proposition</u>.

2.2.1 - Customer Baseline/Market Scenario

All types of companies say micro, small, medium and large ones use information technology systems to leverage their businesses, increase efficiency and productivity, realize innovative business models and increase the value for their customers. In these terms companies invest on IT infrastructure and try to manage it like any other asset in order to maximize its ROI. Among all agents involved, the CEO, CFO, Directors of Business Units and the CIO are the ones that weight most on the process of IT investments: on average, the CEO, CFO and Director of BUs – define business needs and determine the budget for the IT investments; the CIO decides on what to buy, what hardware, software licenses and services to contract – he decides on how to build the infrastructure (note: depending on the type of business the CIO can also have a front line role decision, for instance in companies that have technology as its core). At the end of decision process, the Board of Directors is the one take the final decision, weighing the different variables priorities and impacts within the company. In each year, depending on the companies' circumstances, IT Infrastructure investments are made – in one year invest x, in the second year invest y, in the third year invest z and so on. At the end huge investments are done on IT and the following question arises to the top managers: How to continuously manage it and turn it more profitable?

2.2.2 - Market Needs/Customer Problem

In fact the answer for the previous question is the big problem. That question can be decomposed in other smaller questions that arise to both decision takers and are also difficult to answer without the help of complete and structured information on the IT infrastructure. To the CEO, CFO the following questions arise – Why do we spend so much in IT. Is it really necessary? What is the ROI of this investment? How should I budget for the next periods? What if we decide differently on these investments?

Besides providing information about the value of IT to the top managers the CIO also wants to know other IT investments related information – Is the firm using the whole IT? Are the Services Contracts complying with the Service Level Agreements? Are we buying the best market offer? How can we reduce costs? How are my competitors doing on their IT spending? Is the IT aligned with the business needs? – These are questions that once clarified will help the company in managing its IT infrastructure.

2.2.3 - Mainroad Value Proposition

The value proposition Mainroad presents satisfies these information needs that companies have about their IT infrastructure – the proposition is a new solution to be launched in October of this year 2010.

The Solution will consist in one package of Hardware and Software and a conjoint of services attached to it to support the implementation and its use by the company. My proposed brand for the package is RunInTo: RunInTo

The solution performance: 1. Once installed the tool will be integrated in the client IT systems and will gather information from the entire company infrastructure. Business units' information, other IT systems data (SAP, CRM tools) and even manually introduced data will be the input for the RunInTo.

2. Then, by using a powerful intelligence inference engine the tool will work and correlate that information/data and supply the users with reports, dashboards, metrics and other useful data – IT

inventorying, bill of IT, asset utilization, peers benchmark, cost per mail account, SLA accomplishment. According to the user needs or, more precisely, depending on if the user is a CIO or a CEO those outputs will be different and show different indicators and metrics.

In sum, the outcomes of having the tool and using its generated reports will lead to: more efficiency - associated to cost reductions; the alignment of the IT infrastructure with the business needs – resulting in more effectiveness and increasing the business performance; capacity of measuring the return on IT investments – improving the quality of decisions. Refer to *Appendix 2*, that depicts the new solution and presents a resume of what I have explained in this section.

2.3 Business Model

As it is mentioned before, this project is the launch of a product. When defining the business model I consider two different ways of delivering value to the clients with RunInTo:

1. offering the solution as a product **–** the client will pay for using the solution – hardware, software and services – and will be allowed to choose among different commercial modules. In this case, the client chooses what to use, the tool level customization and other variables they need, and Mainroad professionals will implement the solution and support its use. Further information on commercial modules and their specificities are presented on section 6.3 - product section;

2. integration – the other way is to integrate the product in a global service solution composed by 3 distinctive phases where the first would correspond to a) the use of RunInTo and the analysis of its results, the second would be b) consulting and implementation of new IT projects – changes in the IT infrastructure – and a third one that would consist in c) providing monitoring services for the client infrastructure and a management follow-up. With this integration the new product will work as a way to improve the quality of the services Mainroad already provides that correspond to the two last phases – consulting/implementation and monitoring/managing. Refer to *Appendix 3*, which presents a simple scheme representing what I have described – each square represents each phase of the global service, being the number 1 the one that corresponds to the integration of RunInTo in the whole service.

2.4 Mainroad Vision, Mission and Mantra and Strategic Objectives

Vision and Core Values **-** In 4 years we will be one of the four companies leading the market. Our focus on overcoming customer expectations by showing our value contribution to their companies will always have the support from our innovation patterns. Quality will always work as the basis in our business.

Mission **-** Focusing on its clients' needs, whose business is highly dependable on systems and information technologies, Mainroad adopts and adapts the best practices in the implementation, management and support of IT platforms in order to provide services and solutions of IT Managed Services, Security and Business Continuity.

Mantra **-** Fill the ease of running your business by having IT always ready.

*The strategic objectives are***:** develop the new tool solution (version 1) by end of August 2010.**|** Execute try outs and cockpit versions on clients and improve the solution to a solid version by October 2010 when the product is released.**|** Create a second version in the first quarter of 2011.**|**Create powerful partnerships to improve our product.**|** Start by targeting Mairoad's main market - the Portuguese companies - by launching a marketing campaign between 27th of September and 29th November in Portugal.**|** Follow market needs by developing tool upgrades for new versions. | Launch the product in Spain by 2014.

3. Business Environment

In this section, market studies, facts and other relevant information considered for proceeding to the environmental analysis in the ambit of this project are presented, in order to sustain the viability of RunInTo in the Portuguese market.

PEST Analysis: ***Economic:*** As for World Economic Crisis, Portugal has been recovering. This country economy is still fragile. Companies are cutting costs and thriving even more to be competitive in the market. The cost of IT has been increasing constantly, and in light of the recent recession, companies are scrutinizing every dollar spent on IT to justify the return on their investment to the business[iii]. Therefore RunInTo project is aligned with market needs.**|** ***Innovation*****:** Innovation is always a threat as new patent technologies are continuously emerging in the market. In fact, RunInTo is exposed to any innovation movements that other software houses might do in order to follow this Mainroad project decision.**|** ***Social*****:** As average education increases new market opportunities may appear. In this sense more demanding will be the market and there is a trend to a constant growth of IT consumption which also meets this project basis.**|**

***Technological*:** The market of Technology information changes very fast. On the other hand companies in the IT market are in constant pressure to continually bring out new products and technology which makes it more tough, increasing competition. This might work as a threat – as Mainroad releases the tool a new and better one can be out sooner. New ideas are always coming. It is a run in time.

***Trade Policy*:** Portugal belongs to the European Union and OCDE. As markets openness is increasing, national companies find themselves competing not in restrict, but a global market, where competition is aggressive. This means that although targeting the Portuguese market, this project must consider also foreign competitors when proceeding to the competitive analysis.

3.1 Information Technology Market Analysis and Its Dimensions

As mentioned in section 2.4 - Strategic Objectives -, Mainroad's main target is in a first stage the Portuguese companies. Therefore, the object of the market analysis I here present is the Portuguese market. Further information on other markets will be required for future campaigns Mainroad may decide to follow.

The Portuguese IT market

In this subtitle some facts that characterize the present Portuguese IT Market are presented, and its behavior in the present period is described. According to the IT market research company IDC Portugal and APDC :

In the past year of 2009 the IT market represented 3,59 thousands millions Euros which corresponded to a decrease of 2,2% in comparison to the year before. In addition, in the present year of 2010 the market will show an investment reduction of 0,5%, beginning to stabilize by the end of the year. On the other hand the study also predicts that in 2011 it will have a growth rate of 5,7%, which will lead to a total investment of 3,77 billion Euros[iv]. In addition, the hardware investment considered to be the most affected by the economic crisis represents more than 50% of all the IT investments and will also regain its position by the end of this year 2010. Other important figure presented in this study is the increase of investments in Software that is triggered by efficiency achievements companies are trying to attain to face the crisis. In order to explore new activities and overcome the lack of internal resources, organizations are using even more software applications and trying to optimize their operational activities and to automate their processes – facts that sustain RunInTo project. Also in the software segment IDC predicts a trend of supplying this type of applications with the Software as a service (SaaS) model that allows small starting investments and a better control on the spending behavior. This specificity is taken into account in the pricing strategy section. It is also predicted a significant reduction of IT consulting projects investments. IDC recognizes that this IT services consumption will remain stationary since companies are, in turn, allocating their investments to efficiency and effectiveness initiatives. On the other hand, the Outsourcing services present higher potential, more precisely the Desktop Management and Hosting services, that also represent reduction costs projects oriented to improved business performances and to achieve higher effectiveness levels.[v]

In sum, it is possible to conclude that Portuguese companies present low self-confidence levels leading them to most adopt optimization projects instead of new acquisitions, which meet our project premises.

3.2 Market Trends

According to the IDC study for the 2010 trends of the Iberian Market[vi]:

1- The investments in IT will only start to grow by the end of this year 2010. This year the growth presents -1,5% for the IT investments. Also, the specialists say that careful disinvestments demand know-how to avoid negative impacts on the companies' businesses. 2- When segmenting the market it is notable that only in the assurance, utilities, health and public administration sectors this growth will be positive – presenting approximately an average of 1% growth. Furthermore, when segmenting by regions the most relevant ones for the IT suppliers are: Lisbon, Madrid and Estremadura. 3- The process of IT investments decision making is changing: there are more agents interfering in the process; 40% of the CIO's depend on others to take decisions; more than 50% of the decisions takers pointed out that it is very difficult to buy an IT project because they find very difficult to justify the project's value for the business units.

In sum this trends and facts present and reinforce the need for the new solution Mainroad wants to launch this year.

4. Market Specifics

4.1. Market Needs

To provide more insights on the market needs follows the ITpreneurs market study conclusions[vii] for the year 2009: 2009 shows a clear trend towards cost-control. Reduction of cost is the single most important driver for IT performance management this year (refer to *Appendix 4*); Also, manual reporting using Excel is still the biggest used method to do performance reporting and actually the trends towards Excel is increasing at the cost of relying on IT service management tools to do this job (refer to *Appendix 5*). Although being a global study, not fully focused on the project target market, these study conclusions allow the stakeholder to understand that the objective of this project is a challenge recognized around the world and really exists a market flaw to be conquered.

4.2 Market Segmentation

The project segmentation uses the geographical criteria, selecting the first segment group – companies established in Portugal. Continuing the segmentation process 2 more criteria are applied to this first group: 1st - Type of Company – form 2 more segments - Mainroad client accounts and companies that are not clients of Mainroad; 2nd - IT spending[viii] – this criteria group companies in 3 categories: the Top 50 IT spending Portuguese companies that present an IT budget between 8.5 million and 170 million Euros; Medium companies - all companies that have its budgets in the range of 3 – 8.5 million Euros; and small companies - with small IT spending budgeting lower than 3 million Euros. The result of using these two criteria is presented in the following segmentation diagram (*Figure 1*):

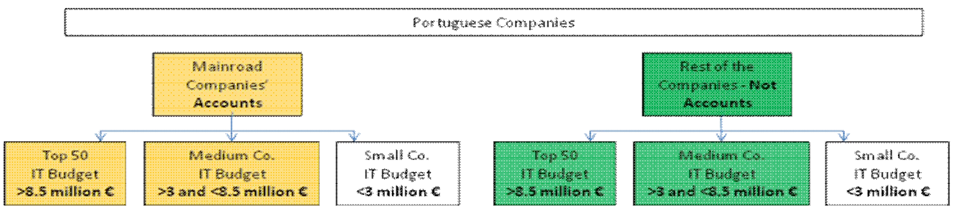


Figure 1: Segmentation Diagram

4.3 Targeted Segments

By completing the market segmentation I now present the priority targets for this Mainroad's project. These are considered the ones that value most Mainroad's solution. The rationale behind this consideration derives from the following fact: there is a strong correlation between the complexity of companies' IT infrastructures and the IT spending budgets they have; therefore higher the IT budgets higher is the value given by companies to the RunInto solution.

This way the targets of RunInto Solution are: a) The biggest IT spending accounts Mainroad has on its client portfolio. Both yellow squares in the diagram above (*Figure 1*) represent this target. By September 2010 it is predicted that the Cockpit (the first runInto version) will be already running in one of Mainroad's Client. The objective at this point is to follow an up selling strategy and benefit from the position Mainroad has in those companies. This target totalizes about 35 companies. Some references for this target are: AdvanceCare and Efacec; b) the group of 50 Portuguese companies that present the highest IT spending budget and are not Mainroad clients already – according to the IDC market study[ix] most of these companies come from both Financial, Telecommunications, Energy and Government Sectors and present a IT budget higher than 8.5m Euros. In the segmentation diagram (*Figure 1*) this target is represented by the green square more for the left. This target references are: Vodafone, Alliance Health Care and Ren. c) The last target is the group of companies that have their IT budgets higher than 3m Euros and lower than 8.5m Euros. According to an IDC and APDC study[x] these are companies that belong to the Financial Services (Banks, Insurance and others), Communication and Public Administration Sectors where the average rate of IT spending/Turnover is higher – with each one presenting 9,4%, 6,8% and 4,5%, respectively. This target is represented in the diagram (*Figure 1*) as the Medium Companies IT Budget green square and it totalizes approximately 90 potential clients. This target references are: ControlInveste, SGPS, SA; Banco Popular Portugal; Global Seguros; Victoria Serguros and BBVA.

4.4 Competitive Analysis

It was not able to find direct competitors in the Portuguese market. Mainroad found no companies offering similar solutions as RunInTo. This way I expanded the object of my analysis.

In order to analyze our competition I have researched for any competitors' moves. I tried to find solutions akin to ours that could compete with RunInTo, both in Portugal and in foreign countries.

After my research I found different companies presenting different solutions. There are companies that have their focus on software development and offer a huge portfolio of products, whereas IT infrastructure tools work just as an add-on for one whole suite. Companies like IBM, BMC software and HP are perfect examples for this group. In fact their software target tends to be companies that sell IT management services and need to present the value of their actions to their clients. These types of solutions can do the same as RunInTo but they lack simplicity and they are more focused on technical issues than the real needs of our targets. Besides, these tools are not considered flexible, as they are not capable to gather information from different information systems a company might have in its IT infrastructure. The real competitors, although hypothetical due to their target location, are two companies - ITpreneurs and Apptio that sell respectively the Metricus and Apptio solutions. I tried to analyze and understand their behaviour in the market, by looking at their blogs, webinars, website forums and press releases. This way I present the facts I found more relevant in the scope of this business plan: Apptio raised 7 million dollars to incorporate in its business[xi]. This shows how big their investment is compared to ours – since our budget is way far bellow from this amount; Apptio has already big client accounts like Starbucks and other companies (totalizing around 36 firms) which are companies that have their IT spending much higher than 8 million Euros[xii]; Both Apptio and Metricus use the model Software as a Service. These companies support and manage the application in a place other than the client's premises and these are able to access the tool anytime they want. In this aspect also RunInTo is different, as it works on premises and requires teams of technicians to implement the solution. Mainroad opted for on premises model, although it has all the conditions to deliver software as a service. In fact, according to IDC and Gartner IT market consultants, the Portuguese market is not ready for this type of model. It has a lower maturity and still confidentiality issues arise in client companies that are not comfortable with the idea of having its data shared with a supplier. The pricing that each of this players presents is as follows:

- Apptio is pricing according to the modules the client adopts, the quantity of data stored in Apptio servers. The prices range from $72.000 to $1.000.000 per year[xiii].

- Metricus is pricing according to a basis Software license and according to the metric packages client wants. Their prices start at the level of $250 per month and scale up from there[xiv].

4.5 Purchase policy

The final RunInTo solution, or in other words, the final package that clients will receive will require the following physical components as inputs: computer servers, RunInTo software developed by Wedo Technologies and other software applications not yet defined.

Following the SonaeCom purchase policy, Mainroad will also integrate its merchandise purchases in the fully dedicated central the group has constituted for that purposes. The objective is to continue consolidating every purchase the group realizes and try to benefit from economies of scale taking also advantage from the negotiation power the group has conquered due to its dimension. In addition, the company must also try to maintain long-term contracts in order to achieve even better results and competitive advantages.

4.6 Internal Analysis

4.6.1 The Five Forces of Porter

With the objective of proceeding to the competitive industry analysis it is now present the Porter's Five Forces framework. When analysing the threat of new entrants we must consider RunInTo solution will be integrated with other software applications that were developed by companies like SAP or Oracle, among others, that are also capable to produce one tool like Mainroad's. These companies have both brand awareness and resources to develop a project like this. Other important fact to be referred in this point is the usage growth of cloud computing and virtualization that is empowering the Software as a Service model. This new model reduces barriers to foreign companies that might sell their solutions also in the Portuguese market. Actually it allows software management and support independently from the location of the client company. There are no huge barriers to the entrance of new competitors so we may consider this as threat. In what concerns the power of substitutes it must be considered that substitute solutions may arise in the market in a near future. Today's alternative is to manage a complex spreadsheet which is in fact much cheaper but presents a very poor performance compared to our proposed solution. On the other hand there are other tools that try to offer the same type of benefits but they have no flexibility or adaptation capacity. As it will be given priority to differentiation we may consider substitute solutions less than a threat. Considering the bargaining power of buyers it is relevant to mention that it will always depend on their dimension and in the ability Mainroad has to demonstrate to the market the value of RunInTo. Once more, the focus Mainroad gives to differentiation will contribute to a low medium bargaining power of buyers and to a better attractiveness perception of this project. As to the bargaining power of suppliers Mainroad has already established partnerships in past businesses that are also useful in this project – it is the case of HP that will supply the hardware for the solution. Moreover, Wedo Technologies, the software supplier, belongs to the same group Sonaecom. Therefore, Mainroad finds this variant as a non threat. In the competitive rivalry it must be mentioned that Mainroad is a first mover with this differentiated solution in the Portuguese market. Even so, due to the intangible nature of this type of solutions value this company might be perceived as belonging to the mainstream management support software industry where rivalry is high.

In sum we may assume that this industry is attractive only by the power of differentiation RunInTo presents – in fact it is referred in almost every point of this Porter's analysis. Processes of segmentation, targeting and positioning are tasks that are considered extremely relevant for this project success. There is a lot of clutter in the software industry and an appropriate and very effective communication campaigns must be conducted by Mainroad.

4.6.2 Value Chain

In this section it is explained the whole process of value creation in this project. From the starting phase where the idea was generated until the product starts to be used by the clients the purpose is to leverage the return of the whole process by evaluating each conjoint of activities – both of primary and supportive types. Reducing its costs or increasing its contribution value can be though as means to increase the total margin of the project.

At a first phase a team of five people worked on the idea – prospect analysis with the help of market research partners, IDC and Gartner. The idea for a new solution for a costing and management IT tool

– runInTo – is created. On client research helped to define the specifics for the solution. This type of activities, plus other efforts on the project evolution to improve its quality, as costs with universities and prospect clients relations, count with 10% of the total costs. All this plus expenses with sales team and project management tasks corresponds to Human Resources costs of the project.

The outcome of the first phase is then used to develop the product – resulting the software conception and hardware requirements. This represents the biggest and most critical investment and it is outsourced to the Mainroad group partner Wedo Technologies – a market leader in the Revenue Assurance services provider that has its core in software and hardware development. In the value chain this activities correspond to the Research and Development (R&D) and count for 10%-45%% of the total revenue. These primary activities also include future product upgrades, the launching of new versions.

The other core activities are the Marketing and Communication investments responsible for expenses that will round 10%-20% of total revenue. Considering the novelty feature of this solution this area is critical and essential for the project success. Value communication is a major player in this project until the product reaches a maturity level in the market. The last conjoint of primary activities to consider are mentioned as Professional Services – these include the solution implementation in the client's firm and the services that will be provided after RunInto is performing – support, monitoring, upgrading to new tool versions and readjusting it to the client needs. These groups of activities are also critical in the value chain – they are developed on client premises which will highly contribute for the perceived quality of the whole offer. These will count with 10% - 30% of the revenue.

Along with these primary activities I have mentioned so far, there is also the Hardware Production that is considered less critical. It will be outsourced to the company HP to which Mainroad will buy the hardware. This will sum 10% of the revenue. The diagram referred in *Appendix 6* presents the value chain of this project. Each big square corresponds to a group of primary activities which may be considered as critical. The two rectangles represent the support activities. The percentages showed present the relative contribution of each group to the total project revenue. In conclusion, Mainroad must invest in the pivotal activities where small variations in cost lead to higher variations in the margin and small variations in quality correspond to higher variations in the value delivered to the clients. For these reasons, R&D, and Professional Services are extremely important for the creation of points of differentiation and must not be outsourced, at least outside the group.

4.6.3 Industry Mapping

In this section it is important to refer how crucial are some relations Mainroad will need to sustain with other agents/stakeholders in order to succeed in this project realization. In a first level, aside the client firm's relations, detaches the relation Mainroad will need to address with its R&D group-partner supplier – Wedo. In fact this company represents the majority of all the investments allocated to the software development. As it mentioned in the Value Chain Analysis, the results of this company activities are considered critical – it is responsible for the value creation basis of this project.

At a lower level, but still relevant, are the relations Mainroad will need to maintain with its Market Research Partners – IDC and Gartner. Although not specially mentioned in the Value Chain description, these partnerships must be considered as critical because they work as sources of market knowledge and also as intermediaries between Mainroad and its target clients. Nevertheless, there are other agents that must be taken into account by proceeding to this industry analysis, namely Financial Sources (IAPMEI – through QREN - innovation dedicated subsidies), auditing firms, the competitive players and The Competition Authority. Refer to Appendix 7 for a complete view of the industry map.

4.6.4 SWOT Analysis

In order to understand the company's external and internal forces, the SWOT analysis is provided. After identifying the strengths and weaknesses, as well as the opportunities and threats of the project, recommendations on how to overcome the negative points are presented.

Strengths	Weaknesses
- Solution with innovative features; - Knowledge Mainroad has on IT infrastructure management; - Position Mainroad presents in the market; - Technicians expertise on software management; - Partnership with Wedo for R&D; - Proximity to the target of the project;	- Mainroad is not associated to Software Solutions; - It has low reputation on this kind of offers; - Intangible nature of the solution value – difficult to determine prices;
- Downturn of the Portuguese economy; - Companies are thriving in a more competitive market; - Companies are look for ways to maximize their ROI; - Companies find difficult to manage IT investments;	- Easiness of tool replication; - Companies like Mainroad also benefit from using this tool; - There are companies with similar expertise that may decide to develop a tool like this;
Opportunities	**Threats**

Regarding the negative points, the first two weaknesses will be excelled by the proposed communication campaigns explained in onward sections. As for the price determination issue, it must be addressed by having a higher understanding on the market characteristics. Studies on target clients' behavior during purchasing decisions must be conducted in order to understand the price equilibrium for each target. In order to overcome the identified threats, Mainroad must have high quality standards at all levels. Offering an innovative tool at the right price with successful communication campaigns, Mainroad will be able to hit right on the target expectations. The first move advantage is a plus and also works as a great opportunity to attain a good market share.

5. Competitive Strategy

This project aims to launch a new solution in the market that will have its considered value dependent on its power of differentiation. Similar tools already exist, but the point here is to focus on enhancing the features the market considers as more valuable. As it was already referred, this differentiation will consist in providing the company clients with a very flexible tool, capable of adapting to each IT client infrastructure complexity and very easily customizable. Nonetheless, this general value strategy cannot fail to target the price dimension the market is able to accept. Again, this dimension must not be neglected and market researches on clients' expectations and willingness to pay must be conducted.

6. Marketing and Sales Strategy

6.1 Positioning

According to the established target, the solution and brand will be positioned in a way it conceives a transparent, efficient and reliable way to manage IT investments to companies that use RunInto. Highly customizable, user friendly, highly flexible, in-house installation, are the focused features that position RunInto, as an IT management solution, in the market. A position statement would be: "Strive against perplexity of your company's IT infrastructure. Offer your company a reliable and easy way to assure a highly performance management of its IT investments". RunInto is a highly flexible, compatible and an in-house management tool that aims any company that supports its business with an IT infrastructure and also cares about its Return.

6.2 Distinctive Qualities

RunInTo differentiates from competitors and substitutes in the following points:

In-house installation as delivery model: big international competitors are offering this solution in Software as a Service (SAAS) model; Compatibility: RunInTo presents high levels of compatibility with other IT systems. This tool can be fully customized and adapted to the client characteristics. User Friendly: user interface will be a plus compared to the competitors. Simplicity and also capability of selecting information outputs are characteristics of RunInTo.

- 24/7 support to the server (box in-house) – Mainroad already provides this fully time support to other clients. This way in-house installation will not interfere with the tool performance.

6.3 Product

For commercial purposes there will be two different versions for the solution: the standard version – RunInTo Standard – for companies that have a less complex IT infrastructure; the enterprise version – RunInTo Enterprise for companies with a very complex IT infrastructure that will require highly customization at the implementation phase. In addition to the software basis there will be: Metrics Packages: these are 30 metrics packages that complement each solution. Data input can be done manually, with datasheets or/and use a big variety of sources (BMC Remedy, HP ServiceCenter, CA Unicenter, IBM Tivoli, and many more) if already working on the client IT infrastructure; the Add-on Modules - 3 modules will be available for subscription: Internal Benchmarking: This will allow augmented vision over each Business Unit IT infrastructure use and proceed to comparisons between them; External Benchmarking: This module will allow companies to compare their IT spending and metrics with the sector averages; What-if-analysis: the module will allow companies to simulate changes in their structure and analyze their impact on the results.; at last **Professional Services:** packages of professional services will complement the solution, both standard and enterprise version. These will consist of eight hours of two technicians working on the client solution.

6.4 Pricing Strategy

In the first years the pricing strategy will focus on maximizing the Current Profit as Mainroad believes in the value of its differentiated solution in the market. However, as other companies may enter and other solutions may come to the market, the pricing strategy will be determined in order to attain market share and conquer more client accounts. Mainroad must follow a value based pricing strategy by getting feedback from key clients – representatives of the main project targets. The pricing of this project is a powerful tool and will contribute, in a large scale, for the solution perceived value.

The pricing of this solution must be done according two stages: the first stage, which corresponds to low confidential levels and uncertainty of the perceived value by the client, should follow a monthly fee option. This would not require huge upfront investments and would allow the client to understand the solution value, gain loyalty to the RunInTo and Mainroad brands.

After this evaluation period, other pricing could be presented to the client. At this second stage the objective would be realizing long-term contracts where the clients would pay a start-up fee, and only once a year, or when needed, would contract Mainroad professional services to readjust the solution and support it. In order to quantify this value it must be analyzed the following points:

- the target will pay for: Attempted and promptly information on its company IT infrastructure; for a sustainable reduction of the IT costs – by increasing efficiency; for the automation of the information gathering process – avoiding costs with dedicated teams working on information; **alternative solutions:** have incomplete solutions that have low compatibility capacities, are not flexible and not so user friendly; **prices of competitors:** Metricus - Price Range $100-$500 per month per metric package; Apptio – price starts from $6.000 and scales up from there. The latter uses storage requirements as price criteria.

Prices for solution:

Unit Sales Price	Monthly Fee
RunInTo Standard	400 €
RunInTo Enterprise	600 €
Metric Packages	300 €
Benchmarking Internal	400 €
Benchmarking External	500 €
What-if-Analysis	600 €
Professional Services Pack 8H	1.050 €

Note: These prices are pure indicators or averages. Each client account will certainly lead to different contracts and different prices – using price adaptation strategies: prices discounts - prices will suffer commercial discount according to the contracted services amount. For each target, companies that contract more services will benefit from this strategy; promotional pricing – the default payment terms will be 30 days but can expand to 90 days; depending on the client – if already Mainroad client will have a 20% discount over the total contract amount; differential pricing – it will be used strategies taking into account the capabilities and the value given by each target to the solution. Other important issue to be considered in the price policy is the fact that Mainroad might not want to sell this solution to any of its similar Services Providers competitors.

6.5 Marketing Communication

The integrated marketing communication mix is determined according to the life cycle of the product. From the date the product is available for purchase until the end of 2011 it is time to position, educate and inform about RunInTo. Besides conquering the position in the targets mind, it must communicate the importance of the quoted benefits and demonstrate the value it will bring to it. This traduces in the introduction stage and a lot of investments in communication must be made. Bellow follows the marketing communication plan.

Objectives - Leads and Brand Awareness Objectives are presented on the following table:

Year	Accumulated Lead Objectives	Brand Awareness Objectives
2010	3	20%
2011	13	50%
2012	18	60%
2013	29	65%
2014	39	70%

Communication Target – The Chief Executive Officers, Chief Information Officers, Chief Financial Officer, or other subject that might intervene in the decision process of IT investments in the target companies referred in section 4.3.

Positioning and Messaging - according to the positioning achieved in the section 6.1 and the features, needs and benefits of RunInTo the bottom message of all marketing campaigns must embrace the following information: <u>Remarkable features:</u> Scrutinizes the company and IT infrastructures and delivers organized information and metrics about IT investments; <u>Needs:</u> Support on IT investments management – increase ROI, efficiency, effectiveness and measure it; <u>Benefits:</u> Reduce IT costs; increase negotiation power with suppliers; take better decisions; reduce costs and enhance results. <u>PODs</u>: Highly Flexible – compatible with all information systems; capable of gathering information from huge variety of sources – CA, SAP, Microsoft, Oracle; in-house performance – which means data confidentiality, more transparency of the service; still no big initial investment;

CAMPAIGN TAG LINE: **"RunInTo empowers all your IT INVESTMENTS".**

Marketing Campaigns and Timings - the product is released in the first day of October and the objective here is to create a big impact full of buzz around the new Mainroad's brand and solution. Public relations and press releases must be guaranteed. Assure the major IT consultant players – IDC and Gartner – publish their opinions and reviews about the solution. Proceed to the launch of a web site and forum completed with webinars, tutorials, demonstrations and prospectus documents; communicate the launch of the RunInTo site and blog/forum in all the press articles so the buzz starts growing. Use also the Mainroad website to enhance this launch; proceed to Google advertising. Moreover advertise on the IT sites as Computer World, CXO and Diário Económico and Jornal de Negócios with videos and leader boards. Send by email prospectus as website information and other important information as events dates to Mainroads databases; Other important communication mean are the Events - organizing a Mainroad event inviting acknowledge speakers, CEO and CIO from the pilot companies to share their beta results and present the release solution – also use displays to allow demo experience by the attendants. Besides, Mainroad may sponsor other IT related events and above the line communication will be also used to improve brand awareness: radio TSF, business newspapers and IT related magazines fit this campaign. Refer to *Appendix 8* for a more detailed and quantified marketing campaign program.

6.6 Distribution channels strategy – Sales force

The distribution channels will be in the first 2 years, limited to Mainroad itself and its respective sales team will be composed by the actual Commercial team and 4 more people – the RunInTo product manager and his team. The following facts justify this decision: a) RunInTo is a solution with high risks of replication so their specifics knowledge must be restricted; b) Mainroad has already a transversal department called Business Development that corresponds to the commercial team that is responsible for gathering new clients and commercialize all the portfolio Mainroad has; c) being part of Mainroad, this commercial team already possesses the company values, understands better the targets and how to position and represent the company; d) the team is composed by the Business Units Directors – Datacenter, Support Services and Professional Services, as well by the company's CEO. Besides, there are 4 people more allocated to this commercial area that will help gathering more accounts and close more contracts; e) the value of this team also comes from its knowledge on the client accounts it already manages, the huge capabilities of public relations and connections on the market sphere it has. Personal branding of each element team works as a key factor on this field. In sum, as the target is well defined the distribution will be very selective. In what concerns the sales force, no commission programs are developed and the KPI's are going to be established by the team according to their selling objectives for each year.

6.7 Sales Tactics

The sales team must act in the same direction of the project objectives. Guiding its contract decisions based on the established pricing policies this team will aim to strengthen its position in the accounts Mainroad already owns by increasing the value of the services it is providing with this new tool. In addition, the objective is to conquer other client accounts – the target considered in section 4.3 – selling RunInTo, getting loyalty and proving Mainroad's quality patterns using it as stimulus factor for generating bigger contracts where Mainroad will able to sell the rest of its portfolio services. Nevertheless, in order to reach these objectives, this team will need to have all kind of materials and resources, namely practical demonstrations, webinars, and even technicians, to present the real value and benefits of RunInTo. Also, following the selective distribution decision, the team will visit the client's premises and try to get an approximation to its target.

6.8 Sales Forecasting

In what concerns the sales forecast of this project it is expected the pilot companies to be the first accounts using the new solution. In the following years the objective is to gather at least 5 new accounts. Looking at one scenario where Mainroad will get 2, 8, 7, 11 and 10 new accounts in 2010, 2011, 2012, 2013 and 2014, respectively, the total revenues will round 16.000€ for the first year[xv], 186.000€ for the second year, 476.000€ for the third year, 682.000€ for the fourth year and 1.397.000€ for the last year considered in the ambit of this project.

7. Processes and Operations

A complex and huge conjoint of processes and operations is behind this whole project realization. It was decided to aggregate the processes and operations according to four different phases. In a timeline the first phase would be the Idea Conception which has its critical operations on the innovation, market research and software specifics validation. The second phase will consist in the Client Contract process where the process of communicating with the client, defining the contract conditions or understanding his product rejection (if rejected), are considered the most essential operations. The third phase is the Implementation one in which all operations must be considered as critical once their result will create the first impact on client's opinion. The last one, the Solution Working Monitor, corresponds to all the operations that will be developed in order to control the tool performance in the client's premises and to be aware of market behavior changes. This last phase is also vital because it will work as a guide for the future project decisions. Refer to *Appendix 9* for more detailed information on each phase presented.

8. Organization Design | Management Structure

Mainroad has its teams organized according the three different business units the company has – Professional Services, Support Services and Data Center Services. Each business unit has its manager-coordinator and both marketing, sales and services and quality operations are supported by three transversal departments named Marketing and Innovation, Business Development and Service&Quality. Refer to *Appendix 10* for a better understanding of Mainroad's organization design.

Relatively to the RunInTo project team it must be referred that there is not a fully dedicated team working on its development but its Human Resources are organized in the following way: the management structure is composed by the company *CEO* – Eng. José Xavier, the *Product Manager* – Eng. João Machado Costa that will also integrate the sales team; the *Marketing Responsible* is Dr. Paula Esteves; and the responsible for the *Services and Quality* is Eng. Ricardo Murta also in the sales force. Regarding the technicians, an allocation process will be done according to the project needs – the company has about 180 specialized technicians; complementing the sales team will be considered the contribution of the 3 managers of each business unit.

9. Human Resources Management

The main focus here is the importance that must be given to the human resources flexibility and quality. This project main resource is human capital therefore its quality and its alignment with the business needs are considered critical requirements for the business success. Once more, the group SonaeCom has its group Human Resources Management department that is responsible to guarantee those requirements are fulfilled in each of group's company. The group has its own incentive systems, motivation plans and training program systems that are determined according Mainroad needs. In addition, considered also important for the quality of the present project is the feedback that technicians will be able to provide on the RunInTo performance when working with Mainroad client accounts. In fact, besides being pivotal for the client perceived quality, technicians will work as a source of information for adjustments, like upgrades, version bugs, and interface adjustments Wedo might incorporate in its R&D activities. Their contribution at this level must be rewarded too – allowing them to contribute on the innovation process with their ideas and suggestions will be a great decision.

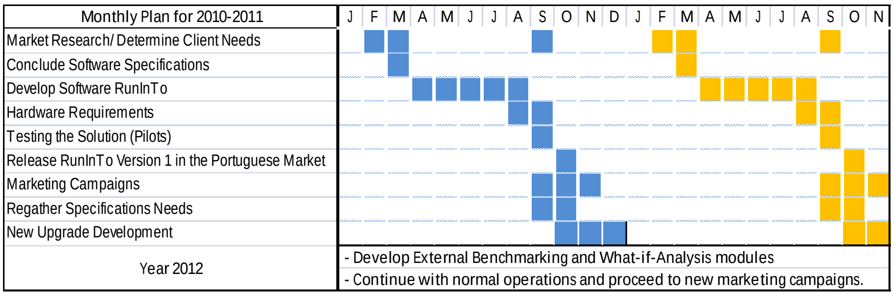
10. Risk Analysis

One of the risks Mainroad may face when developing this project is directly related with its Software-House supplier. Besides having Wedo Technologies, which also belongs to SonaeCom, supplying the R&D and the software development operations, the company may end up by missing the time to market it has expected for the launch of the solution. As any other Software House, Wedo also has its limited resources and it is therefore constrained by the projects presenting higher returns or the ones already being in course of development. In order to overcome any issue that might arise in these terms, Mainroad will ask permission to the group supplier management department for consulting other software houses in the market. Moreover, Mainroad must evaluate and ponder the risks relative to that decision in the project success – as it was mentioned in the SWOT analysis partnering with a company that belongs to the group is one of this project strengths.

The uncertainty on whether sales projections will correspond to the expected values is another risk the company has to support. If expectations are not met Mainroad may first try to find how the predictions have failed by analyzing its target's feedback. Identifying the target value perception after the first marketing campaigns is another suggestion. At last, the company may decide to start expanding its geographical target in a more near period, aiming other companies besides the Portuguse ones in order to increase sales revenues.

11. Implementation Plan

This plan is already being implemented. It covers about 1 year and a half – the essential time for the project startup – it ranges from February 2010 until means of March 2011. The following table presents the milestone phases of the project and the respective timings.



12. Financial Analysis

In this section it is presented the analysis of the financial outputs (*Appendix 11*) that result from the resume of the financial map elaborated in the ambit of this project. The first table presents the resume of each year revenues, costs and the correspondent Net Profit. The first year net profit presents the negative value of (454.935)€, due to the fact that major investments - mainly costs with R&D, marketing campaigns, studies and market research - occur in this year. Relatively to the second year, it presents an abnormal increase in the net profit – which results from the subsidy Mainroad expects to receive from IAPMEI. In what concerns the remaining years one may notice a confidant net profit increase that starts in 32.821€ in 2012 and achieves 512.329€ in 2014. In the balance map it must be revealed the small contribution liabilities have in the total assets – in fact this shows the treasury capacity Mainroad gets from its own capital. For the first year a total of 700.000€ is registered in the capital share item. Regarding the investment plan the stakeholder may notice that the expenses with investments after the first year present a steady behavior. Actually, the identical values presented for the following years result from upgrade versions Mainroad may decide to develop. Also, as all the investment costs result from R&D and research studies expenditure they are accounted in 100% of its value as real costs by the time the expenses occur. The breakeven point values certify this fact, once they decrease after the first two years - when the fixed costs are heavier. When analyzing and comparing the treasury budget annual values to the liabilities it is possible to notice the large liquidity capacity Mainroad presents. Finally, for the same five years period and using a capital Opportunity Cost rate of 5% this project presents a net present value of 130.903€ which corresponds to the internal rate of return of 13%.

13. Conclusion and Recommendations

Reached the last point of this Business Plan it is important to mention that this project success is indubitably dependent on two main aspects – the outcome of the final solution RunInTo as its features true power of differentiation; and the effectiveness of the marketing campaigns. Although market studies present results that align the Mainroad Solution proposed value with the existing needs in the market, it is extremely important that this solution value and distinctive qualities are seen in the target's eyes as a highly value proposition. Therefore, target's opinions and reactions are strictly necessary in leading change in order to attain the best value proposition – Mainroad must try to allocate more resources to the analysis of its target clients, namely inducing its teams to value clients' feedback and never neglect any of its behavioral changes. Other important issue is the competitive analysis Mainroad must develop in order to be acquainted with its competitors' moves as their value propositions in the market. Besides having its focus on the market, Mainroad should try to understand the reasons for competitors' actions in order to better decide its strategic objectives. As for the focus of this project evaluation and potential, Mainroad should proceed to a more scrutinized financial analysis once the project is in course – by means of 2011. In fact, one perspective of this project is to create and conquer new client accounts for the other Mainoad's business units, therefore an analysis should be done in order to understand if it is really working as a catalyst for other portfolio sales services. In this sense the project's return should be computed, in a near future, taking into account the leverage effect it might create in the company value as a whole.

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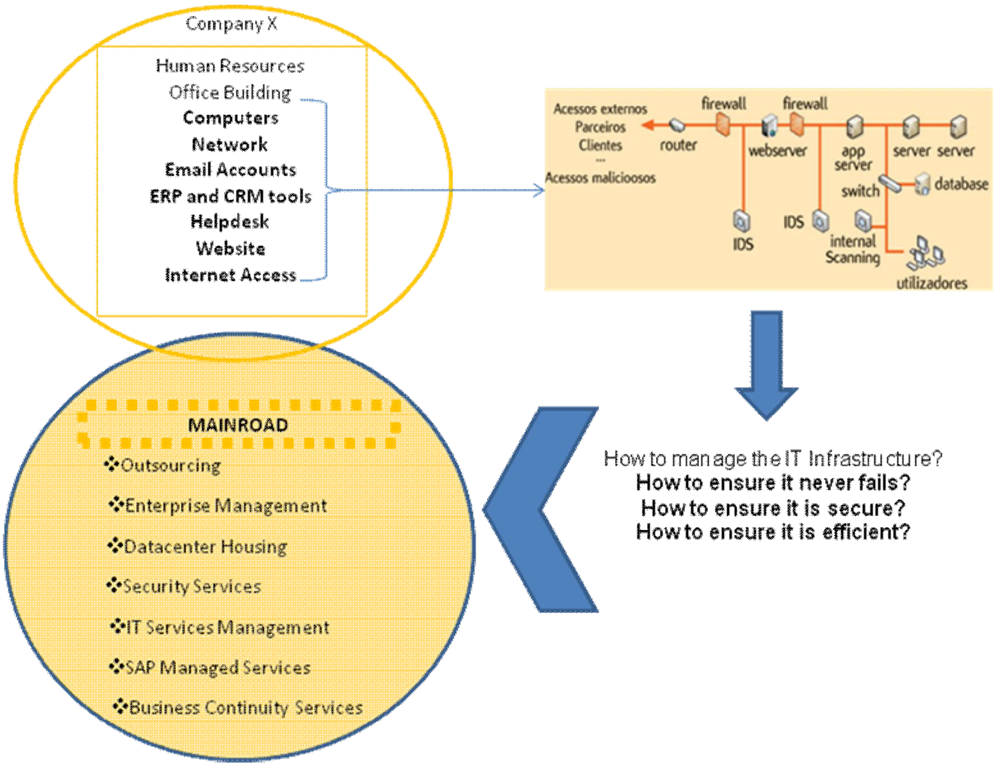
[xv] This value only represents the sales forecast for the last 2 months of 2010, when the RunInTo is released.

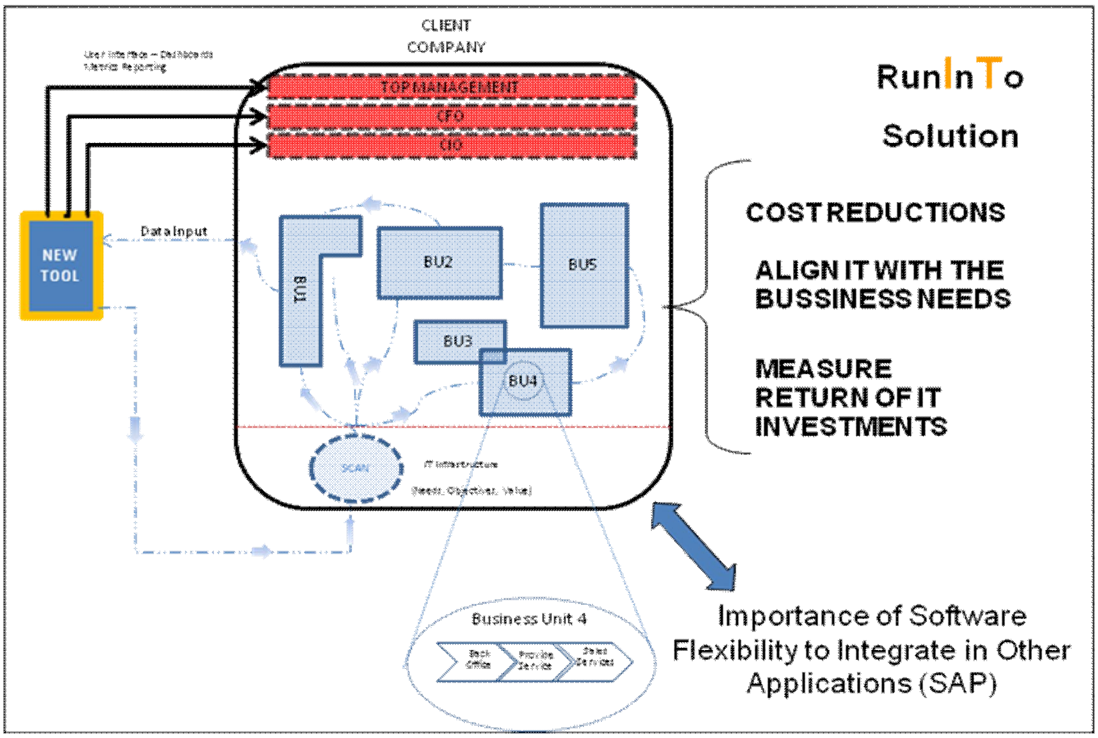
COMPLEMENTARY

APPENDIX

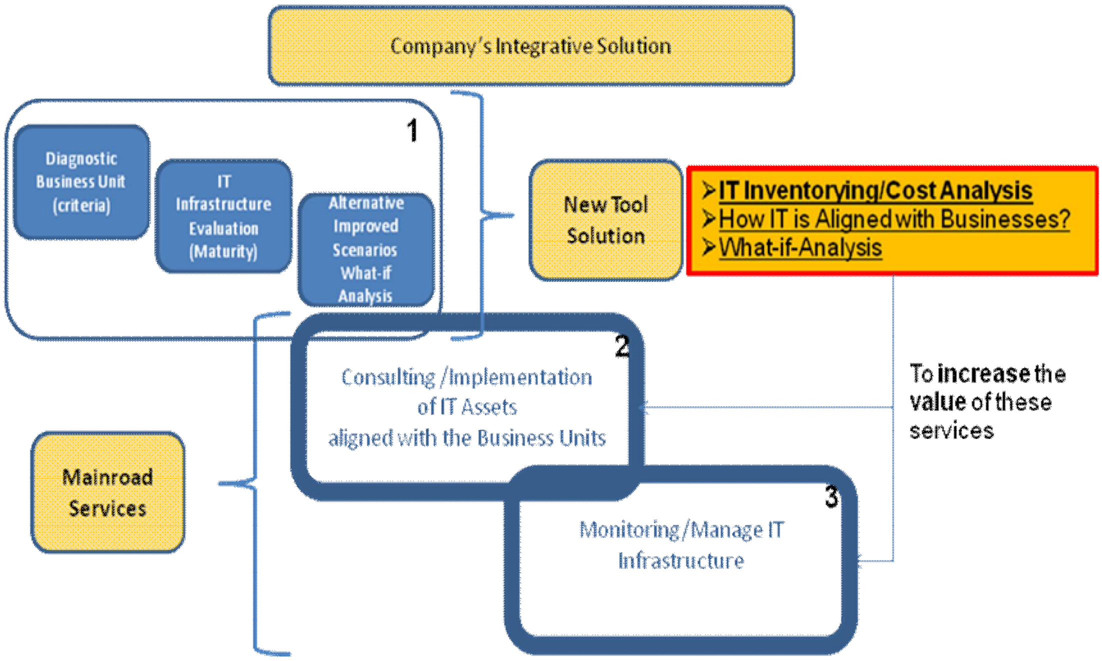
Appendix 1: Mainroad Business



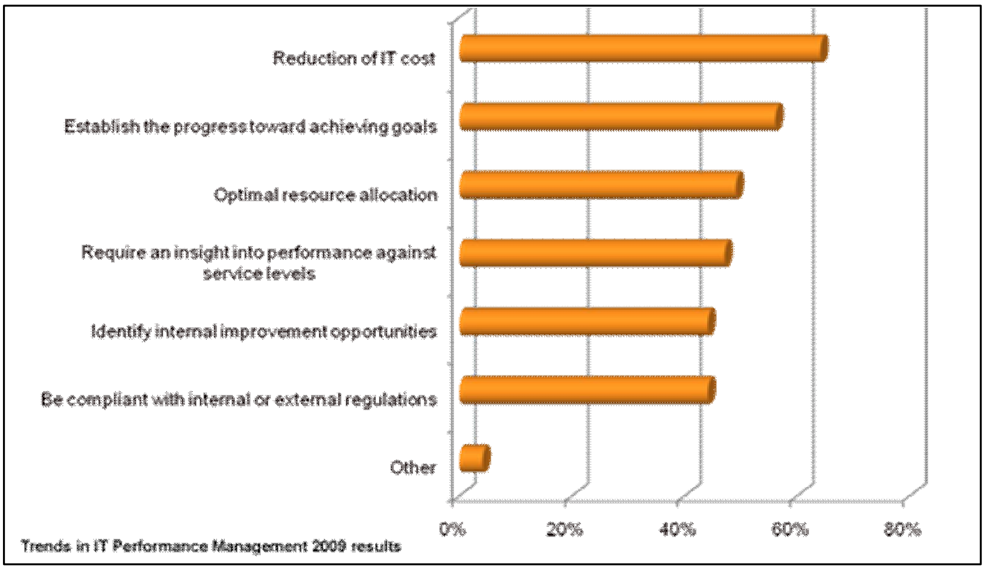
Appendix 2: Tool Performance



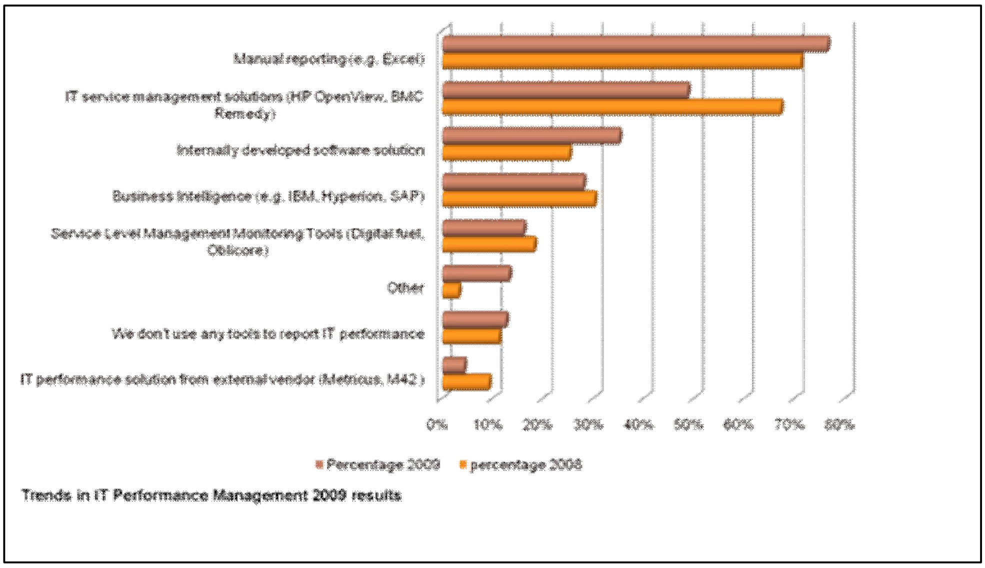
Appendix 3: Company's Integrative Solution



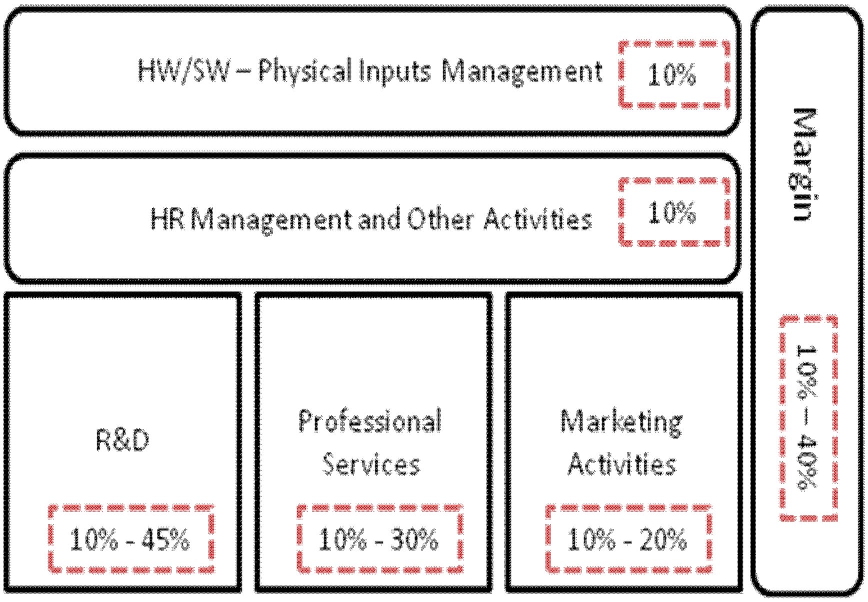
Appendix 4: Drivers for IT Performance Management in Organizations



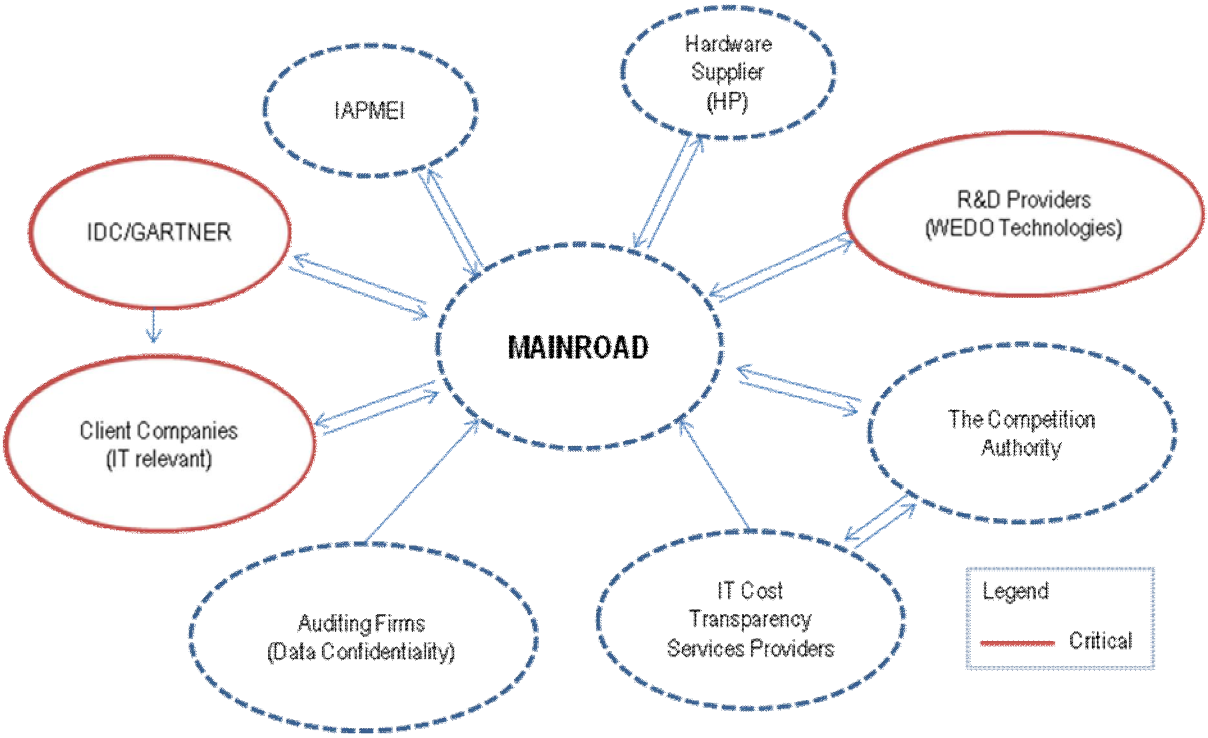
Appendix 5: Current methods used for measuring and reporting on IT Performance



Appendix 6: Value Chain



Appendix 7: Industry Map



Appendix 8

Appendix 8.1: Marketing Plan

Insertions No.	**2010**				**2011**												
	Oct.	**Nov.**	**Dec.**	**Total**	**Jan.**	**Feb.**	**Mar.**	**Apr.**	**May**	**Jun.**	**Jul.**	**Aug.**	**Sept.**	**Oct.**	**Nov.**	**Dec.**	**Total**
Sponsorships																	
Events																	
with speaker	1			**1**			1										**1**
just brand and display		1		**1**				1									**1**
Mainroad Events	1			**1**									1				**1**
Radio																	
TSF	100	449		**549**		150		150					150	150	150		**750**
Internet																	
CXO Newsletter	10	6		**16**			6	6	6				6	5	5		**34**
ComputerWorld Email Mkt	1	1		**2**		1	1		1				1	1	1		**6**
Diario Economico - Video On Site	7	7		**14**		7			7				7	7			**28**
Jornal de Negócios - Video On Site	7	7		**14**		7			7				7	7			**28**
Lattitude - Google links				**4000**													**4000**
Media - Newspaper/Magazine																	
Diario Economico	1			**1**		1											**1**
Jornal de Negócios	1			**1**				1					1				**2**
PC Guia		1		**1**				1					1	1			**3**
Semana Informática	2	2		**4**		1	1	1	1				1	2			**7**
Collateral a)				1													2

a) Includes Graphism, Brochures, Gauzes for events, Stands Materials, Demonstrations.

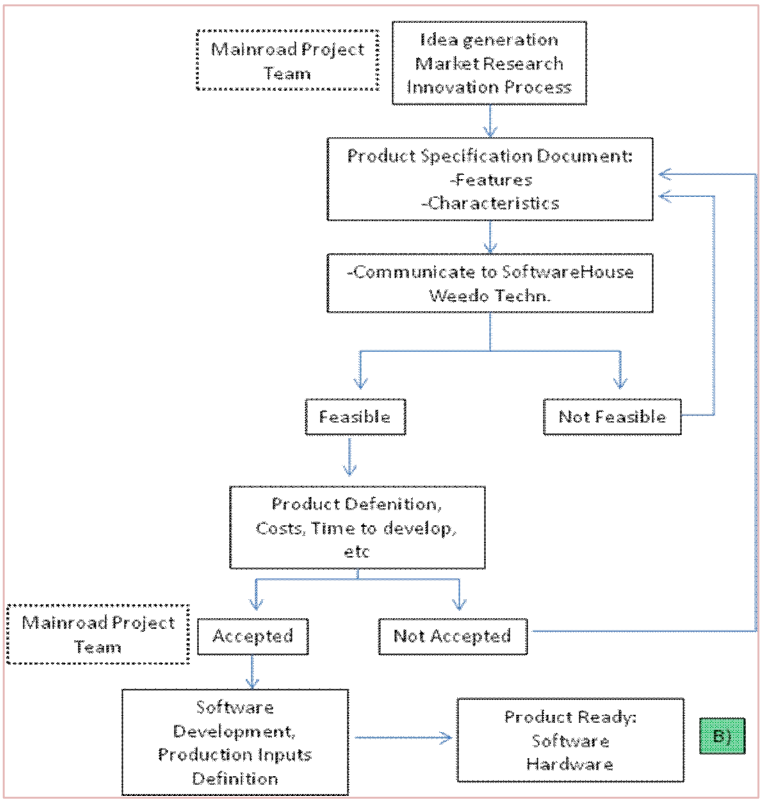
Appendix 8.2: Detail Marketing Costs

Un:Euros

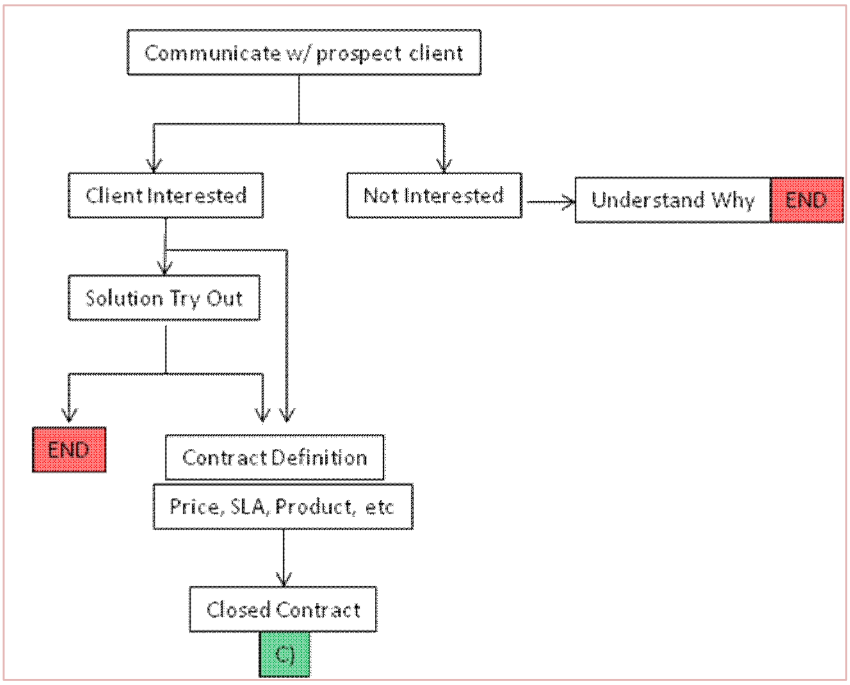
Total Costs	2010	2011	2012	2013	2014
Sponsorships					
Events					
with speaker	6000	6000			
just brand and display	3000	3000			
Mainroad Events	20000	20000			
Radio					
TSF	36860	50355			
Internet					
CXO Newsletter	4320	9180			
ComputerWorld Email Mkt	0	0			
Diario Economico - Video On Site	2394	4788			
Jornal de Negócios - Video On Site	7994	15988			
Lattitude - Google links	1560	1560			
Media - Newspaper/Magazine					
Diario Economico	1400	1400			
Jornal de Negócios	1600	3200			
PC Guia	3500	10500			
Semana Informática	8000	14000			
Collateral	15000	30000			
Total	111628	169971	101983	101983	86685

Appendix 9

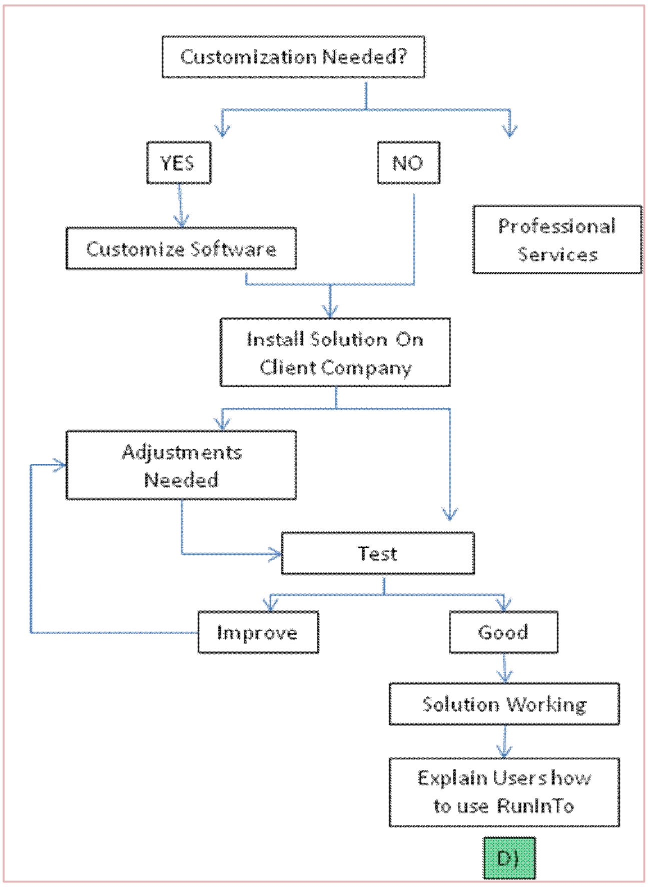
Appendix 9.1: First Phase: Idea Conception



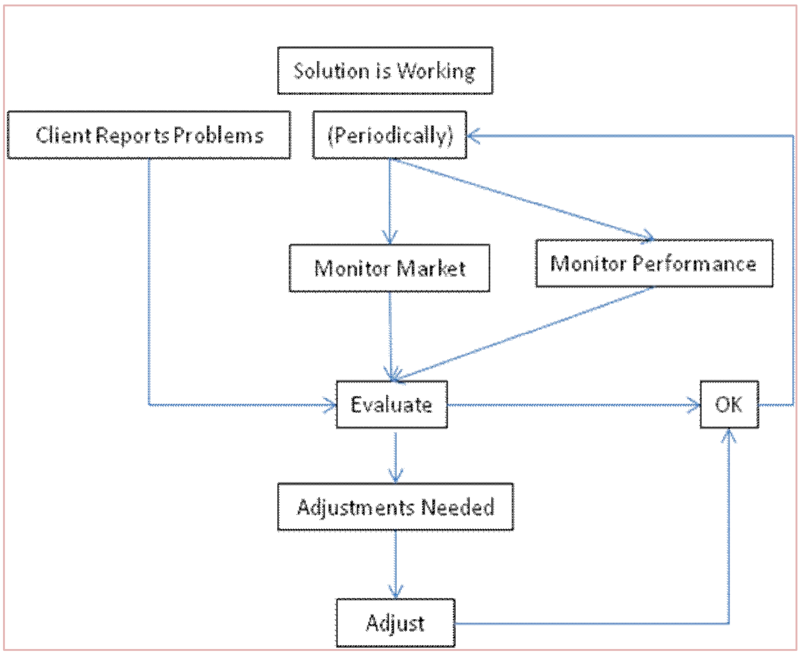
Appendix 9.2: Second Phase: Client Contract



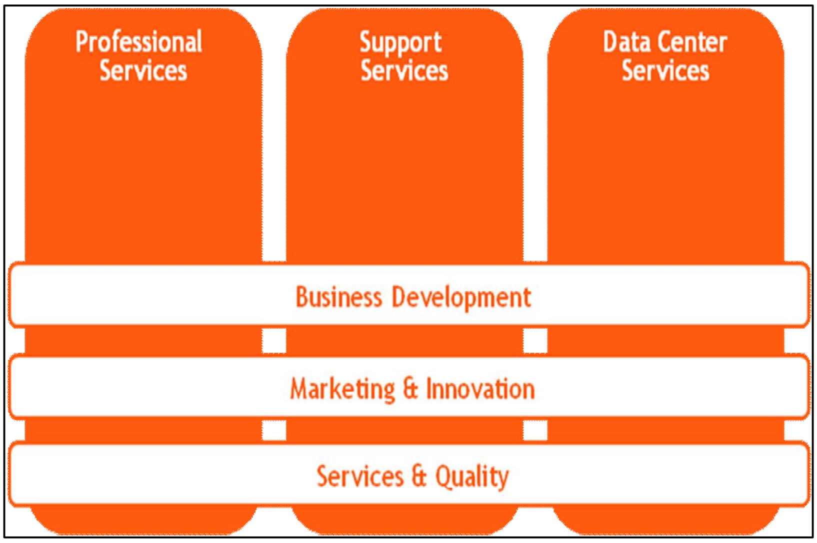
Appendix 9.3: Third Phase - Implementation



Appendix 9.4: Fourth Phase – Solution Working Monitor



Appendix 10: Mainroad Organization Design



Appendix 11: Financial Resume Output

Income Statement *Un: Euros*

Ir para Versão Web Original	Year 1	Year 2	Year 3	Year 4	Year 5
Costs	475.285	510.129	443.412	551.052	884.324
Cost of Goods Sold And Raw Materials	36.000	150.592	215.177	288.965	406.589
Outsourced Supplies and Services	112.028	170.371	102.383	102.383	87.085
Labour costs	50.857	51.875	52.912	53.970	157.874
Other Costs	276.400	137.291	72.940	105.734	232.776
Revenues	20.350	586.002	476.233	682.254	1.396.653
Sales of Products and Goods	4.600	119.600	308.000	482.800	1.025.755
Sales of Services	15.750	66.402	168.233	199.454	370.898
Other Sales	0	400.000	0	0	0
EBIT	-454.935	101.164	43.761	174.936	683.105
NET PROFIT	-454.935	75.873	32.821	131.202	512.329

Balance Sheet *Un: Euros*

	Year 1	Year 2	Year 3	Year 4	Year 5
ASSETS	249.865	378.325	396.455	567.830	1.217.433
TOTAL ASSETS	249.865	378.325	396.455	567.830	1.217.433
Equity	245.065	320.938	353.759	484.961	997.290
Liabilities	4.800	57.387	42.696	82.869	220.144
TOTAL LIABILITIES + EQUITY	249.865	378.325	396.455	567.830	1.217.433

Investment Plan *Un: Euros*

	Year 1	Year 2	Year 3	Year 4	Year 5
Tangible Fixed Assets	274.000	112.000	62.000	62.000	62.000
Intangible Assets	2.400	0	0	0	0
TOTAL INVESTMENT	276.400	112.000	62.000	62.000	62.000

Depreciation *Un: Euros*

	Year 1	Year 2	Year 3	Year 4	Year 5
Tangible Fixed Assets	0	0	0	0	0
Intangible Assets	276.400	112.000	62.000	62.000	62.000
TOTAL DEPRECIATION	276.400	112.000	62.000	62.000	62.000

Financing Plan *Un: Euros*

	Year 1	Year 2	Year 3	Year 4	Year 5
Own Capital	700.000	0	0	0	0
Medium/Long term Payables	0	0	0	0	0
Short term payables	0	0	0	0	0
TOTAL FINANCING	700.000	0	0	0	0

Treasury budget *Un: Euros*

	Year 1	Year 2	Year 3	Year 4	Year 5
Total income	711.243	651.707	513.433	777.501	1.533.104
Total disboursements	500.091	521.734	553.350	647.330	1.026.380
Cashflow	211.152	129.973	-39.917	130.170	506.724
Cash at beginning of period	0	211.152	341.125	301.208	431.379
CASH AT END OF PERIOD	211.152	341.125	301.208	431.379	938.103

Project Profitability Analysis

Capital opportunity cost (rate)	5%
Net present value	130.903
Internal Profitability (Rate)	13%
Payback Period	Nº Years: 4 Nº Months: 8

Ratios

	Year 1	Year 2	Year 3	Year 4	Year 5
Return on sales	-2235,6%	40,8%	6,9%	19,2%	36,7%
Return on assets	-182,1%	20,1%	8,3%	23,1%	42,1%
Financial autonomy	98,1%	84,8%	89,2%	85,4%	81,9%
Break even point (Euros)	-571.211	659.674	138.382	132.072	135.293

Appendix 11.1: Assumptions Map

Assumptions	2010	2011	2012	2013	2014
Growth Rate of Sales Quantities					
Products					
RunInto Standard	-----	1050,0%	117,4%	68,0%	92,7%
RunInto Enterprise	-----	2600,0%	163,0%	39,4%	101,2%
Metrics Packages	-----	966,7%	125,0%	84,7%	104,9%
Benchmarking Internal	-----	800,0%	333,3%	66,7%	200,0%
Benchmarking External	-----	-----	-----	188,0%	150,0%
What-if-Analysis	-----	-----	-----	85,7%	150,0%
Services					
8H Consulting Services Packages	-----	313,3%	148,4%	16,2%	82,3%
Growth Rate of Sales Prices					
Products					
RunInto Standard	-----	0,0%	0,0%	0,0%	0,0%
RunInto Enterprise	-----	0,0%	0,0%	0,0%	0,0%
Metrics Packages	-----	0,0%	0,0%	0,0%	0,0%
Benchmarking Internal	-----	0,0%	0,0%	0,0%	0,0%
Benchmarking External	-----	0,0%	0,0%	0,0%	0,0%
What-if-Analysis	-----	0,0%	0,0%	0,0%	0,0%
Services					
8H Consulting Services Packages	-----	2,0%	2,0%	2,0%	2,0%
Growth Rate of Puchase Quantities					
Production					
Standard Box	-----	100,0%	0,0%	50,0%	0,0%
Enterprise Box	-----	500,0%	-16,7%	60,0%	-12,5%
Complementary Software	-----	300,0%	-12,5%	57,1%	-9,1%
Anual HW and SW Maintenance		300,0%	-12,5%	57,1%	-9,1%
Product On Client					
Professional Services		313,3%	148,4%	16,2%	82,3%
Growth Rate of Puchase Prices					
Production					
Hardware	-----	0,0%	0,0%	0,0%	0,0%
Software	-----	0,0%	0,0%	0,0%	0,0%
Packaging		0,0%	0,0%	0,0%	0,0%
Product On Client					
Professional Services	-----	2,0%	2,0%	2,0%	2,0%
Growth Rate of Outsourced Services (except last 3 ones)	-----	0,0%	0,0%	0,0%	0,0%
Salaries Growth Rate	-----	-----	-----	-----	-----
Management	-----	2,0%	2,0%	2,0%	2,0%
Sales Force	-----	2,0%	2,0%	2,0%	2,0%
Commercial	-----	2,0%	2,0%	2,0%	2,0%
Innovation (Product Manager)	-----	2,0%	2,0%	2,0%	2,0%
Marketing	-----	2,0%	2,0%	2,0%	2,0%
Social Welfare Rate	23,75%	23,75%	23,75%	23,75%	23,75%
Social Welfare Rate	11,00%	11,00%	11,00%	11,00%	11,00%
Average Payment Time in days (0-360) for inventories	30	30	30	30	30
Average Payment Time in days (0-360) for outsourced services	30	30	30	30	30
Average Collection Time in days (0-360)	60	60	60	60	60
Average Inventory Rotation in days	0	0	0	0	0
VAT on Purchase of Inventories	20,0%	20,0%	20,0%	20,0%	20,0%
VAT on Purchase of Outsourced Services	20,0%	20,0%	20,0%	20,0%	20,0%
VAT on Sales of Products, Goods and Services	20,0%	20,0%	20,0%	20,0%	20,0%
VAT Difference	0	0	0	0	0
Income tax rate	25,0%	25,0%	25,0%	25,0%	25,0%
Provision For Bad Debts (% of sales)	0,0%	0,0%	0,0%	0,0%	0,0%
Marketing Costs Growth	-----	52,3%	-40,0%	0,0%	-15,0%

Appendix 11.2: RunInTo and Services Sales

Sales of goods and services	Total 2010	2.011	2012	2.013	2014
Sales					
Products					
Quantities					
RunInto Standard	2	23	50	84	162
RunInto Enterprise	2	54	142	198	398
Metrics Packages	6	64	144	266	545
Benchmarking Internal	2	18	78	130	390
Benchmarking External	0	0	50	144	360
What-if-Analysis	0	0	7	13	33
Unit Sales Price					
RunInto Standard	----	400,0	400,0	400,0	400,0
RunInto Enterprise	----	600,0	600,0	600,0	600,0
Metrics Packages	----	300,0	300,0	300,0	300,0
Benchmarking Internal	----	400,0	400,0	400,0	400,0
Benchmarking External	----	510,0	510,0	510,0	510,0
What-if-Analysis	----	600,0	600,0	600,0	600,0
Product Sales					
RunInto Standard	800	9.200	20.000	33.600	64.746
RunInto Enterprise	1.200	32.400	85.200	118.800	239.025
Metrics Packages	1.800	19.200	43.200	79.800	163.479
Benchmarking Internal	800	7.200	31.200	52.000	156.000
Benchmarking External	0	32.400	85.200	118.800	239.025
What-if-Analysis	0	19.200	43.200	79.800	163.479
Sub-total	**4.600**	**119.600**	**308.000**	**482.800**	**1.025.755**
Sales of Services					
Quantities					
8H Consulting Services Packages	15	62	154	179	326
Unit Sales Price					
8H Consulting Services Packages	----	1.071,0	1.092,4	1.114,3	1.136,6
Service Sales					
8H Consulting Services Packages	15.750	66.402	168.233	199.454	370.898
Total Service Sales	**15.750**	**66.402**	**168.233**	**199.454**	**370.898**
Total	**20.350**	**186.002**	**476.233**	**682.254**	**1.396.653**

Appendix 11.3: Costs of Goods and Services

Cost of Goods Sold And Raw Materials	Total 2010	2.011	2012	2.013	2014
Production					
Quantities					
Box for RunInTo Standard	1	2	2	3	3
Box for RunInTo Enterprise	1	6	5	8	7
Complementary Software	2	8	7	11	10
Anual HW and SW Maintenance	2	8	7	11	10
Unit Purchase Price					
Box for RunInTo Standard	----	4.000,0	4.000,0	4.000,0	4.000,0
Box for RunInTo Enterprise	----	6.000,0	6.000,0	6.000,0	6.000,0
Complementary Software		5.000,0	5.000,0	5.000,0	5.000,0
Anual HW and SW Maintenance	----	2.000,0	2.000,0	2.000,0	2.000,0
Purchase cost					
Box for RunInTo Standard	4.000	8.000	8.000	12.000	12.000
Box for RunInTo Enterprise	6.000	36.000	30.000	48.000	42.000
Complementary Software	10.000	40.000	35.000	55.000	50.000
Anual HW and SW Maintenance	4.000	16.000	14.000	22.000	20.000
Sub-total	**24.000**	**100.000**	**87.000**	**137.000**	**124.000**
Product On Client					
Quantities					
Professional Services	15	62	154	179	326
Unit Purchase Price					
Professional Services	----	816,0	832,3	849,0	865,9
Purchase cost					
Professional Services	12.000	50.592	128.177	151.965	282.589
Sub-total	**12.000**	**50.592**	**128.177**	**151.965**	**282.589**
Total	**36.000**	**150.592**	**215.177**	**288.965**	**406.589**

Appendix 11.4: Outsourced Supplies and Services

Outsourced Supplies and Services	Total 2010	2.011	2012	2.013	2014
Energy	0	0	0	0	0
Water	0	0	0	0	0
Rentals	0	0	0	0	0
Cars	0	0	0	0	0
Headquarters	0	0	0	0	0
Insurance (liability)	0	0	0	0	0
Fuel	0	0	0	0	0
Communications	0	0	0	0	0
Representation costs	0	0	0	0	0
Travelling, board and lodging	400	400	400	400	400
International partnership	0	0	0	0	0
Commercials	0	0	0	0	0
Fees	0	0	0	0	0
Royalties	0	0	0	0	0
Tools and Consumables	0	0	0	0	0
Technical publications	0	0	0	0	0
Office material	0	0	0	0	0
Legal expenses	0	0	0	0	0
Cleaning	0	0	0	0	0
Security Costs	0	0	0	0	0
Maintenance and Repair of Equipment	0	0	0	0	0
Equipment transportation costs	0	0	0	0	0
Specialised Works	0	0	0	0	0
Chartered Accountant Costs	0	0	0	0	0
Other Outsourced Services - salespeople	0	0	0	0	0
Comissions Paid	0	0	0	0	0
Sub-contracts	0	0	0	0	0
Advertising costs	111.628	169.971	101.983	101.983	86.685
Total	**112028**	**170.371**	**102.383**	**102.383**	**87.085**

Appendix 11.5: Labor Costs

	Total 2010			2.011			2.012			2.013			2.014		
	RB	SWC	Total	RB	SWC	Total	RB	SWC	Total	RB	SWC	Total	RB	SWC	Total
Management	10.763	2.556	13.319	10.978	2.607	13.585	11.197	2.659	13.857	11.421	2.713	14.134	27.400	6.507	33.907
Sales Force	14.000	1.540	15.540	14.280	1.571	15.851	14.566	1.602	16.168	14.857	1.634	16.491	71.154	7.827	78.981
Commercial	5.542	610	6.151	5.653	622	6.274	5.766	634	6.400	5.881	647	6.528	9.498	1.045	10.543
Innovation (Product Manager)	10.267	1.129	11.396	10.472	1.152	11.624	10.681	1.175	11.856	10.895	1.198	12.094	22.313	2.454	24.767
Marketing	4.010	441	4.452	4.091	450	4.541	4.172	459	4.631	4.256	468	4.724	8.716	959	9.675
Total	**44.581**	**6.276**	**50.857**	**45.473**	**6.402**	**51.875**	**46.382**	**6.530**	**52.912**	**47.310**	**6.660**	**53.970**	**139.081**	**18.792**	**157.874**

Appendix 11.6: Auxiliary Calculations

Auxiliary Calculations	2.010													2.011	2.012	2.013	2.014
	1	2	3	4	5	6	7	8	9	10	11	12	Total				
Inventories (excl. VAT)																	
Raw materials																	
At the beginning of period	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchases	0	0	0	0	0	0	0	0	0	0	20.000	4.000	24.000	100.000	87.000	137.000	124.000
Consumption	0	0	0	0	0	0	0	0	0	0	20.000	4.000	24.000	100.000	87.000	137.000	124.000
At the end of the period	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Goods																	
At the beginning of period	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchases	0	0	0	0	0	0	0	0	0	0	12.000	0	12.000	50.592	128.177	151.965	282.589
Consumption	0	0	0	0	0	0	0	0	0	0	12.000	0	12.000	50.592	128.177	151.965	282.589
At the end of the period	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Suppliers (of Inventories)																	
Inventory at the end of the period (raw materials)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Inventory at the end of the period (goods)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payments of purchases during the period	0	0	0	0	0	0	0	0	0	0	0	38.400	38.400	170.451	251.754	339.379	476.144
Suppliers account at beginning of period	0	0	0	0	0	0	0	0	0	0	0	38.400	0	4.800	15.059	21.518	28.896
Suppliers account at end of period	0	0	0	0	0	0	0	0	0	0	38.400	4.800	4.800	15.059	21.518	28.896	40.659
Suppliers (of Outsorced Services)																	
Suppliers account at beginning of period	0	0	0	240	240	0	0	0	0	0	66.977	66.977	0	0	17.037	10.238	10.238
Purchases of outsourced services	0	0	240	240	0	0	0	0	0	66.977	66.977	0	134.433	204.445	122.859	122.859	104.502
Suppliers account at end of period	0	0	240	240	0	0	0	0	0	66.977	66.977	0	0	17.037	10.238	10.238	8.709
Payment of outsourced services during the period	0	0	0	240	240	0	0	0	0	0	66.977	66.977	134.433	187.408	129.658	122.859	106.032
Receivables																	
Receivables at the beginning of the period	0	0	0	0	0	0	0	0	0	0	0	21.660	0	24.420	37.200	95.247	136.451
Sales of products, goods and services	0	0	0	0	0	0	0	0	0	0	21.660	2.760	24.420	223.202	571.479	818.705	1.675.983
Receivables at the end of the period	0	0	0	0	0	0	0	0	0	0	21.660	24.420	24.420	37.200	95.247	136.451	279.331
Collection during the period	0	0	0	0	0	0	0	0	0	0	0	0	0	210.422	513.433	777.501	1.533.104
State (VAT)																	
Deductible VAT	0	0	40	40	0	0	0	0	0	11.163	17.563	800	29.606	64.193	63.512	78.270	98.735
Collected VAT	0	0	0	0	0	0	0	0	0	0	3.610	460	4.070	37.200	95.247	136.451	279.331
VAT to be paid/recovered	0	0	-40	-40	0	0	0	0	0	-11.163	-13.953	-340	-25.536	-26.992	31.735	58.181	180.596
VAT final balance	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-14.293	0	0	0	0
VAT paid/recovered in the period	-----	-----	0	0	-40	-40	0	0	0	0	0	-11.163	-11.243	-41.285	31.735	58.181	180.596
Salaries																	
Salaries paid during the period	0	3.912	3.912	3.912	3.912	3.912	7.824	3.912	3.912	3.912	3.912	7.824	50.857	51.875	52.912	53.970	157.874
Income tax																	
Net earnings before tax	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-454.935	101.164	43.761	174.936	683.105
Income tax on current year earnings	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	0	25.291	10.940	43.734	170.776
Payment of income tax in the year	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	0	25.291	10.940	43.734

Appendix 11.7: Investment Plan

Investment Plan	Year 1													2.011	2.012	2.013	2.014
	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total				
Tangible Fixed Assets																	
1) Product Development (Wedo Tech.)	0	0	0	0	0	75.000	75.000	50.000	50.000	0	0	0	250.000	0	0	0	0
2) Upgrades																	
Version 2	0	0	0	0	0	0	0	0	0	0	0	0	0	100.000	0	0	0
Version 3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	50.000	0	0
Version 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	50.000	0
Version 5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	50.000
Version 6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3) Solution Tests	0	0	0	0	0	0	0	0	24.000	0	0	0	24.000	12.000	12.000	12.000	12.000
Total Tangible Fixed Assets	**0**	**0**	**0**	**0**	**0**	**75.000**	**75.000**	**50.000**	**74.000**	**0**	**0**	**0**	**274.000**	**112.000**	**62.000**	**62.000**	**62.000**
Intangible Assets																	
2) Expenses with Partners																	
Gardner/IDC	0	0	1200	0	0	0	0	0	0	0	0	0	1.200	0	0	0	0
Universities Partnerships	0	300	300	300	300	0	0	0	0	0	0	0	1.200	0	0	0	0
Total Intangible Assets	**0**	**300**	**1500**	**300**	**300**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2.400**	**0**	**0**	**0**	**0**

Appendix 11.8: Depreciation and Provisions

Depreciation and Provisions	%	2010	2011	2012	2013	2014
Tangible Fixed Assets						
1) Land and preparatory works	0,00%	0	0	0	0	0
2) Buildings and other constructions	0,00%	0	0	0	0	0
3) Production Equipment	12,50%	0	0	0	0	0
4) Tools	50,00%	0	0	0	0	0
5) Transport and handling equipment	0,00%	0	0	0	0	0
6) Others	0,00%	0	0	0	0	0
Sub-total		**0**	**0**	**0**	**0**	**0**
Intangible Assets						
1) Incorporation expenses	100,00%	0	0	0	0	0
2) Studies and analysis	100,00%	2.400	0	0	0	0
3) Intellectual property rights	100,00%	0	0	0	0	0
4) Technical assistance	100,00%	0	0	0	0	0
5) Software	33,33%	0	0	0	0	0
6) Training	100,00%	0	0	0	0	0
7) Research and Development	100,00%	274.000	112.000	62.000	62.000	62.000
8) Others	100,00%	0	0	0	0	0
Sub-total		**276.400**	**112.000**	**62.000**	**62.000**	**62.000**
Total Depreciation		**276.400**	**112.000**	**62.000**	**62.000**	**62.000**

Appendix 11.9: Financial Plan

Financial Plan	2.010												Total 2010	2.011	2.012	2.013	2.014
	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.					
Own Capital																	
Share Capital	700.000	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	700.000	-----	-----	-----	-----
Capital Increases	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub-total	**700.000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**700.000**	**0**	**0**	**0**	**0**
Medium/Long term Payables																	
Bank Loans	0	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	0	0	0	0	0
Shareholders Loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub-total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Short term payables																	
Bank Loans	0	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	0	0	0	0	0
Shareholders Loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub-total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Financing	**700.000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**700.000**	**0**	**0**	**0**	**0**

Appendix 12: Balance Sheet

Balance Sheet	2010	2011	2012	2013	2014
ASSETS					
1. GROSS NET ASSETS					
Financial assets	0	0	0	0	0
Tangible assets	274.000	386.000	448.000	510.000	572.000
Intangible assets	2.400	2.400	2.400	2.400	2.400
Fixed assets in progress	0	0	0	0	0
2. PROVISIONS & DEPRECIATIONS	-276.400	-388.400	-450.400	-512.400	-574.400
NET FIXED ASSETS	0	0	0	0	0
3. CURRENT ASSETS					
Fin. & Semi-Fin Goods	0	0	0	0	0
Raw materials	0	0	0	0	0
Products & work in progress	0	0	0	0	0
	0	0	0	0	0
4. ACC. RECEIVABLES M/L TERM	0	0	0	0	0
5. ACC. RECEIV. SHORT TERM					
Clients	24.420	37.200	95.247	136.451	279.331
Taxes	14.293	0	0	0	0
Other receivables	0	0	0	0	0
Bad debts provisions	0	0	0	0	0
	38.713	37.200	95.247	136.451	279.331
6. CASH AND BANKS					
Cash	211.152	341.125	301.208	431.379	938.103
Bank deposits	0	0	0	0	0
	211.152	341.125	301.208	431.379	938.103
7. ACCRUALS & DEFERMENTS					
Accruals in income	0	0	0	0	0
Deferred Costs	0	0	0	0	0
	0	0	0	0	0
8. Total Assets	249.865	378.325	396.455	567.830	1.217.433
(8=1+2+3+4+5+6+7)					

	2010	2011	2012	2013	2014
EQUITY					
9. Share capital	700.000	700.000	700.000	700.000	700.000
10. Reserves	0	0	0	0	0
11. Retained profits	0	-454.935	-379.062	-346.241	-215.039
12. Net profit	-454.935	75.873	32.821	131.202	512.329
13. Total Equity	245.065	320.938	353.759	484.961	997.290
(13=9+10+11+12)					
LIABILITIES					
14.MED.& LONG TERM LIABILITIES					
Bank loans	0	0	0	0	0
Shareholders loans	0	0	0	0	0
Other loans	0	0	0	0	0
	0	0	0	0	0
15. CURRENT LIABILITIES					
Bank loans	0	0	0	0	0
Suppliers	4.800	15.059	21.518	28.896	40.659
Taxes	0	25.291	10.940	43.734	170.776
Shareholders loans	0	0	0	0	0
Other creditors	0	17.037	10.238	10.238	8.709
	4.800	57.387	42.696	82.869	220.144
16. ACCRUALS & Deferments					
Accruals in costs	0	0	0	0	0
Antecipated income	0	0	0	0	0
	0	0	0	0	0
17. Total Liabilities	4.800	57.387	42.696	82.869	220.144
(17=14+15+16)					
18. Total Liabilities + Equity	249.865	378.325	396.455	567.830	1.217.433
(18=13+17)					

Appendix 12.1: Income Statement

Income Statement	2010	2011	2012	2013	2014
COSTS					
COGS	36.000	150.592	215.177	288.965	406.589
Outsourced services	112.028	170.371	102.383	102.383	87.085
Labor costs	50.857	51.875	52.912	53.970	157.874
Depreciation	276.400	112.000	62.000	62.000	62.000
Provisions	0	0	0	0	0
Sundry taxes	0	0	0	0	0
Other operational costs	0	0	0	0	0
(A)	**475.285**	**484.838**	**432.472**	**507.318**	**713.548**
Depre. & Prov. of Financial Investment & Apli.	0	0	0	0	0
Cash discounts conceded	0	0	0	0	0
Financial and interest charges	0	0	0	0	0
(C)	**475.285**	**484.838**	**432.472**	**507.318**	**713.548**
Costs and extraordinary losses	0	0	0	0	0
Costs of previous years	0	0	0	0	0
(E)	**475.285**	**484.838**	**432.472**	**507.318**	**713.548**
Income tax	0	25.291	10.940	43.734	170.776
(G)	**475.285**	**510.129**	**443.412**	**551.052**	**884.324**
REVENUES					
Sales of goods and products	4.600	119.600	308.000	482.800	1.025.755
Services	15.750	66.402	168.233	199.454	370.898
In-house Corporate Works	0	0	0	0	0
Subsidies	0	400.000	0	0	0
Other revenues	0	0	0	0	0
Production variation	0	0	0	0	0
(B)	**20.350**	**586.002**	**476.233**	**682.254**	**1.396.653**
Profit/loss from exchange differences	0	0	0	0	0
Cash discount obtained	0	0	0	0	0
Other interest & Fin. Earnings	0	0	0	0	0
(D)	**20.350**	**586.002**	**476.233**	**682.254**	**1.396.653**
Extraordinary Gains & Earnings	0	0	0	0	0
Earnings from previous years	0	0	0	0	0
(F)	**20.350**	**586.002**	**476.233**	**682.254**	**1.396.653**
OPERATIONAL EARNINGS (B-A)	**-454.935**	**101.164**	**43.761**	**174.936**	**683.105**
FINANCIAL EARNINGS (D-B)-(C-A)	**0**	**0**	**0**	**0**	**0**
CURRENT EARNINGS	**-454.935**	**101.164**	**43.761**	**174.936**	**683.105**
EARNINGS BEFORE TAXES	**-454.935**	**101.164**	**43.761**	**174.936**	**683.105**
NET PROFIT	**-454.935**	**75.873**	**32.821**	**131.202**	**512.329**

Appendix 12.2: Treasury Budget

	2.010													2.011	2.012	2.013	2.014
Go to Original web version	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total				
Operations income																	
Sales of goods and services	0	0	0	0	0	0	0	0	0	0	0	0	0	210.422	513.433	777.501	1.533.104
VAT	0	0	0	0	40	40	0	0	0	0	0	11.163	11.243	41.285	0	0	0
Subsidies	0	0	0	0	0	0	0	0	0	0	0	0	0	400.000	0	0	0
Other income																	
Share capital	700.000	----	----	----	----	----	----	----	----	----	----	----	700.000	----	----	----	----
Capital increases	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shareholders loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Short term bank loans	0	----	----	----	----	----	----	----	----	----	----	----	0	0	0	0	0
Medium/Long term loans	0	----	----	----	----	----	----	----	----	----	----	----	0	0	0	0	0
Other income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total income	**700.000**	**0**	**0**	**0**	**40**	**40**	**0**	**0**	**0**	**0**	**0**	**11.163**	**711.243**	**651.707**	**513.433**	**777.501**	**1.533.104**
Operations disbursements																	
Suppliers	0	0	0	0	0	0	0	0	0	0	0	38.400	38.400	170.451	251.754	339.379	476.144
Personnel	0	3.912	3.912	3.912	3.912	3.912	7.824	3.912	3.912	3.912	3.912	7.824	50.857	51.875	52.912	53.970	157.874
Other creditors (incl. outsourcing)	0	0	0	240	240	0	0	0	0	0	66.977	66.977	134.433	187.408	129.658	122.859	106.032
Income Tax	----	----	----	----	----	----	----	----	----	----	----	----	0	0	25.291	10.940	43.734
VAT	----	----	0	0	0	0	0	0	0	0	0	0	0	0	31.735	58.181	180.596
Other disbursements																	
Investment in fixed assets	0	300	1.500	300	300	75.000	75.000	50.000	74.000	0	0	0	276.400	112.000	62.000	62.000	62.000
Payment of short term bank loans	----	----	----	----	----	----	----	----	----	----	----	0	0	0	0	0	0
Payment of medium/long term bank loans	----	----	----	----	----	----	----	----	----	----	----	0	0	0	0	0	0
Payment of medium/long term shareholders loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payment of short term shareholders loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payment of other Medium/Long term payables	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payment of other short term payables	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total disbyrsements	**0**	**4.212**	**5.412**	**4.452**	**4.452**	**78.912**	**82.824**	**53.912**	**77.912**	**3.912**	**70.889**	**113.201**	**500.091**	**521.734**	**553.350**	**647.330**	**1.026.380**
Cashflow	**700.000**	**-4.212**	**-5.412**	**-4.452**	**-4.412**	**-78.872**	**-82.824**	**-53.912**	**-77.912**	**-3.912**	**-70.889**	**-102.038**	**211.152**	**129.973**	**-39.917**	**130.170**	**506.724**
Cash at beginning of period	**0**	**700.000**	**695.788**	**690.376**	**685.924**	**681.512**	**602.639**	**519.815**	**465.903**	**387.991**	**384.079**	**313.190**	**0**	**211.152**	**341.125**	**301.208**	**431.379**
Cash at end of period	**700.000**	**695.788**	**690.376**	**685.924**	**681.512**	**602.639**	**519.815**	**465.903**	**387.991**	**384.079**	**313.190**	**211.152**	**211.152**	**341.125**	**301.208**	**431.379**	**938.103**

Appendix 12.3: Cash Flow Map – Working Capital

Working capital

Working capital	2010	2011	2012	2013	2014
Operations needs					
Inventories	0	0	0	0	0
Receivables	24.420	37.200	95.247	136.451	279.331
Others	14.293	0	0	0	0
Total	**38.713**	**37.200**	**95.247**	**136.451**	**279.331**
Operations resources					
Payables	4.800	15.059	21.518	28.896	40.659
Public Administration	0	25.291	10.940	43.734	170.776
Others (including outsourcing)	0	17.037	10.238	10.238	8.709
Total	**4.800**	**57.387**	**42.696**	**82.869**	**220.144**
Working Capital	**33.913**	**-20.187**	**52.550**	**53.582**	**59.187**
Working capital variation	-	-54.100	72.737	1.032	5.605

Free cash-flow

Go to Original web version	2010	2011	2012	2013	2014
EBIT (Earnings Before Interest and Taxes)	**-454.935**	**101.164**	**43.761**	**174.936**	**683.105**
Depreciation	276.400	112.000	62.000	62.000	62.000
Provisions	0	0	0	0	0
Potencial cash flow from operations before interest and taxes	**-178.535**	**213.164**	**105.761**	**236.936**	**745.105**
Financial earnings from operation	0	0	0	0	0
Financial costs	0	0	0	0	0
Income tax (IRC)	0	25.291	10.940	43.734	170.776
Net earnings	**-454.935**	**75.873**	**32.821**	**131.202**	**512.329**
Potential Cash-Flow from operations	**-178.535**	**187.873**	**94.821**	**193.202**	**574.329**
Investment/divestment in Working Capital	**33.913**	**-54.100**	**72.737**	**1.032**	**5.605**
Operational Cash-Flow	**-212.448**	**241.973**	**22.083**	**192.170**	**568.724**
Investment/Divestment in fixed Capital	**276.400**	**112.000**	**62.000**	**62.000**	**62.000**
Free Cash-Flow	**-488.848**	**129.973**	**-39.917**	**130.170**	**506.724**

Net present value

Go to Original web version	2010	2011	2012	2013	2014
Capital opportunity cost (rate)	5%	5%	5%	5%	5%
Discount factor	0,9564	0,9148	0,8749	0,8368	0,8004
Present value of free cash flow	-467.552	118.896	-34.924	108.927	405.557
Net present value	**130.903**				

Internal Profitability (Rate)

Go to Original web version	
Internal Rentability (Rate)	13%

Payback Period

Go to Original web version	2010	2011	2012	2013	2014
Present Cash-Flow	-467.552	118.896	-34.924	108.927	405.557
Accumulated Present Cash-Flow	-467.552	-348.656	-383.580	-274.653	130.903
Payback Period		**Nº Years:**	4	**Nº Months:**	8

Project Profitability Analysis

Go to Original web version				
Capital opportunity cost (rate)	5%			
Net present value	130.903			
Internal Profitability (Rate)	13%			
Payback Period	**Nº Years:**	4	**Nº Months:**	8

Capital Oportunity Cost	
Rf	3,27%
Rm	4%
Industry Beta	1,76
Risk Premium	0,73%
CAPM	4,55%

Appendix 12.4: Rations Map

	2010	2011	2012	2013	2014
Return on equity	-185,6%	23,6%	9,3%	27,1%	51,4%
Return on sales	-2235,6%	40,8%	6,9%	19,2%	36,7%
Return on assets	-182,1%	20,1%	8,3%	23,1%	42,1%
Financial autonomy	98,1%	84,8%	89,2%	85,4%	81,9%
Indebtness capacity	1,9%	15,2%	10,8%	14,6%	18,1%
Solvability	5105,5%	559,2%	828,5%	585,2%	453,0%
General liquidity	5205,5%	659,2%	928,5%	685,2%	553,0%
Gross margin	-76,9%	19,0%	54,8%	57,6%	70,9%
Break even point (Euros)	-571.211	659.674	138.382	132.072	135.293
Economical safety margin	-103,6%	-71,8%	244,1%	416,6%	932,3%
Average inventory turnover (days)	0	0	0	0	0
Average collection time (days)	60	60	60	60	60
Average inventories payment time (days)	30	30	30	30	30
Cash cycle (days)	30	30	30	30	30