



# A2Z Solutions

for preservation, dissemination and  
digital information management

A Business Plan

*Entrepreneurship Seminar 2011*

This business plan is submitted in a seminar on entrepreneurship called European Virtual Venturing for the fulfillment of the Module 4 - Human resource management, International master in digital library learning program.

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April 2011

# Team Members



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**DILL 2011 - ITIN M2IRT2011**

# Table of content

- Executive Summary
- Business concept
- Company Overview
- Mission, Vision, Specialty
- Company structure
- Why this service?
- Service description
- Market: description
- Market: overview
- Market: environmental analysis
- Marketing mix (the 7p's)
- SWOT analysis
- Porter five forces analysis
- Strategic plan
- Financial plan

## ❑ A. Concept Description

The main aim of the business is to provide a service that non governmental organizations will take full advantage of information management and dissemination technologies at affordable costs.

## ❑ B. Opportunity

Due to the proliferation of democracy and humanitarian work, many non governmental organizations are emerging covering wide ranges of information generating activities. These organizations rely on donor funds. They, therefore, seek to achieve maximum efficiency and effectiveness at the lowest cost possible.

Application of technology in information management is a recent development that has potential to grow, organizations which do not specialize in technology are less likely to adapt to these changes without special assistance from specialist companies. A 2 Z will there meet these demands of affordability and efficiency in supporting information management technologies.

A 2 Z does not have any direct competitor in its target market segment, however large companies that offer generalized IT support services like Microsoft will offer indirect competition. Our strength however is on lower costs and closeness to the customer.

## ❑ C. Competitive advantage

Our set of services is packaged as one stop service which that maintains the customer loyalty from installation to perpetual support. Open source software is gaining more popularity and trust among customer as compared to proprietary software which is generally regarded as profit centric rather than service centric.

Our support for these software will ensure that we are highly specialized in reliable but cheaper services. We will have to support organizations from installation, configuration and setting up, metadata entry and continuous support as need be.

## ❑ D. Challenges

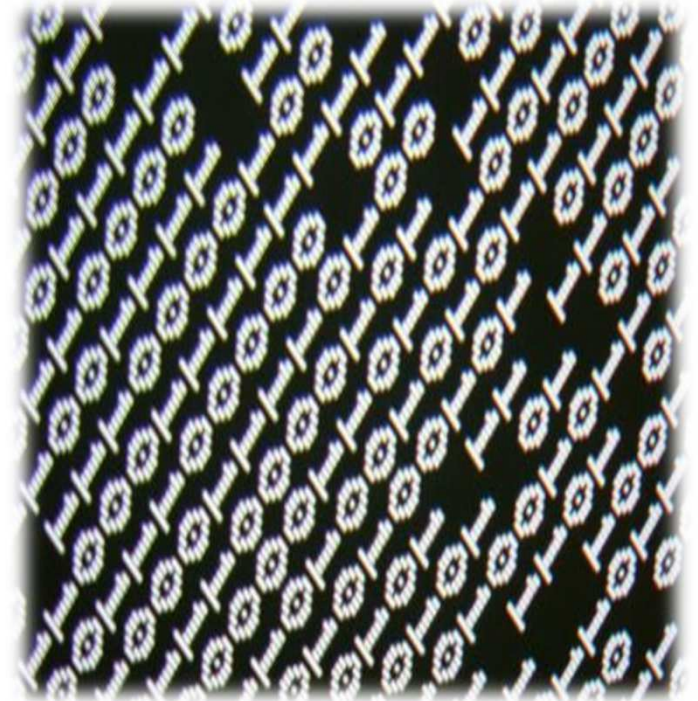
Though we foresee great profits in the referred markets. We are aware of the fact that our service can easily be copied by competitors since it is best on the free open source software. As new graduates we also note that we do not have experience.

## ❑ E. Solution

To meet this challenge, the company will embark on a vigorous and aggressive marketing program that anchor on strong values as well as effective communication with the customers. We, therefore, seek to position ourselves on the market with swift speed and expand as quickly as possible at the same time maintaining customer loyalty to safeguard our service against

# Business Concepts

- ❑ A2Z solution is a newly formed company
- To provide services that promote the utilization of **Open Source Software** to manage and disseminate information
- To support **non-profit** organizations which do not afford to hire their own IT experts and information management professionals
- These organization generate a lot of information which need to be managed and disseminated with the help of IT



# Mission, vision & specialty

## ❑ **Company Name: A2Z Solutions**

Provide services for preservation, dissemination and digital information management using open source software

### Mission

- To promote technological information management for non-profit organizations

### Vision

- To make sure that information technology is cheaply harnessed in the non-profit sector particularly in information management and dissemination

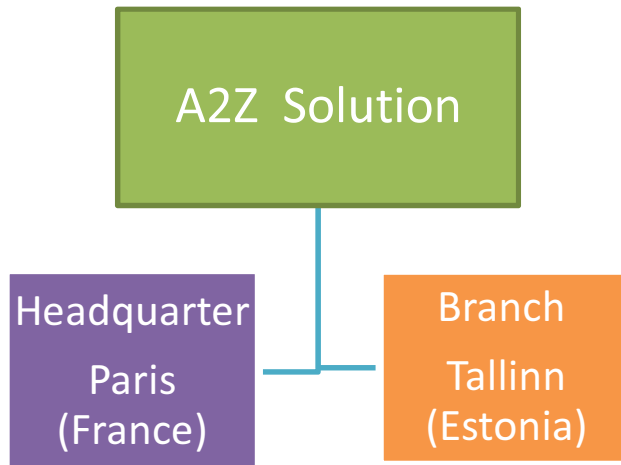
### Specialty

- Digital Asset and Information Management



# Company structure

Establishment in  
France : headquarter  
Estonia : branch



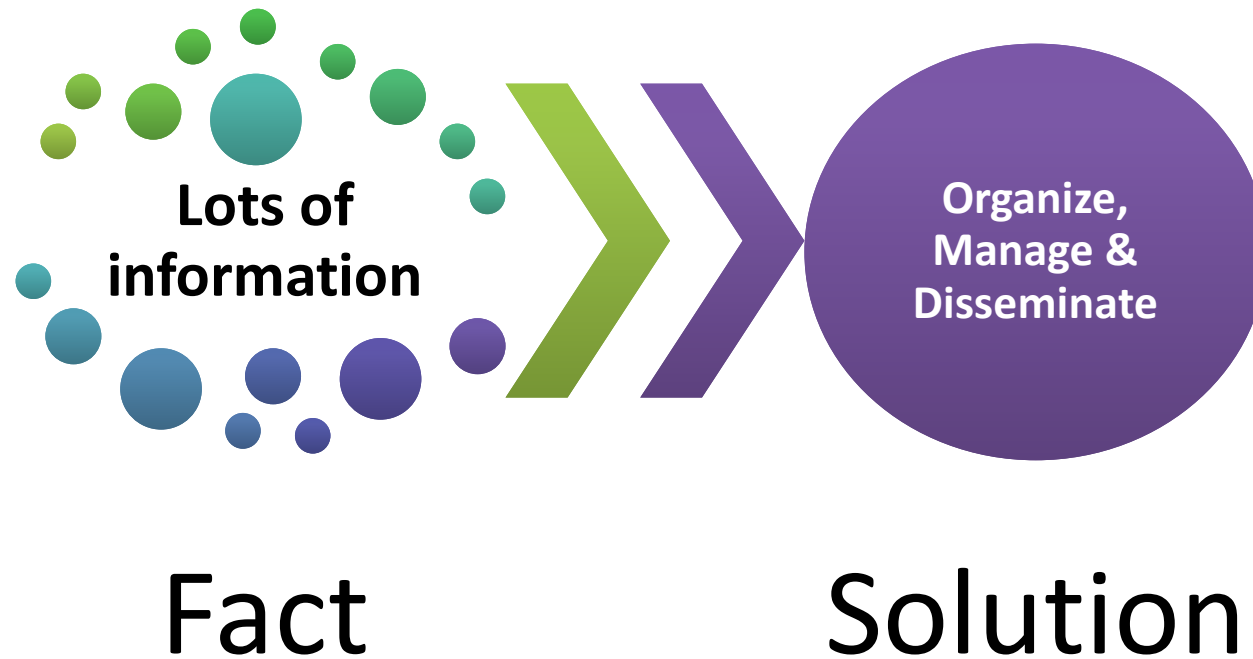
- ❑ Operations limited to France and Estonia at the beginning
- ❑ Going to be global if it success in theses countries

# Goal

- Become a leading and prestigious company with high quality for information treasures by exploring them around the world
- Contribute to world development through IT utilization



# Why this Service?



Affordable cost

Effective dissemination of the information

Better access

# Service Descriptions

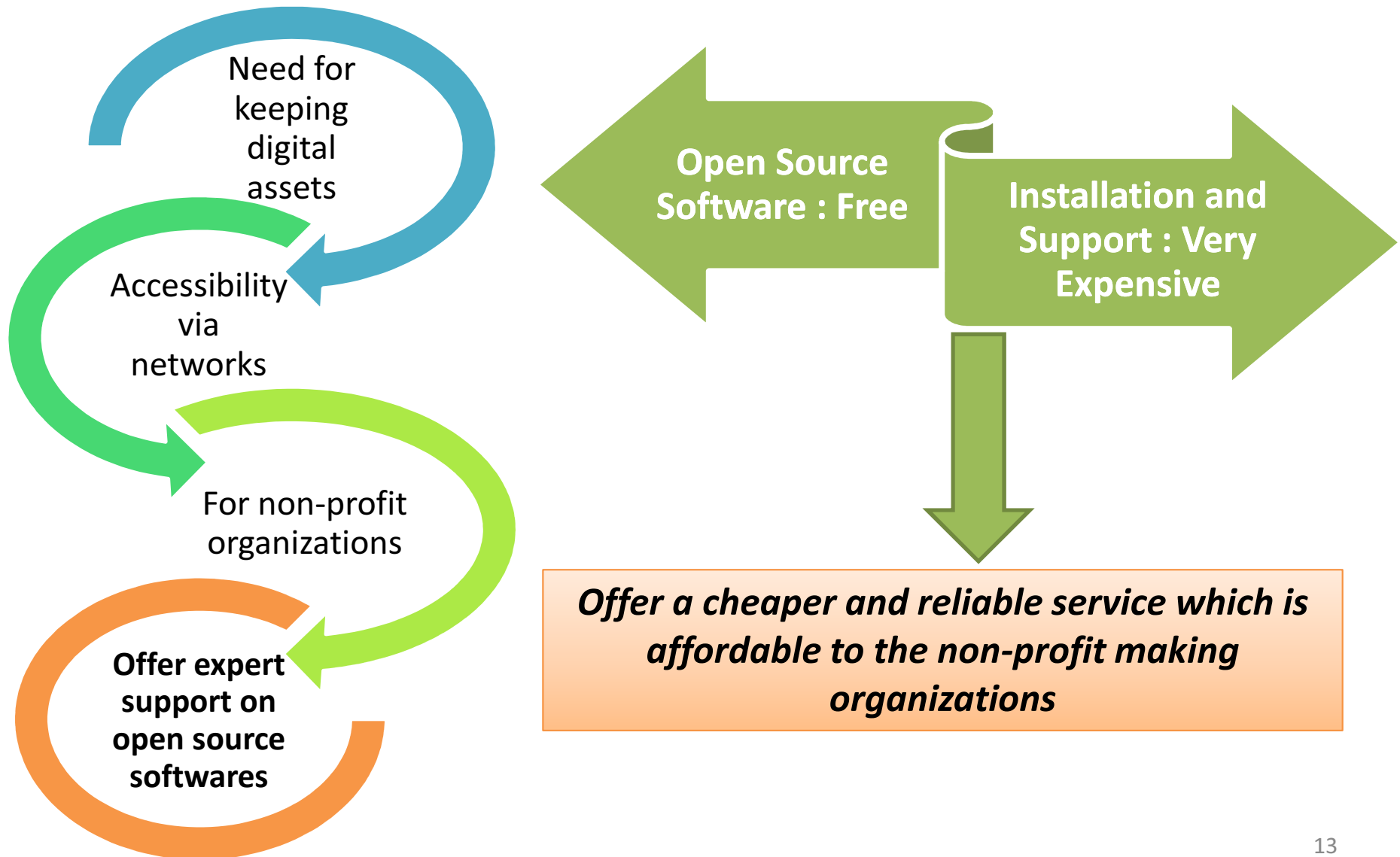
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## Offer expert support of the following software

Dspace	Greenstone	E-print	Content Management System software <ul style="list-style-type: none"><li>• Drupal</li><li>• Joomla</li><li>• Plone</li><li>• Wordpress, etc</li></ul>
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## Offer the following services

Installation of information management softwares	Customization of the softwares according the customers organization policy	Digitization of documents as per need, (e.g.: scanning documents and upload in the system)	Metadata input against digitized object	Training of the manpower of the respective organization	Data backup services (in case of unforeseen disasters)
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## Excellence in fulfilling the promise

- Completely confidential, reliable, trustworthy expertise, and service(s) through the provision of an uncompromising service. This dictates that we have the latest technology, hardware, software, and well-trained personnel so as to deliver this promise.

## Timely response to clients' orders

- We cannot afford to delay our clients for whatever reason, as this will have a negative bearing on our image, reputation, and future business. We need to be continually communicating with the client, ensuring we provide needs-based solutions.

## Skill and depth of knowledge

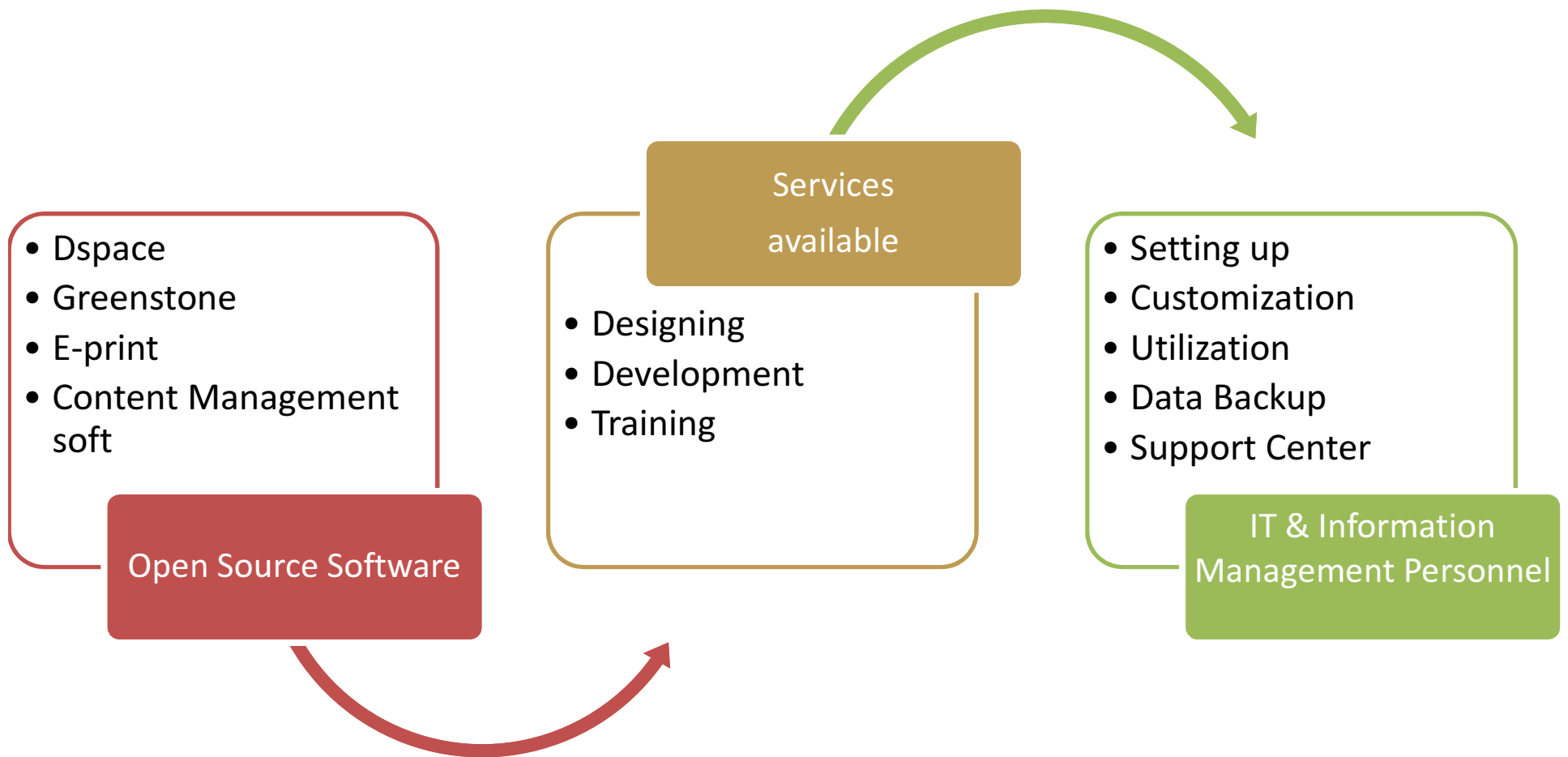
- Considering the nature of our services, the skill and depth of knowledge of our personnel is of utmost importance in determining the provision of the service(s) to the end-users.

## Clear product and marketing positioning

- Not wanting to be associated with the numerous vendors on the market, we intend to aggressively market our business and the services we provide in order to be at the top of our clients' minds

## Leveraging from a large pool of expertise

- The company's various alliances with technological and training partners shall prove invaluable. The skills and intellectual capacity these partners will have in the fields of product support, design and system integration, implementation and execution, lifecycle support and understanding, training, and in the application of new technology are intangible benefits to A2Z solution.





# Service Offers

## Setting Up

- Analysis of needs
- Installation of information management softwares

## Customization

- Customization of the softwares according the customers organization policy
- Development / Editing of Source Codes

## Utilization

- Digitization of documents as per need, (e.g.: scanning documents and upload in the system)
- Metadata input against digitized object
- Training of the manpower of the respective organization

## Resolution Center

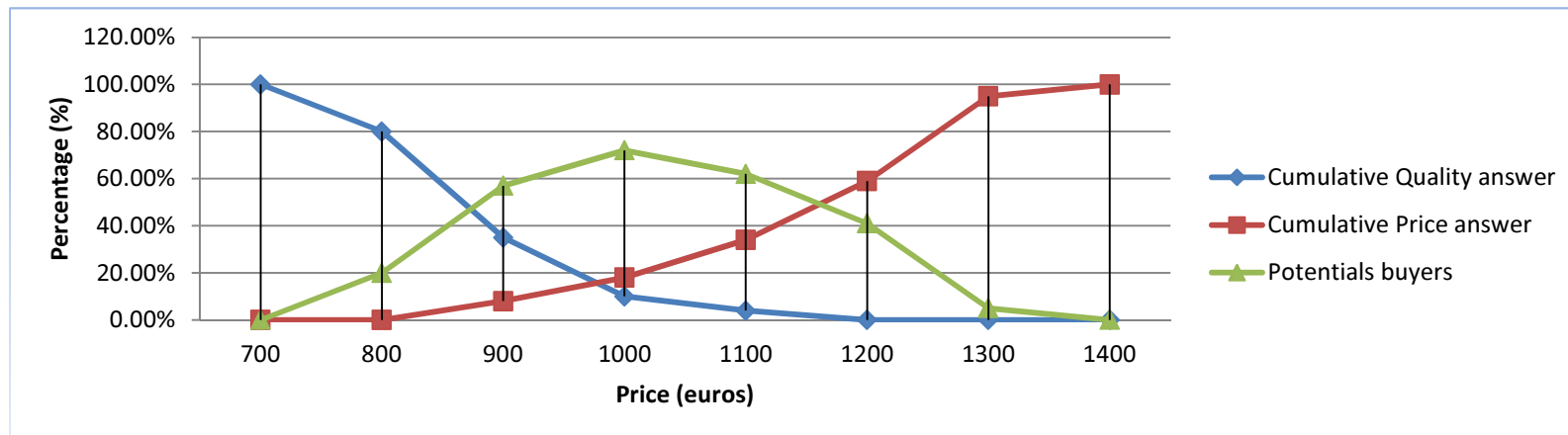
- Continuous support
- Call Center
- Data backup services

# Service Offers

## Price Analysis

### Optimal Price (1 day) for Service "Setting Up"

Price	Responses	Percentage (%)	Cumulative Quality answer	Answer : Price too high	Percentage (%)	Cumulative Price answer	% potential buyers
700	100	20,00%	100,00%	0	0,00%	0,00%	0,00%
800	225	45,00%	80,00%	0	0,00%	0,00%	20,00%
900	125	25,00%	35,00%	40	8,00%	8,00%	57,00%
1000	30	6,00%	10,00%	50	10,00%	18,00%	72,00%
1100	20	4,00%	4,00%	80	16,00%	34,00%	62,00%
1200	0	0,00%	0,00%	125	25,00%	59,00%	41,00%
1300	0	0,00%	0,00%	180	36,00%	95,00%	5,00%
1400	0	0,00%	0,00%	25	5,00%	100,00%	0,00%
TOTAL	500	100,00%		500	100,00%		



# Service Offers

## Prices

### Setting Up

1 day : 1,000 €  
Minimum : 3 days

More days may be needed in case of large organization,

### Customization

1 day : 1,500 €  
Minimum : 4 days

0-100 docs : Free  
101 to 1000 docs : 799 €  
1001 to 3000 : 1 999 €

3001 to 8000 : 3 999 €  
8001 + 0,49 € per document

### Utilization

1 day : 1,500 €  
Minimum : 3 days

0-100 docs : Free  
101 to 1000 docs : 799 €  
1001 to 3000 : 1 999 €

3001 to 8000 : 3 999 €  
8001+ : 0,49€ per document

### Support

1 month : 5000€  
1 year minimum

0-100 docs : Free  
100 more docs : 500€

# Market: description

Number of  
Registered  
NGOs

France

Estonia

International

84

15

National

89

54

# Market: Target

- **Not segmenting the market according to their category because our services can be applied to any kind of activities.**

## Estonia and France

**Small / Medium Non governmental organization**

**NGO which produce information enough to require high-quality IT and information management**

**NGO too small to have either a separate IT management staff or professional information managers**

# How clients get us

Our client is not individual. They are organizations, we should:

- Build an image & reputation through successful cases
- Publicity through newspapers and Internet
- High visibility on the internet searching
- Visible in community, groups of similar businesses

# Market: values

We act with integrity and show respect

- **Demonstrate a commitment to integrity and ethics**
- **Show respect for and value all individuals for their diverse backgrounds, experience, styles, approaches and ideas**
- **Speak positively and supportively about team members when apart**
- **Listen to others for understanding.**
- **Assume positive intent**

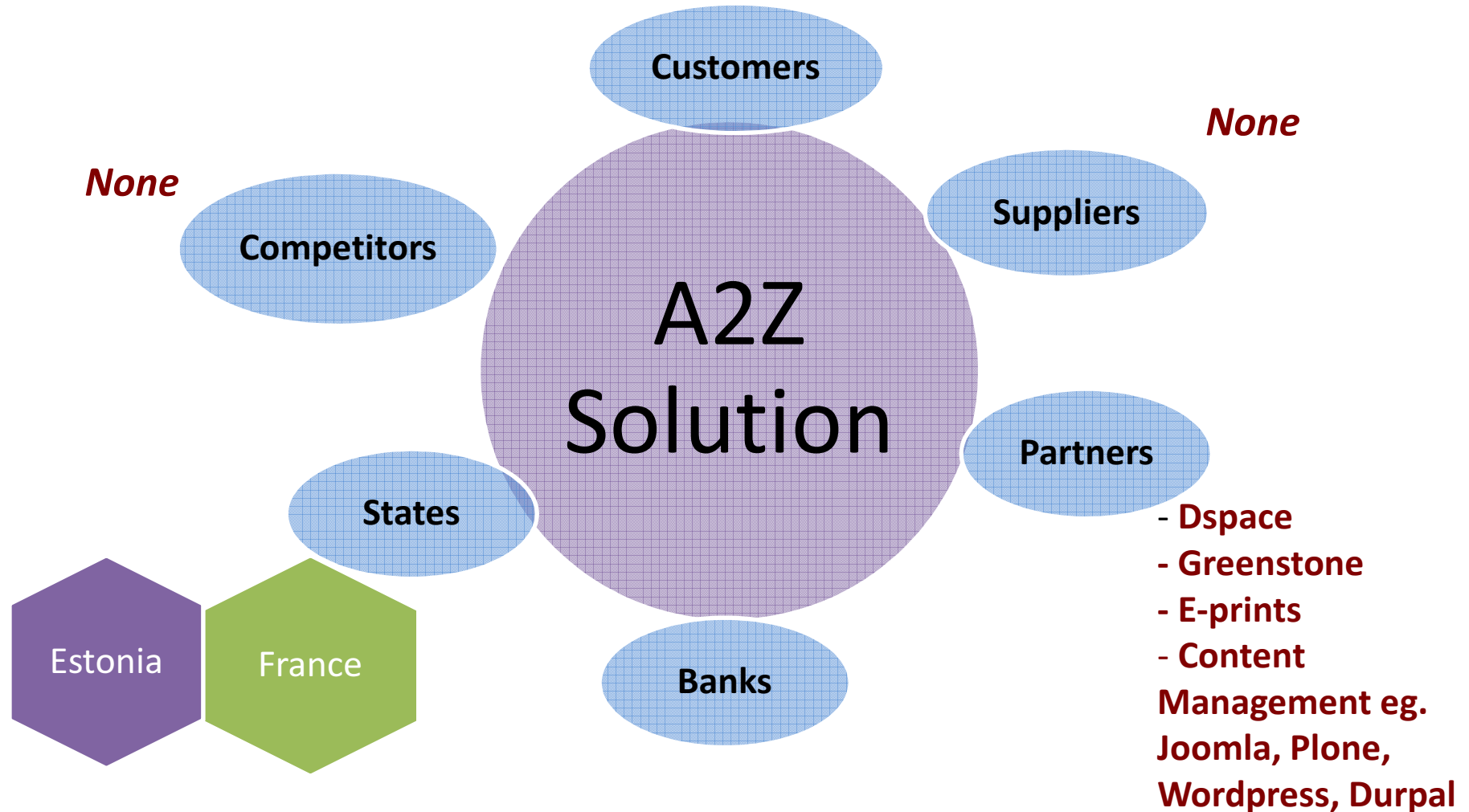
We are all accountable

- **Accept personal accountability for our own actions and results**
- **Actively engage in discussions and support decisions once they are made**
- **Involve others in decisions and plans that affect them**
- **Keep promises and commitments made to others**
- **Personally commit to the success and well being of team-mates**

We are passionate about our business, our brand and our Offers

- **Show pride in our brand and heritage**
- **Promote a positive, energizing, optimistic and fun environment**
- **Serve our customers through the quality of services**
- **Promote and implement creative and innovative ideas and solutions**
- **Aggressively promote and protect our reputation**

## Non-Governmental Organizations





# Competitors

- ❖ The market is still new and not saturated
- ❖ Most companies are not focused on IT, but on the services with IT personnel and Information Management personnel
- ❖ Market is very fresh in Estonia and France, and there is no competitor till now

# Partners

- The partners are a very important part of our strategy
- Partners are the one who will provide the update of softwares, and technical solutions and services through us.
- We gathered a list of potential partners, and studied their partnership conditions.
- Partnership relationships will take time, but will be valuable

# Marketing mix ( the 7 P's) at a glance

## 1. Product (Service)

- Installation Customization, Digitization, Metadata input, Training, Backup services, Continuous support

## 2. Price

- The price lower than the cost of hiring and maintaining professional experts

## 3. Place

- Most services will be provided at the customer's premise

## 4. Promotion

- Internet and website, Newspaper, magazine advertisements, Conferences, Face to face

## 5. People

- *Internal* : Staff needs financial benefits and motivation
- *External* : Customer is king, law is my master and profit is my motive

## 6. Process

- Customization of the software according the customers organization policy

## 7. Physical evidence

- Maintenance and publication of customer reports and feedback

# Market mix ( the 7 P's)

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## ❑ 1. Product (Service)

- Installation
- Customization
- Digitization
- Metadata input
- Training
- Backup services
- Continuous support

## ❑ 2. Price

- The price lower than the cost of hiring and maintaining professional experts,
- A survey will always be carried out to balance the market expectations and the need to maintain a viable business

## ❑ 3. Place

- Most services will be provided at the customer's premise except the data backup for which the company will maintain a secure server for clients' information

## ❑ 4. Promotion

- Internet and website
- Newspaper, magazine advertisements
- Conferences
- Face to face

## ❑ 5. People

### Internal

Staff needs financial benefits and motivation

- Recruitment policy (Get the right people on the bus, the wrong people off the bus, When we have the right people on the bus ensure the right people are on the right seats of the bus)
- Maintaining the culture of information sharing among staff members

### External

- Policy (Customer is king, law is my master and profit is my motive)  
Customer representatives
- Government representatives (law enforcement people)

## ❑ 6. Process

- Installation of information management softwares
- Customization of the softwares according the customers organization policy
- Digitization of documents as per need, (e.g.: scanning documents and upload in the system)
- Metadata input against digitized object
- Training of the manpower of the respective organization
- Data backup services (in case of unforeseen disasters)

## ❑ 7. Physical evidence

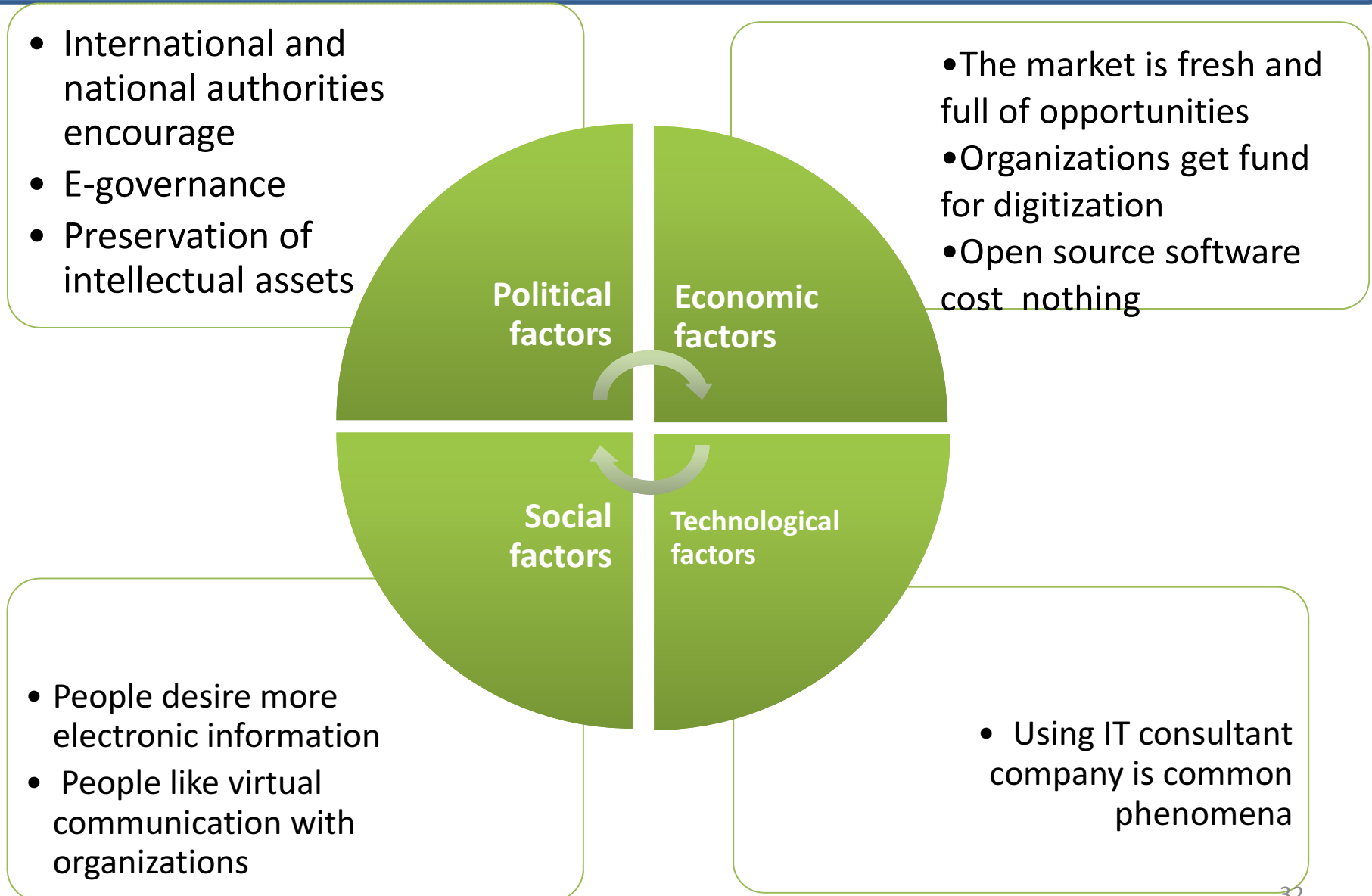
- Services will be offered to the locations of the company however the following will serve as physical evidence of Excellence
- Professional dressing of staff that interact with customers
- Maintenance and publication of customer reports and feedback

- High demand
- Low Cost
- Good IT science knowledge
- Customer Loyalty / Relationship
- New service on the market
- Covering a large perimeter
- Booming market



- Absence of experience
- Competitors can easily copy the existing service
- Softwares supported can update / need to be trained
- Lack of documentation to know well the softwares

# Market environment analysis at a glance





## ❑ Political factors

- International unions and some national authorities are encouraging organizations to digitalized and preserved their intellectual assets
- The rules, regulations, rights, obligations and available state aid are the same for all companies whether they are French or not
- French companies create their own legal entity, without having to invest a minimum amount or create a minimum number of jobs
- Company legal structures may be implemented on a temporary or permanent basis without running any legal risks
- According to a report by OECD (Organization for Economic Co-operation and Development) in 2009, Estonia has an open and friendly business environment even though it needs to do more.

## ❑ **Economical factors**

- Enormous funds are available by European Union for the organizations which want to create digital property
- Many IT - Software consulting companies already exist but their target market is not very precise as our company.
- The open source software consulting is very fresh on the market, and full of opportunities

## ❑ **Social factors**

- In Europe, people are getting more desired electronic access to information and asking more remote access service.
- To satisfy the demand, companies have to get virtual face if they are not yet.
- For last decades, getting accessibility via web has been a very good way to improve a brand's public image. Nowadays, it's even more than that, it is a requirement.

## ❑ **Technological factors**

- Estonia and France are two of the world's top countries in Internet connectivity with good e-government, which is considered as the most outstanding example in central Europe, and in several aspects (such as e-governance or delivering e-services for businesses) even exceeds the standards of the OECD countries on average.
- Using consultants for IT solutions is a common reflex for companies in Europe, so the market should not be hard to penetrate.

# Porter five forces analysis



## ❑ **The HRM policy**

In our bid to attract high level quality of human capital, we will emphasize on merit, however the following factors will be taken in to consideration, gender, balance, equality, transparency and people with disadvantage

## ❑ **Planning**

Based on strategic forecasting of HRM needs to be done with constancy of legal requirements of each country (minimum wage and conditions)

## ❑ **Recruitment**

Recruitment of the executive will be international however local recruitment will be done for all lower level staff and in accordance with the national laws. Gender balance also will be considered.

## ❑ **Selection**

Specialized human resource consultancy firms will be used in the long run, given the challenges in selection management.

## ❑ **Training**

Fresh recruitment will get on job training. Employees will also received training for professional development when needed.

## ❑ **Appraisal**

Performance based reward mechanisms will be put in place. Therefore, annual appraisal excessive will be carried out to facilitate reward and promotion

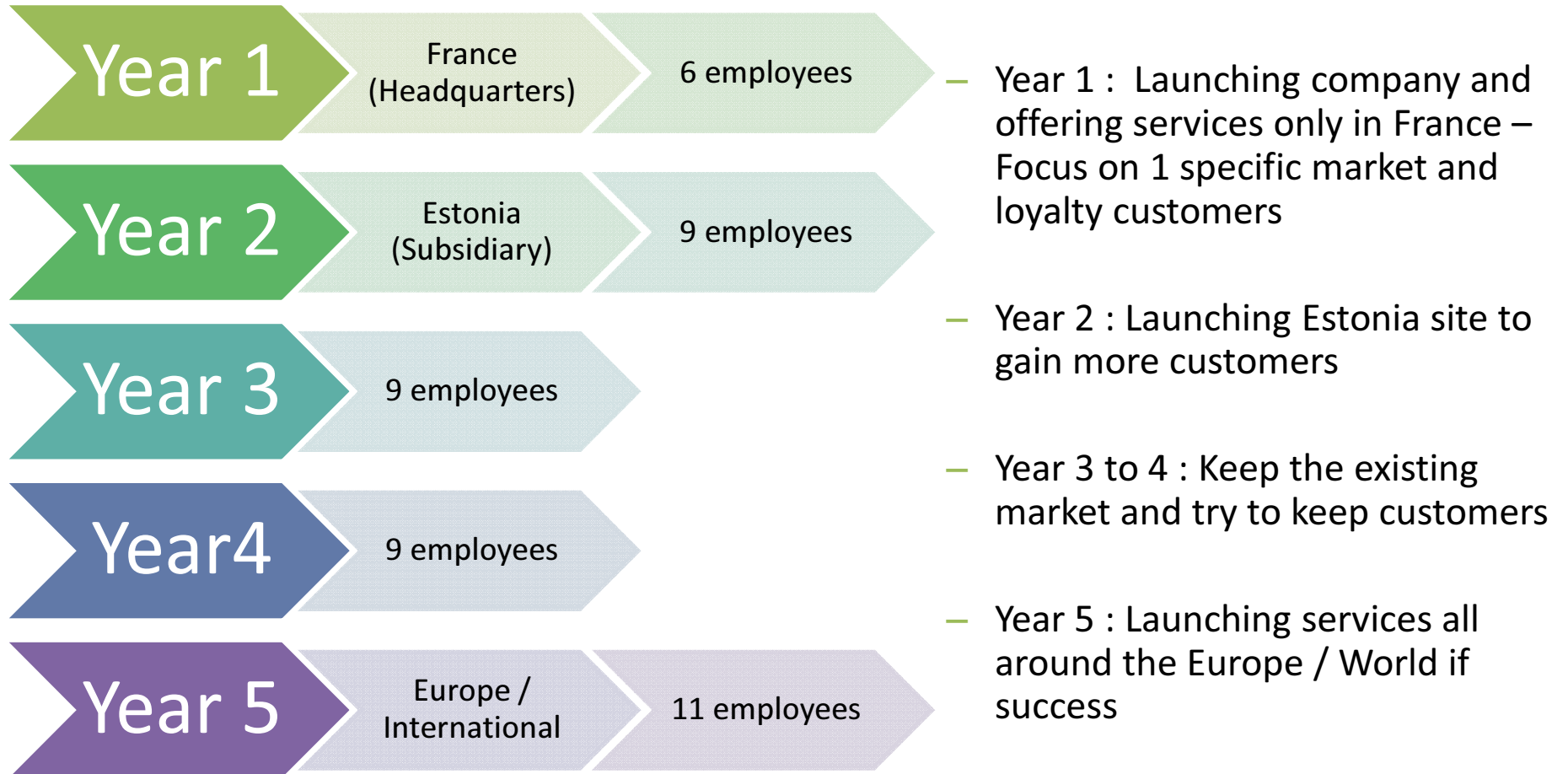
## ❑ **Evaluation**

There will be employed some continuous evaluation exercises that will assess the performance of staff based on meeting of targets, efficiency, as well as customer handling abilities

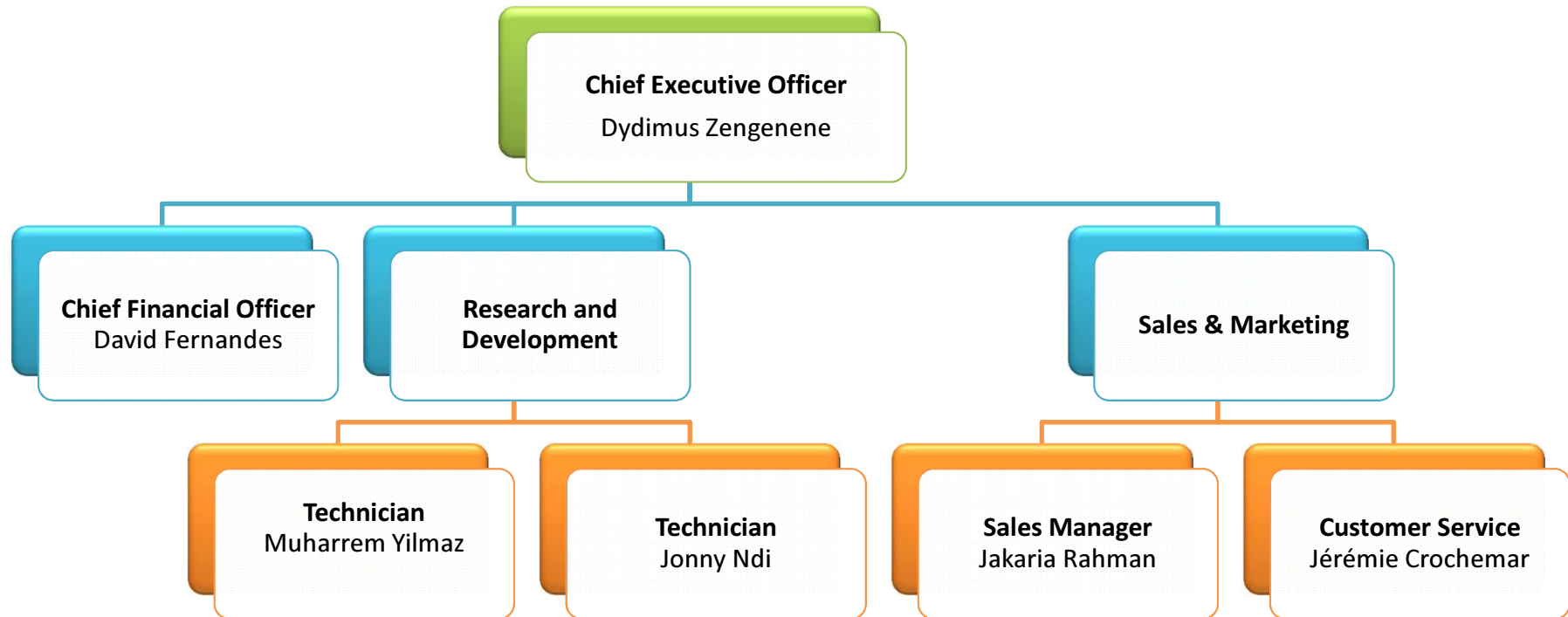
## ❑ **Motivation**

The company will try to keep staff motivated by maintaining an open and flexible communication structure that promotes innovation and freedom. Salaries and benefits will be highly competitive; however we will keep salary ranges minimum in order not to discourage lower level staff by too large salary discrepancies.

# Strategic plan: Development



# Strategic plan: Organization chart



- **Additional functions:**

- **Technician Support:**

- Muharrem Yilmaz
    - Jonny Ndi

- **Trainer:**

- Jérémie Crochemar

- **Secretary:**

- David Fernandes



# Strategic plan: Hiring strategy

## 2<sup>nd</sup> year

- 1 Secretary
- 1 Technician Support
- 1 Customer Service

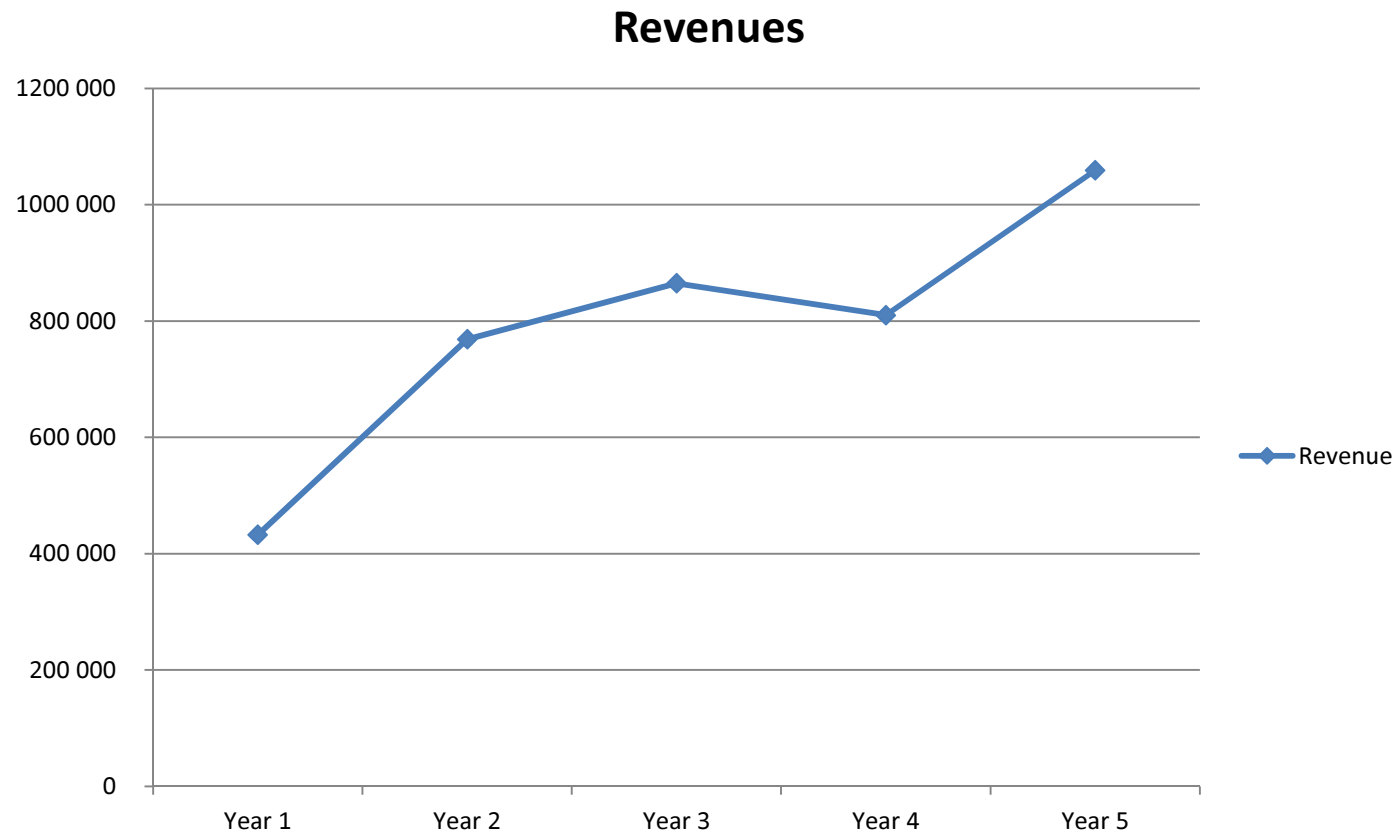
## 5<sup>th</sup> year

- 1 Trainer
- 1 Technician

- Everyone got a specific function
- Need more employees to answer to the need for the 2<sup>nd</sup> and 5<sup>th</sup> year
- CEO : Only earn enough money to survive the 1<sup>st</sup> year
- Wages increase after 3 years
- Dividends delivers if the result is good

# Financial plan: Funding & Revenues

- Funding: 300,000 €



# Financial plan: Funding & Revenues

			<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<b>Service A</b>	<b>Price</b>	<b>Quantity</b>					
Number of Customers			19	31	35	33	42
Fee per Customer	1 000,00 €	2	2 000 €	2 000 €	2 000 €	2 000 €	2 000 €
<b>Total</b>			<b>38 000 €</b>	<b>62 000 €</b>	<b>70 000 €</b>	<b>66 000 €</b>	<b>84 000 €</b>
<b>Service B</b>							
Number of Customers			22	35	39	37	47
Fee per Customer	1 500,00 €	3	4 500 €	4 500 €	4 500 €	4 500 €	4 500 €
<b>Total</b>			<b>99 000 €</b>	<b>157 500 €</b>	<b>175 500 €</b>	<b>166 500 €</b>	<b>211 500 €</b>
<b>Service C</b>							
Number of Customers			23	34	39	35	47
Fee per Customer	1 500,00 €	3	4 500 €	4 500 €	4 500 €	4 500 €	4 500 €
<b>Total</b>			<b>103 500 €</b>	<b>153 000 €</b>	<b>175 500 €</b>	<b>157 500 €</b>	<b>211 500 €</b>
<b>Service D</b>							
Number of Customers			16	33	37	35	46
Fee per Customer	1 000,00 €	12	12 000 €	12 000 €	12 000 €	12 000 €	12 000 €
<b>Total</b>			<b>192 000 €</b>	<b>396 000 €</b>	<b>444 000 €</b>	<b>420 000 €</b>	<b>552 000 €</b>
<b>Net Revenue</b>			<b>432 500 €</b>	<b>768 500 €</b>	<b>865 000 €</b>	<b>810 000 €</b>	<b>1 059 000 €</b>

# Financial plan: Personnel

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Sales &amp; Marketing</b>					
Sales Manager	40 000 €	40 000 €	40 000 €	42 000 €	42 000 €
Marketing Manager					
Customer service	36 000 €	36 000 €	36 000 €	38 000 €	38 000 €
Tech support		34 000 €	34 000 €	35 000 €	35 000 €
Trainer		36 000 €	36 000 €	38 000 €	76 000 €
<b>Total Salary</b>	<b>76 000 €</b>	<b>146 000 €</b>	<b>146 000 €</b>	<b>153 000 €</b>	<b>191 000 €</b>
<b>Benefits</b>					
Percent (%)	40%	40%	40%	40%	40%
<b>Total benefit costs</b>	<b>30 400 €</b>	<b>58 400 €</b>	<b>58 400 €</b>	<b>61 200 €</b>	<b>76 400 €</b>
<b>Total S &amp; M Compensation</b>	<b>106 400</b>	<b>204 400</b>	<b>204 400</b>	<b>214 200</b>	<b>267 400</b>
<b>% of Revenue</b>	<b>24,6%</b>	<b>26,6%</b>	<b>23,6%</b>	<b>26,4%</b>	<b>25,3%</b>
<b>Research and Development</b>					
Technicians	70 000 €	70 000 €	70 000 €	74 000 €	111 000 €
<b>Total Salary</b>	<b>70 000 €</b>	<b>70 000 €</b>	<b>70 000 €</b>	<b>74 000 €</b>	<b>111 000 €</b>
<b>Benefits</b>					
Percent (%)	40%	40%	40%	40%	40%
<b>Total benefit costs</b>	<b>28 000 €</b>	<b>28 000 €</b>	<b>28 000 €</b>	<b>29 600 €</b>	<b>44 400 €</b>
<b>Total R &amp; D Compensation</b>	<b>98 000</b>	<b>98 000</b>	<b>98 000</b>	<b>103 600</b>	<b>155 400</b>
<b>% of Revenue</b>	<b>22,7%</b>	<b>12,8%</b>	<b>11,3%</b>	<b>12,8%</b>	<b>14,7%</b>
<b>General &amp; Administration</b>					
Chief Executive Officer	12 000 €	45 000 €	50 000 €	50 000 €	55 000 €
Chief Financial Officer	40 000 €	40 000 €	40 000 €	42 000 €	42 000 €
Secretarial		36 000 €	36 000 €	38 000 €	38 000 €
<b>Total Salary</b>	<b>52 000 €</b>	<b>121 000 €</b>	<b>126 000 €</b>	<b>130 000 €</b>	<b>135 000 €</b>
<b>Benefits</b>					
Percent (%)	40%	40%	40%	40%	40%
<b>Total benefit costs</b>	<b>0 €</b>	<b>48 400 €</b>	<b>50 400 €</b>	<b>52 000 €</b>	<b>54 000 €</b>
<b>Total G &amp; A Compensation</b>	<b>52 000 €</b>	<b>169 400 €</b>	<b>176 400 €</b>	<b>182 000 €</b>	<b>189 000 €</b>
<b>% of Revenue</b>	<b>12,0%</b>	<b>22,0%</b>	<b>20,4%</b>	<b>22,5%</b>	<b>17,8%</b>
<b>Total Salary &amp; Wages</b>	<b>198 000 €</b>	<b>337 000 €</b>	<b>342 000 €</b>	<b>357 000 €</b>	<b>437 000 €</b>
<b>Total Benefits</b>	<b>58 400 €</b>	<b>134 800 €</b>	<b>136 800 €</b>	<b>142 800 €</b>	<b>174 800 €</b>
<b>Total Compensation</b>	<b>256 400 €</b>	<b>471 800 €</b>	<b>478 800 €</b>	<b>499 800 €</b>	<b>611 800 €</b>
<b>% of Revenue</b>	<b>59,3%</b>	<b>61,4%</b>	<b>55,4%</b>	<b>61,7%</b>	<b>57,8%</b>

# Financial plan: Operating expense

		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<b>Sales &amp; Marketing</b>						
Salaries and Benefits		106 400 €	204 400 €	204 400 €	214 200 €	267 400 €
Commissions % of Revenue	5%	21 625 €	38 425 €	43 250 €	40 500 €	52 950 €
Direct Mail Campaign		50 000 €	15 000 €	15 000 €	15 000 €	40 000 €
ISO Certification (9000-27000)		24 000 €			24 000 €	
Rent		60 000 €	102 000 €	102 000 €	102 000 €	102 000 €
Transport		4 800 €	9 000 €	9 000 €	8 640 €	9 600 €
All other expenses % of Revenue	6%	25 950 €	46 110 €	51 900 €	48 600 €	63 540 €
<b>Total Sales and Marketing</b>		<b>292 775 €</b>	<b>414 935 €</b>	<b>425 550 €</b>	<b>452 940 €</b>	<b>535 490 €</b>
<b>Research &amp; Development</b>						
Salaries and Benefits		98 000 €	98 000 €	98 000 €	103 600 €	155 400 €
All other expenses % of Revenue	3%	12 975 €	23 055 €	25 950 €	24 300 €	31 770 €
<b>Total Reaserch &amp; Development</b>		<b>110 975 €</b>	<b>121 055 €</b>	<b>123 950 €</b>	<b>127 900 €</b>	<b>187 170 €</b>
<b>General &amp; Administration</b>						
Salaries and Benefits		52 000 €	169 400 €	176 400 €	182 000 €	189 000 €
Depreciation		4 400 €	5 133 €	5 133 €	5 133 €	5 867 €
All other expenses % of Revenue	2%	8 650 €	15 370 €	17 300 €	16 200 €	21 180 €
<b>Total General &amp; Administration</b>		<b>65 050 €</b>	<b>189 903 €</b>	<b>198 833 €</b>	<b>203 333 €</b>	<b>216 047 €</b>
<b>Total Operating Expenses</b>						
<b>% of Revenue</b>		<b>108,4%</b>	<b>94,5%</b>	<b>86,5%</b>	<b>96,8%</b>	<b>88,6%</b>
<b>Allocation of Operating Expenses between:</b>						
Vaiable		69 200 €	122 960 €	138 400 €	129 600 €	169 440 €
Fixed		310 800 €	491 933 €	498 933 €	519 933 €	657 667 €
<b>Total</b>		<b>380 000 €</b>	<b>614 893 €</b>	<b>637 333 €</b>	<b>649 533 €</b>	<b>827 107 €</b>

# Financial plan: Taxes

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<b>Net Revenues</b>	432 500	768 500	865 000	810 000	1 059 000
<b>Income Tax (Rate Federal &amp; State)</b>	0,33	0,33	0,33	0,33	0,33
<b>Net Earnings Before Taxes</b>	-55 507	10 767	80 917	-7 773	76 540
<b>Cumulative</b>	-55 507	-44 741	36 176	28 403	104 943
<b>Taxes</b>	0	0	-12 057	2 591	-25 511
<b>Percent of Revenues</b>	0,0%	0,0%	-1,4%	0,3%	-2,4%

# Financial plan: Property & Equipment

	<u>Year 0</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
	Purchased					
<b>Net Revenues</b>	Assets	432 500	768 500	865 000	810 000	1 059 000
<b>Capital Expenditures</b>						
<b>Computers, Software &amp; Office Equipment</b>		13 200	2 200		13 200	4 400
<b>Plant &amp; Equipment</b>		6 000	1 000			1 000
<b>Other</b>		500	500	500	500	500
<b>Total Capital Expenditures</b>	0	19 700	3 700	500	13 700	5 900
<b>% of Revenue</b>		4,6%	0,5%	0,1%	1,7%	0,6%
<b>Depreciation Computers, Software &amp; Office Equipment (allocated to General &amp; Administrative Expenses)</b>						
<b>Depreciation Rate: Years</b>	1	3	3	3	3	3
<b>Year 0</b>		0	0	0	0	0
<b>Year 1</b>		4 400	4 400	4 400	0	0
<b>Year 2</b>			733	733	733	0
<b>Year 3</b>				0	0	0
<b>Year 4</b>					4 400	4 400
<b>Year 5</b>						1 467
<b>Total Depreciation</b>		4 400	5 133	5 133	5 133	5 867

# Financial plan: Working capital

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<b>Accounts Receivable</b>					
% of Revenue	8,3%	8,3%	8,3%	8,3%	8,3%
Days Outstanding	30	30	30	30	30
Accounts Receivable	64 616	91 851	100 513	94 122	123 056
(Increase)/Decrease from Prev. Period	-64 616	-27 236	-8 662	6 391	-28 934
<b>Inventory</b>					
% of Revenue	8,3%	8,3%	6,7%	6,7%	6,7%
Inventory Turns	12	12	15	15	15
Inventory Days	30	30	24	24	24
Inventory	64 616	91 851	81 137	75 978	99 334
(Increase)/Decrease from Prev. Period	-64 616	-27 236	10 714	5 159	-23 356
<b>Other Current Assets</b>					
% of Revenue	1,0%	1,0%	1,0%	1,0%	1,0%
Days	4	4	4	4	4
Other CA Value	7 785	11 066	12 110	11 340	14 826
(Increase)/Decrease from Prev. Period	-7 785	-3 281	-1 044	770	-3 486
<b>Accounts Payable &amp; Accrued Expenses</b>					
% of Revenue	8,3%	8,3%	8,7%	8,7%	8,7%
Days	30	30	31	31	31
AP & Accrued Value	64 616	91 851	105 357	98 658	128 986
Increase/(Decrease) from Prev. Period	64 616	27 236	13 506	-6 699	30 328
<b>Other Current Liabilities</b>					
% of Revenue	1,0%	1,0%	1,0%	1,0%	1,0%
Days	4	4	4	4	4
Other Current Liabilities	7 785	11 066	12 110	11 340	14 826
Increase/(Decrease) from Prev. Period	7 785	3 281	1 044	-770	3 486



# Financial plan: Balance sheet

	<u>Begin</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash	300 000	165 484	151 549	231 749	214 051	234 478
Accounts Receivable		64 616	91 851	100 513	94 122	123 056
Inventories		64 616	91 851	81 137	75 978	99 334
Other Current Assets		7 785	11 066	12 110	11 340	14 826
<b>Total Current Assets</b>	300 000	302 500	346 317	425 509	395 491	471 694
<b>PROPERTY &amp; EQUIPMENT</b>	0	14 393	11 860	6 076	13 443	12 083
<b>TOTAL ASSETS</b>	300 000	316 893	358 177	431 586	408 934	483 778
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short Term Debt	0	0	0	0	0	0
Accounts Payable & Accrued Expen		64 616	91 851	105 357	98 658	128 986
Other Current Liab		7 785	11 066	12 110	11 340	14 826
Current portion of long term debt	0	0	0	0	0	0
<b>Total Current Liabilities</b>	0	72 401	102 918	117 467	109 998	143 812
<b>LONG TERM DEBT (less current portion)</b>	0	0	0	0	0	0
<b>STOCKHOLDERS' EQUITY</b>						
Common Stock	300 000	300 000	300 000	300 000	300 000	300 000
Preferred Stock	0	0	0	0	0	0
Retained Earnings		-55 507	-44 741	14 119	-1 064	39 966
<b>Total Equity</b>	300 000	244 493	255 259	314 119	298 936	339 966
<b>TOTAL LIABILITIES &amp; EQUITY</b>	300 000	316 893	358 177	431 586	408 934	483 778

# Financial plan: Income

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<b>NET REVENUES</b>	432 500	768 500	865 000	810 000	1 059 000
<b>COST OF REVENUE</b>	18 207	31 840	35 750	33 600	43 753
% of Revenues	4,2%	4,1%	4,1%	4,1%	4,1%
<b>GROSS PROFIT</b>	414 293	736 660	829 250	776 400	1 015 247
% of Revenues	95,8%	95,9%	95,9%	95,9%	95,9%
<b>OPERATING EXPENSES</b>					
Sales & Marketing	292 775	414 935	425 550	452 940	535 490
Research & Development	110 975	121 055	123 950	127 900	187 170
General and Administration	65 050	189 903	198 833	203 333	216 047
<b>Total Operating Expenses</b>	468 800	725 893	748 333	784 173	938 707
% of Revenues	108%	94%	87%	97%	89%
<b>EARNINGS FROM OPERATIONS</b>	-54 507	10 767	80 917	-7 773	76 540
<b>EXTRAORDINARY INCOME / (EXPENSE)</b>	-1 000	0	0	0	0
<b>EARNINGS BEFORE INTEREST &amp; TAXES</b>	-55 507	10 767	80 917	-7 773	76 540
<b>INTEREST INCOME / (EXPENSE)</b>	0	0	0	0	0
<b>NET EARNINGS BEFORE TAXES</b>	-55 507	10 767	80 917	-7 773	76 540
<b>TAXES</b>	0	0	-12 057	2 591	-25 511
<b>NET EARNINGS</b>	-55 507	10 767	68 859	-5 182	51 030
% of Revenues	-12,8%	1,4%	8,0%	-0,6%	4,8%

# Financial plan: Cash Flow

		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<b>OPERATING ACTIVITIES</b>						
Net Earnings		-55 507	10 767	68 859	-5 182	51 030
Depreciation		5 307	6 233	6 283	6 333	7 260
<b>Working Capital Changes</b>						
(Increase)/Decrease Accounts Receivable		-64 616	-27 236	-8 662	6 391	-28 934
(Increase)/Decrease Inventories		-64 616	-27 236	10 714	5 159	-23 356
(Increase)/Decrease Other Current Assets		-7 785	-3 281	-1 044	770	-3 486
Increase/(Decrease) Accts Pay & Accrd Expenses		64 616	27 236	13 506	-6 699	30 328
Increase/(Decrease) Other Current Liab		7 785	3 281	1 044	-770	3 486
<b>Net Cash Provided/(Used) by Operating Activities</b>		<b>-114 816</b>	<b>-10 236</b>	<b>90 701</b>	<b>6 002</b>	<b>36 327</b>
<b>INVESTING ACTIVITIES</b>						
Property & Equipment		-19 700	-3 700	-500	-13 700	-5 900
Other						
<b>Net Cash Used in Investing Activities</b>		<b>-19 700</b>	<b>-3 700</b>	<b>-500</b>	<b>-13 700</b>	<b>-5 900</b>
<b>FINANCING ACTIVITIES</b>						
Increase/(Decrease) Short Term Debt		0	0	0	0	0
Increase/(Decrease) Curr. Portion LTD		0	0	0	0	0
Increase/(Decrease) Long Term Debt		0	0	0	0	0
Increase/(Decrease) Common Stock		0	0	0	0	0
Increase/(Decrease) Preferred Stock		0	0	0	0	0
Dividends Declared		0	0	-10 000	-10 000	-10 000
<b>Net Cash Provided / (Used) by Financing</b>		<b>0</b>	<b>0</b>	<b>-10 000</b>	<b>-10 000</b>	<b>-10 000</b>
<b>INCREASE/(DECREASE) IN CASH</b>		<b>-134 516</b>	<b>-13 936</b>	<b>80 201</b>	<b>-17 698</b>	<b>20 427</b>
<b>CASH AT BEGINNING OF YEAR</b>		<b>300 000</b>	<b>165 484</b>	<b>151 549</b>	<b>231 749</b>	<b>214 051</b>
<b>CASH AT END OF YEAR</b>	<b>300 000</b>	<b>165 484</b>	<b>151 549</b>	<b>231 749</b>	<b>214 051</b>	<b>234 478</b>

# Financial plan: Break-Even

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<b>Revenue</b>	432 500	768 500	865 000	810 000	1 059 000
<b>Cost of Revenue</b>					
<b>Variable</b>	17 300	30 740	34 600	32 400	42 360
<b>Fixed</b>	907	1 100	1 150	1 200	1 393
<b>Total</b>	18 207	31 840	35 750	33 600	43 753
<b>Operating Expenses</b>					
<b>Variable</b>	69 200	122 960	138 400	129 600	169 440
<b>Fixed</b>	310 800	491 933	498 933	519 933	657 667
<b>Total</b>	380 000	614 893	637 333	649 533	827 107
<b>Total Costs &amp; Expenses</b>					
<b>Variable</b>	86 500	153 700	173 000	162 000	211 800
<b>Fixed</b>	311 707	493 033	500 083	521 133	659 060
<b>Total</b>	398 207	646 733	673 083	683 133	870 860
<b>Variable Costs/Revenue Ratio</b>	0,20	0,20	0,20	0,20	0,20
<b>Break-Even Point Revenues</b>	389 634	616 292	625 104	651 417	823 824

**Questions?**

**Welcome in**



**THANKS**