

CodeDreamers Software Company

FINAL BUSINESS PLAN



CodeDreamers S.C



<i>Company Partners</i>	Id
Assefa Tedla	Bsc. In computer science from Hawassa University
Abdulahakim Zeinu	Bsc. In computer science from Hawassa University
Tesfu Amsale	Bsc. In computer science from Hawassa University
Nesredin Ebrahim	Bsc. In computer science from Hawassa University

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CHAPTER ONE: EXECUTIVE SUMMARY

1.1. Introduction

CodeDreamrs software Company is a small start-up system software development firm located in Hawassa, Ethiopia. We are in business to develop software for general purposes and for specific purposes to our various clients. We are in business to not only make a profit but to also compete favorably against other software development companies in the industry and attain our vision of being the preferred software development company for clients all over Ethiopia.

In order to achieve our vision, we have on hand the best software developers that will ensure that we attain our goal of being the preferred software company and in meeting all the diverse software needs of our customers here in Ethiopia.

1.2. Vision Statement

Our vision at CodeDreamers SC. is to be distinct from other software development companies by creating software that suits the diverse needs of our end-users and to be the preferred software firm for users in Ethiopia.

1.3. Mission Statement

Our mission is to be able to build and develop a standard application which will be made available on all platform. These platforms include Windows, Android phones, Apple amongst others.

1.4. Keys to success

- ✚ We have the right business structure that will ensure that we conquer this industry. Our software developers are the best there is and have the expertise and experience to enable us attain our goals and objectives.
- ✚ We are also involved in ensuring that our software pass through the quality process, reason we have testers who run several tests on any of our software before it is released.
- ✚ Building and maintaining strategic alliances with our software vendors and other industry-related business partners.
- ✚ Adopting a customer- and market-focused sales and marketing paradigm.

CHAPTER TWO: COMPANY SUMMARY

2.1. Introduction

CodeDreamers Software Company is a start-up software development company that will provide software development service to mid and small business owners and service organizations that are looking to expand their existing marketing efforts to reach the current global view.

2.2. Company Ownership

CodeDreamers will be privately owned by four partners. With all computer science graduates currently working at Capstone project entitled “Automated Kebele Administration System”.

Assefa Tedla :- He is a Computer Science Graduate at Hawassa University and gold medalist from informatics faculty with CGPA of 3.9. He has working experience in HB software company as an internship program. And for his final project he has been working on Both android and desktop-based e-menu system with a firebase database. And privately he has been selling desktop applications for private business owners. And well known for his big commitment in school.





Abdulahakim Zeinu :- He is Computer Science Graduate in Hawassa University with CGPA of 3.54. He has a good passion toward software development and other technological activities. He has developed some problem solving android applications and website while he was learning in universities. Also he has developed android application for some governmental organization previously. He has certificates from well known organizations like IcoG Labs, SolveIt and Jica. In addition to that he has a great leadership skill. Currently he is developing Automated kebele management system with the incorporation of Hawassa University and South ICT agency.

Tesfu Amsale:-He is a Computer Science Graduate in Hawassa university. and he had good experience in web design and android development. also he is one of an exemplary student in his field of study. And he has been working on Capstone project

Nesredin Ebrahim: He graduated from Hawassa University with B.Sc. degree in computer science with CGPA 3.73 on July 11, 2019 G.C. Now He is participating in Capstone Project (at Hawassa University) entitled with “Automated Kebele Management System”. He has a great interest to work in enterprise with friends. and He is interested to bring a positive influence in the enterprise. In addition to that He is highly motivated Co-operated, open minded, responsible and confidential person in all of the task.

2.3. Startup Plan

CodeDreamers SC is a start-up organization. The following assets and professional services will be needed for the formation and start of operations.

-  Six computer workstations, including 1 Server Computer, 4 Laptop Computer
-  A broadband Internet connection.
-  Office cubicle furniture for four partners.
-  Promotional materials.

-
- ✚ Legal services for company formation.







2.4. Company Location and Facilities

CodeDreamers will initially locate here in Hawassa city temporarily on Hawassa University Incubation Center bureau. Currently, we will have facility of consultancy service, broadband internet connection, finding customers, sufficient ICT equipment, furniture, office, and stationery.

CHAPTER THREE: PRODUCT AND SERVICES DESCRIPTION

3.1. Introduction

CodeDreamers SC. intends to deal with several services whilst also generating revenue that would boost our bottom line tremendously. These several services will be added to our core service and should keep us favorably disposed to compete against our competitors. We, however, intend to ensure that all our multiple sources of income which include training and technical support are in line with what is obtainable in the industry and accordingly to the laws of Ethiopia. Therefore some of the services and products we will engage in are;

-  Developing of software according to clients' specifications
-  Sale of software
-  An offering of subscriptions for our software
-  Advertisements on our software
-  Training services
-  Technical support

3.2. Competitive Comparisons

Just like any other business that is established to make a profit, we hope to be able to compete favorably against our competitors in the same industry. Our vision is to be the preferred software development company for our clients all over Ethiopia and to achieve this, we intend to come up with competitive strategies that would enable us attain our goals and objectives.

We have assembled a high team of software developers as well as a management team who can understand how to handle a start-up and make it become a force to be reckoned with nationally. Our staff is also attuned to our core values and principles and understand the importance of projecting the image of the company positively to our customers – potential and existing.

Another competitive advantage that we have to our favor is our excellent customer service culture. Our customer executive is highly sociable and is always updated on industry trends so as to be able to give our customers the correct information at all times.

3.3. Sales Literature




CodeDreamers SC. will have plans to offer an official website and brochure in order to inform our customers about our service and help them make buying decisions.

3.4. Sourcing and Fulfillment

At this time we have 2 Software developer, one tester and one Customer Executive. we will employ industry professionals to handle our client needs.

CodeDreamers SC. will fulfill its client needs by developing its own website to support our products/services. This website will handle customer support for the client to access our products.

3.5. Future Products and Services

-  Deploying Automated Kebele Management system entirely in Ethiopia.
-  Debeloping E-broker system.
-  Programming Training Center.

CHAPTER FOUR: MANAGEMENT AND ORGANIZATION

4.1. Introduction

CodeDreamers SC. is owned and operated by four partners with equal equity in the company and all are directors in the company.

4.2. Organizational Structures

CodeDreamers SC. will depend on the four main principals Assefa Tedla, Abdulhakim Zeinu, Tesfu Amsale and Nesredin Ebrahim.

- ✚ Abdulhakim Zeinu will serve as chief technology officer and lead software development Team. He supervises the whole software development process and testing. And Software developer.
- ✚ Assefa Tedla Software Developer and Database Designer.
- ✚ Tesfu Amsale will serve as a software developer and Database Designer.
- ✚ Nesredin Ebrahim will serve as a chief Customer service officer and sales manager. He will supervise all sales promotions.

4.3. Management Team Gaps

The current management team will require support in both the business development and administrative department. Both managers have had prior experience in these fields. But feel as though their experience is limited given the fact that prior working environments required this type of support.

We will turn volunteer companies, for our finance and accounting firm, to get expert advice and counseling in both the business development and administrative support department. We will turn the low officers for free law advice companies for all advice concerning the legal issues of running CodeDreamers SC.

4.4. Personnel Plan

We visualized implementing “team” development system that will consist of one full-time sales and office management, two full-time software developer, and one full-time Software Development Leader and tester.

CHAPTER FIVE: MARKET ANALYSIS

5.1. Introduction

CodeDreamers SC will initially focus on mid and small level companies that are looking to develop a system to automate their services. Then we gradually shift our concern to higher-level organizations.

5.2. Market Segment

Our business allows us to offer services to mid and small companies, no matter their geographical location and we plan to do so, eventually expanding outside our immediate area to our country, in addition to SNNPR.

5.3. Target Market Segment Strategy

Almost everyone makes use of software and have either bought directly from the developers or indirectly via owning a device. This means that the target market for any software development company is wide. We, however, have mapped out a strategy that would allow us gain a vital share of the target market.

One of our first strategies is in conducting thorough market research that would enable us to understand the market we are to go into and know what they expect from us and what our obligations are towards them. The result of the market research showed that we were in business to develop software or offer other kinds of related services to the following:

- ✚ Corporate organizations
- ✚ Entertainment industry
- ✚ Educational institutions
- ✚ IT firms
- ✚ Hospitals
- ✚ Accounting firms
- ✚ Financial institutions
- ✚ Small businesses
- ✚ Agricultural sector
- ✚ Other software companies

Since our success depends more on proper and good marketing strategies, below are some of the tools we will use in marketing our company:

- ✚ Our business will be greatly promoted by our great customers who have received the best services from us.
- ✚ Online advertisement, this would be used judiciously in marketing our company, especially since most users will be using either a system or a Smartphone.
- ✚ Social media, most of our customers would be captured by advert sponsored on social media like Facebook, Telegram amongst others.

✚ Training at selected institutions would also be used to market and sell our products

5.3.1. Market Needs

While every business owner and services organizations have now recognized the need for having a presence on the internet, many do not know where to start, how much it will cost or even how it will benefit their company. It has been our experience by talking to business owners and service organizations that the decision to take advantage of the web is not a matter of “if” but a matter of “when.”

The need for a system in mid and small business and organization has not provided fully. But they need to automate their services and want to migrate on to the web at an astonishing rate and make their online presence a higher priority than in earlier years. We have noticed an enormous hole however in the mid and small business and other service organizations services that are currently available.

5.3.2. Market Trends

The trend in the software industry is that most software firms or companies are located in clusters in identifiable locations. This is due to certain facts such as these companies wanting to be close for competitive and industry purposes and also most software companies depend on one another to be able to carry out certain functions or complete certain specific tasks for clients.

This does not, however, mean that there aren’t software companies in other locations or that software companies in these other locations cant still get jobs done. To however remain relevant, software companies must always remain innovative and unique in their offerings and services.

Another trend with software companies is in its publicity and promotion activities. To be able to attract the much-needed awareness and also attract clients that would pay money for the firms’ products, software companies have engaged in strong promotional activities either by hiring brand consultants or getting an in-house team or deploying both methods to draft the strategies that would enable it be recognized in the industry. Intense promotional activities will also help in getting a huge share of the market.

Lastly, software cannot work without any device and so goes hand in hand with new or existing technology; which is why most software companies try to partner with technology firms so as to create new software or upgrade existing software for these firms. This goes to show that the software industry is dependent on the technology and manufacturing industry in order to survive.

5.4. Industry Analysis

CodeDreamers will be relatively unique in the fact that we are focusing exclusively on Software development for mid and small level organizations.

5.4.1. Industry Participants

The automation services and development industry consists mainly of three different types of firms.

- ✚ The first types are the very large, high revenue companies who service larger fortune corporation and well- funded internet-based start-ups exclusively. In this category are only a few worldwide participants that dominate.
- ✚ The second type of firm pre-fabricated, all-in-one proprietary type automation services to any size company at a very low cost or without any cost. The participants in this category consist of a few dominating companies that mainly all have additional sources of revenue and only offer part of the company automation services as a value-added service or additional attraction.
- ✚ The third type of firm is our classification, which are the smaller, usually very young companies that market to small- and medium-sized business in their local area. Currently there are a large number of participants in this category, but it is not the case here in our region, also no dominating forces at large in the country level.

5.4.2. Main Competitors

In the beginning, we assume our market boundary is SNNPRS. Based on our geographical limitations, we see that there was no legally settled software company. So we can say that comparatively no strong software design and development service compotators.

CHAPTETR SIX: STRATEGY AND IMPLEMENTATION

6.1. Introduction

Our marketing strategy will initially focus on mid and small-sized organizations in Hawassa. This will be the key. We are a relatively small company and hence must focus on certain kinds of services with certain kinds of users.

- ✚ We are currently building image and awareness through consistency and distinctiveness in our service provision.
- ✚ We intend to focus on delivering quality service and Software that in turn produces good referrals, which can then generate revenue.
- ✚ We intend to always have a relatively best personal selling component to our marketing. Hence we intend to always be active in personal relationships with clients and strategic allies keeping abreast of their needs and wants.
- ✚ We are focusing on advertising in several key media.

6.2 Competitive Edge

The demand and growth rate for web-based system development services in the mid and small business is at an all-time high and shows no sign of slowing any time soon. Even more astonishing is the fact that very few software development companies have taken advantage of the opportunity as there are no dominating participants in this huge market.

We will have a valuable competitive edge over our local competitors based on the fact that we have streamlined all our services into Software development to the mid and small-sized organizations. Through setting up several strategic partnerships with various internet and software development companies, we are able to offer our clients an affordable and efficient proprietary software package that will meet all their related needs.

6.3 Marketing Strategy

We would conduct a market survey that would allow us to understand the right strategies to draft and how effective they would be depending on the target market. To conduct a thorough market survey, we would make use of accurate available data so that we would be effectively able to compete with all our competitors all over Ethiopia.

Therefore, the following are the marketing strategies we hope to adopt at CodeDreamers SC. in order to sell our products and services;

- ✚ Ensure that we introduce our software development business by sending out introductory letters to technology and manufacturing companies as well as other big software companies and other stakeholders in the industry.
- ✚ Network with other software companies by attending software developer conferences
- ✚ Advertise our software development business in local newspapers, technology-related magazines, and in local radio and television stations
- ✚ Ensure that CodeDreamers. is listed in online and offline directories
- ✚ Engage in direct marketing and sales

6.3.1 Pricing Strategy

Determining the right price for our various software will depend on a number of factors, such as how much the market will willingly pay for such software, how much that category of software is being charged for by competitors, and how unique the software is. Other factors that will determine the prices are if we intend to charge a licensing fee for our software or enable a pay per transaction or a subscription that is time-limited for the end-user.

In view of all the above-based factors, we will offer our software at prices that are at the prevailing market conditions. However, because this is a competitive market, we will, however, lower our prices in the first two months of business so as to attract more customers to our business, and also increase the awareness of our products.

6.3.2. Promotion Strategy

Carrying out the right publicity and advertisement for our software development business is very essential as it is not enough to just penetrate the market and also create awareness, but to ensure that the strategy will result in CodeDreamers's products becoming generic terms for similar products in the same category.

Below are some of the platforms we intend to leverage on in order to promote CodeDreamers SC.

- ✚ Develop a free version of our software and give users an opportunity to upgrade at a cost
- ✚ Leverage on relevant social media platforms such as Facebook, and Telegram.
- ✚ Create contests on social media and via our website to generate more publicity
- ✚ Distribute our handbills and fliers in strategic locations
- ✚ Install our Flexi banners inconspicuous and strategic locations all over Hawassa.

6.3.3. Marketing Programs

The following is a summary of our marketing programs from the milestones table:-

- ✚ We will begin our marketing by acquiring PLC (private limited company) license from SICT-BIC at / / 2011 EC.
- ✚ We plan on doing a large scale marketing project during this month including:-
Our official Website development and Billboard adds to promote wide-spread name recognition.

6.4. Sales Strategy

In order to sale our software product we have set the following strategies:-

- ✚ Start with small niche markets: We believe that we can dramatically increase the effectiveness of our cold outreach by targeting specific niche markets of organizations. Rather than reaching out to businesses of all different sizes, industries, and offerings, focus in on a narrow grouping of companies to pitch.
- ✚ Connect with the decision-maker: It seems obvious that we don't want to waste time spinning our wheels having countless conversations with lower-level managers who won't ultimately be able to champion our solution through to implementation.
- ✚ Negotiate for a win-win: The real purpose of negotiating for a win-win with our client is to demonstrate respect and the intention to work with them again in the future.

- ✚ Sell our self: Since most people, we're selling to likely don't possess a strong understanding of how our product works from a technical standpoint, our sales strategy needs to get them to trust us and our company. We will try to build that trust by being completely honest, sharing both the good and the bad, sticking to our commitments and showing that we'll be an advocate for them long after closing the sale.
- ✚ Give short product demos.
- ✚ Use the PAS framework: PAS framework is at the core of our sales strategy. P-A-S stands for problem-agitate-solution. This sales strategy is defined by shaping all interactions with our clients around the context of identifying their biggest problems and positioning our product as the best possible solution to them if indeed that's true. Here are the three stages of the PAS framework in action.
 - Problem:** Identify and clearly state the #1 problem our product solves for the client.
 - Agitate:** Highlight how dangerous the problem is and remind clients about all the negative implications it can have.
 - Solution:** Position our product as the solution to their specific problem.
- ✚ Sell more to our existing customers: Studies have shown that on average, it's about 5x more expensive to acquire new customers than it is to retain and continue providing value to our existing ones.
- ✚ Use lead scoring to prioritize our customers: We decided to incorporate lead scoring into our sales strategy. After fully qualifying our sales client, lead scoring will help us prioritize our client based on the strongest possibility for closing the sale quickly before even beginning our outreach efforts.

Lead scoring is simple. It's a point system for ranking client on a scale of 1 to 10, that assigns a point to the value each lead represents to our company. For example, if a new lead comes across our desk and they're a CEO, they'd likely be assigned a 10 since they have the ultimate authority and typically result in more closed deals. On the other hand, a manager level lead may be assigned a point value closer to 4 depending upon the relevance of their job title, since they'll require additional stakeholder buy-in before signing up for our service. Work our client list from top to bottom so that we're prioritizing time on the highest-scoring leads who have the greatest potential for conversion and make sure we're asking them the right questions.

6.4.1. Sales Forecast

Our sales consist of Software Development and training. Our services provide a fraction of the revenue we will receive for the software development, but they will sustain our cash flow needs while we develop enterprise sales. Sales of consulting, training and product are predicted to grow at 30%, 20%, and 10% respectively. Costs associated with these sales are estimated at 10% for start-up sales, 40% for consulting fees and 50% for training. We expect these costs to decrease two, five, and ten percentage points respectively in years two and three

The following table and chart summarize our forecast sales.

Software development sales will be the largest portion of our revenue. Training and Technical support revenue will be built up slowly but are residual base we will stand on in the future.

6.4.2. Sales Programs

(22 / 11 /2011) we will be updating our sales literature including Developing CodeDreamer's official site, creating brochures and printing leaflets to be placed in our presentation folders.

(29/ 11/2011) training our salesman, we will be training this partner this month to make telephone calls to business owners in the area and set appointments to meet with them and show them what we have to offer.

6.5. Milestones

The accompanying table lists important program milestones, with data and managers in charge, and budgets for each. The milestone schedule indicates our emphasis on planning for implementation.

What the table doesn't show is the commitment behind it. Our business plan includes complete provisions for plan-vs-actual analysis, and we will hold monthly follow up meetings every month to discuss the variance and course correction.

Milestones	Start- date	End-date
Acquire a business license	01/01/2012	10/01/2012
Acquire start-up financing/material	11/01/2012	18/01/2012
Start-up advertisement	20/01/2012	30/01/2012

CHAPTETR SEVEM: FINANCIAL PLAN

7.1 Important Assumption

Our financial assumptions are based on a steady economy and standard numbers for a business in our industry.

	Year 1
Plan month	50,000
Current interest rate	20%
Long-term interest rate	50%
Tax rate	35%

7.2. Project/Business Cost

Here we try to show all required materials, wages, promotions with respective costs needed to purchase.

Equipment currently to be purchased by the business

N o	Types of equipment	Unit	Quantity	Unit cost	Total cost	Remark
1	Chair	Number	4	2,000	8,000	
2	Table	Number	4	3,000	12,000	
3	Book shelf/file cabinet	number	1	2,000	2,000	
4	Laptop computer	number	4	15,000	60,000	purchased
5	Phone fixed	number	1	300	300	
6	External hard disk	number	1	2,000	2,000	purchased
7	Flash disk	number	1	400	400	purchased
	Total equipment cost				<u>22,300</u>	

Annual raw material requirement

No	Types of row material	measurement	Qty	Unit of price	Total price	Remark
1	Paper	Pack	3	250,00	750	
2	Pen	Pack	3	100	300	
	Total cost of Row material				<u>1,050</u>	

Other annual operating expenses

No	Types of expenses	measurement	Qty	Unit price	Expenses in birr	Remark
2	Promotion	Per year			10,000	
4	Broad band internet	Month	12	1,200	14,400	
5	phone	Month	12			
6	House Rent	Month	12	3,500	42,000	
	Total expenses				<u>66,400</u>	

7.3. Break Even Analysis

The following table and chart summarize our break-even analysis with two developers, one software developer officer, and one salesman we plan on developing five to ten software within one year.

7.4. Project Profit and Loss

Our profits and loss are shown in the following table.

Annual profit and loss Company CodeDreamers SC.	
Gross sales	800,000
Less, selling and administrative expenses	
Promotion	10,000
House rent	42,000
Broadband internet	14,400
Other	10,000
Total expenses	76,400
Operating profit	723,600
Net profit before tax	723,600
Less current income tax	35%
Net profit after tax	<u>470,340</u>

7.5. Project Balance Sheet

The balance sheet in the following table shows the date of / /2012.

Balance sheet	
Company CodeDreamers SC.	
For / /2012	
Assets	
Current asset	
Cash	0,00
Account receivable	0,00
Raw material	0,00
Fixed assets	
Equipment	60,000
Less: accumulated depreciation	0,00
Net fixed assets	60,000
Total assets	60,000
Liabilities	
Current liabilities	
Account liabilities	0,00
Total current liabilities	0,00
Long term liabilities	
Total liabilities	0,00
Owner's equity	
Beginning capital	60,000
Add: Net profit after tax	470,340
Less: withdrawal(dividend)	0,00
Total owner's equity	0,00
Total liabilities and owner's equity	0,00

Reference

1. SICT-BIC Business plan preparation training/workshops
2. https://www.bplans.com/computer_software_business_plan/executive_summary_fc.php