

Project: Melbourne

The name **Melbourne** corresponds to a general identification; specific information will be provided after the signing of a confidentiality agreement.

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EFM Capital

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General Information

POS Software

Its main product is a point-of-sale system, which is complemented with an ERP platform that integrates the different information systems of a business in order to maximize process efficiency and reduce administrative costs. This last one includes areas such as sales, client relations, purchases, inventory, accounting, etc.

It also has a QMS tool focused on quality management and provides general IT consulting services. The firm develops its own software, which allows it to tailor its solutions internally.



Location



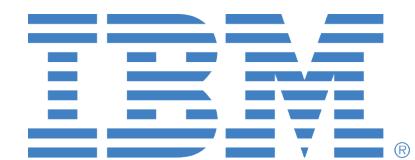
Differentiators

1 High specialization in retail and fast food

2 Fast implementation and integration of complementary modules

3 Capacity of integration with other ERP systems

Commercial Partners



Main Products

POS Software

This tool integrates easily with SAP and other ERPs, which allows it to target a market that is currently unattended due to cost and size. It represents around **66%** of sales.

QMS Software

It is a quality management system that helps businesses to comply, apply norms and improve the expectations of clients in a profitable and efficient way.

Currently, businesses such as OXXO, Gruma and EGADE Business School use this tool to improve their quality processes.

Current Clients

POS Software Clients



QMS Software Clients



EGADE Business School
Tecnológico de Monterrey



Industry Description

Point-of-sale ERP's

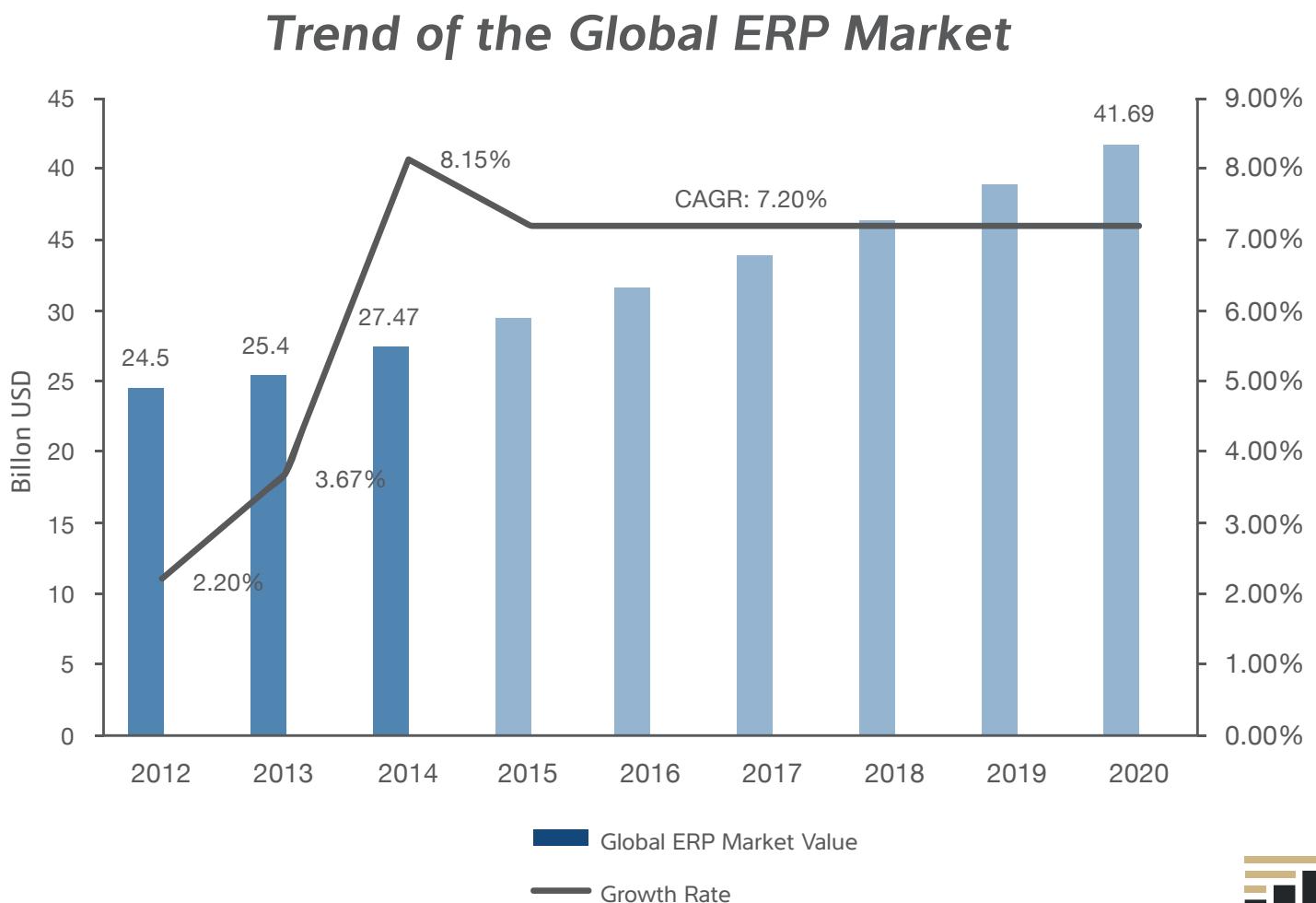
This is the main niche in which the business competes. Given its experience and current infrastructure, the firm can provide competitive services and solutions at a national level.

Partnerships

Businesses inside the industry tend to establish partnerships for the distribution of their product, as well as to give customer support.

Acquisition of other businesses

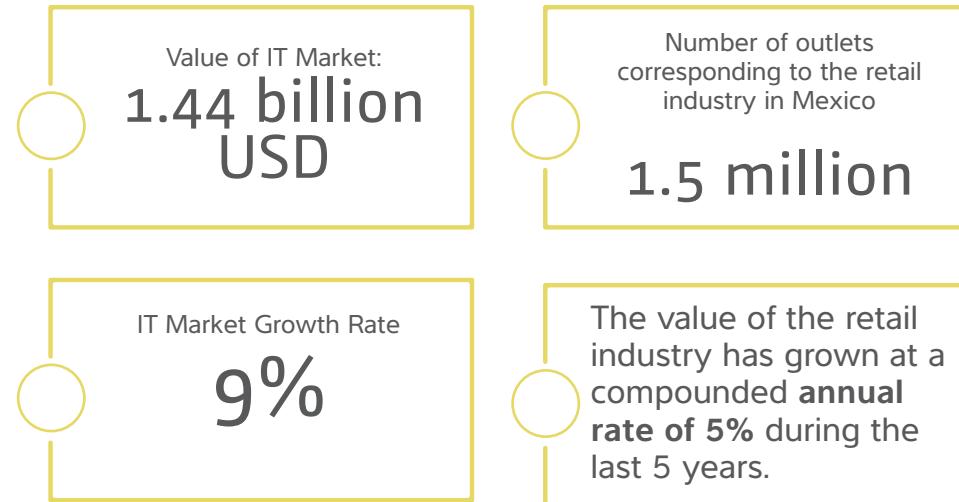
Firms such as SAP, Microsoft and Oracle tend to integrate vertically by acquiring other businesses that develop ERP systems.



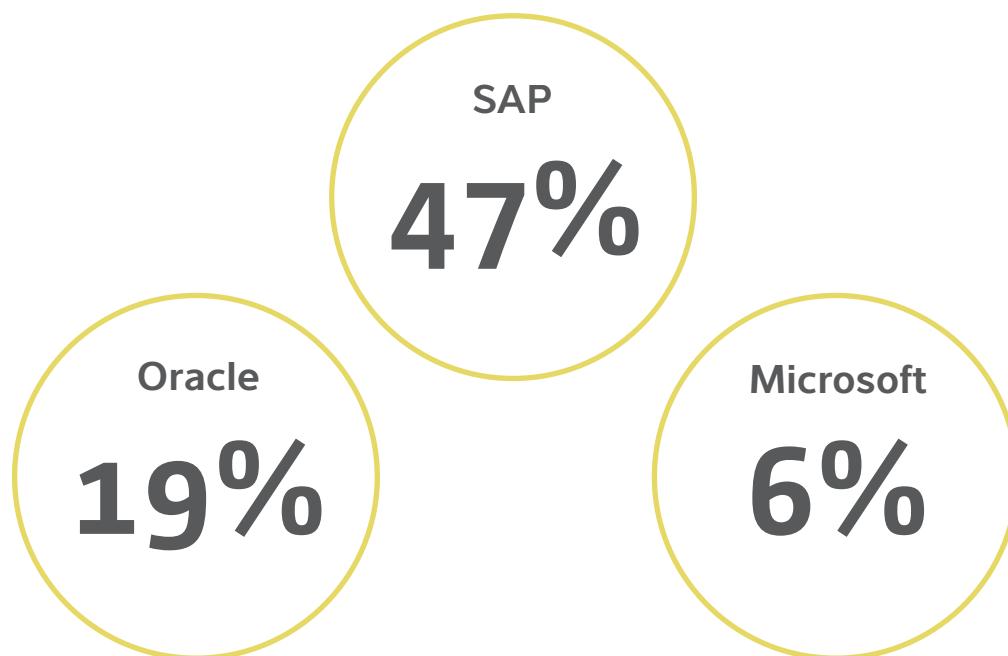
Mexican Market —

Market Share in Mexico —

Industry Data (2015)



Mexican Market Share



Barriers to Entry

Time, cost and experience of ERP software development

Reputation:
It is difficult to acquire clients without a solid brand or important clients who back the firm's products

Firms such as SAP and Oracle already offer tailored solutions for different market niches

Switching costs



Main Competitors —

Direct Competition



EPICOR



odoo

ORACLE®

JD EDWARDS ENTERPRISEONE

Indirect Competition



ORACLE®



Aloha.

Other Business Aspects —

Due to the nature of the products it offers, the firm can increase its sales while maintaining its fixed costs relatively stable, which allows it to generate attractive profit margins.

The firm does not incur in significant product distribution expenses and can generate new sales channels through strategic alliances with distributors such as IBM and Alestra.

Long-term software lease contracts.

It is costly for businesses to change their POS systems due to the time and initial cost of license installation.

The industry presents attractive exit multiples.



Information on Industry Transactions

Transaction volume / Value & Multiples: 01 January 2013 to 20 June 2015

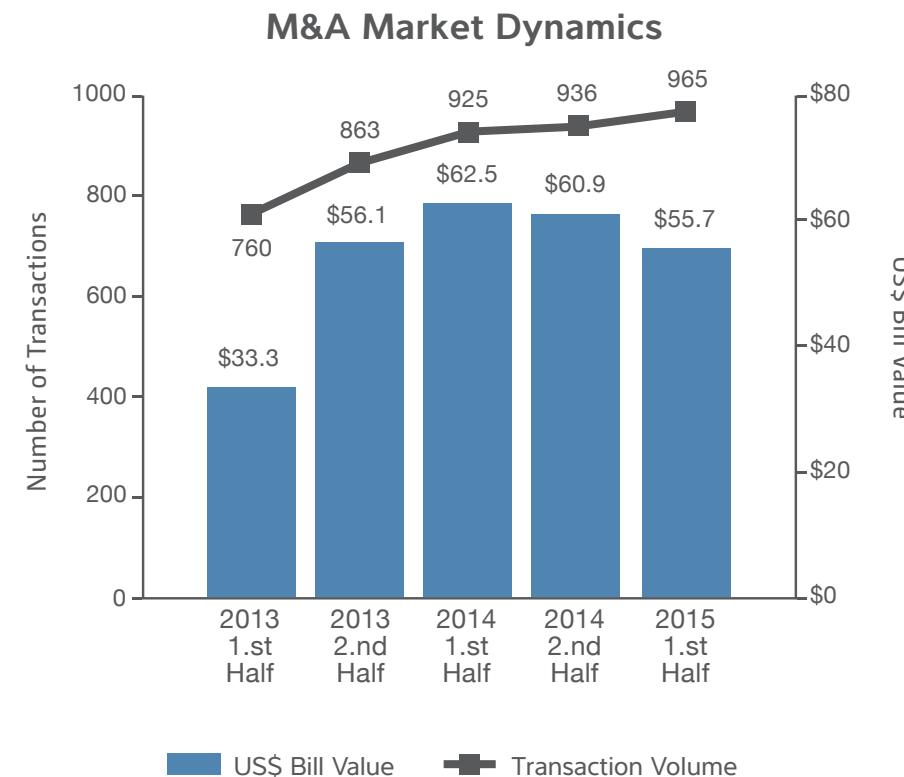


Figure 1. 2013-2015 value and volume comparison

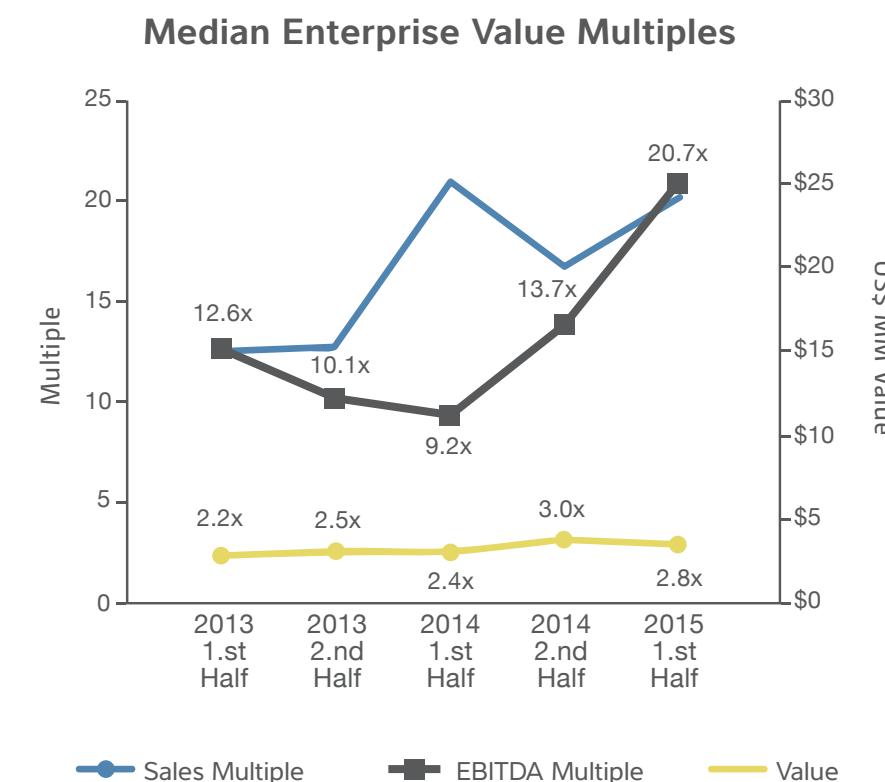


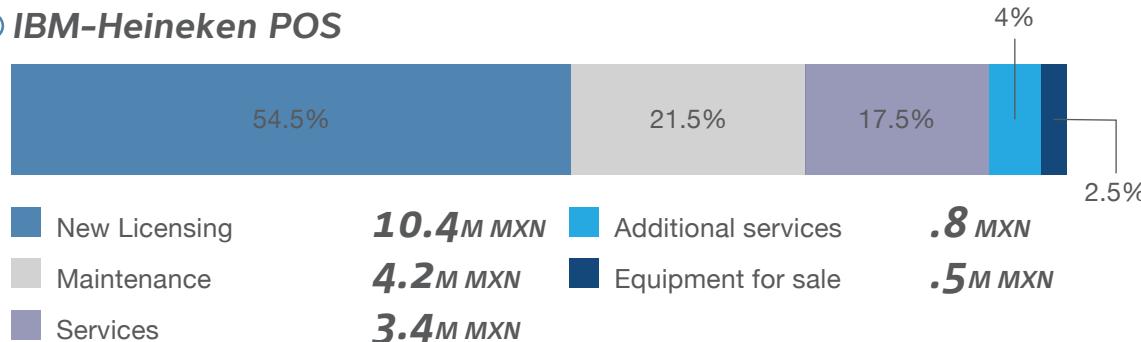
Figure 2. 2013-2015 median comparison: value, income and EBITDA



Sales Projections 2016

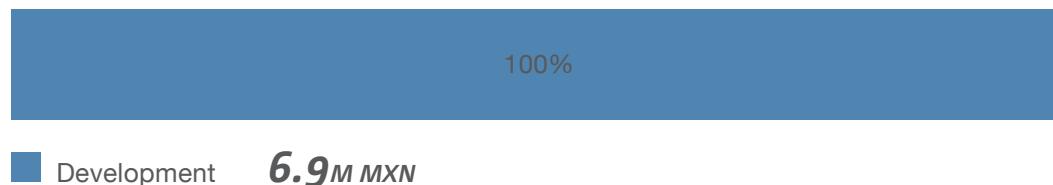
Clients with the highest contribution to sales

IBM-Heineken POS



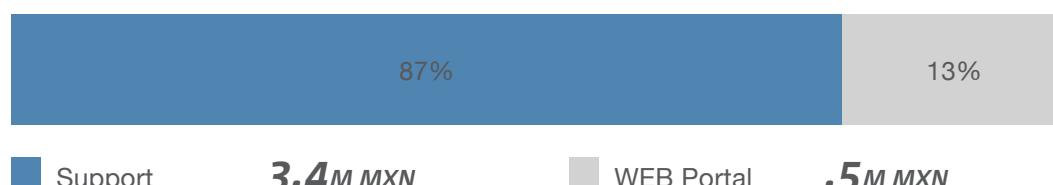
Total: **19.4M MXN**

CCM2 POS



Total: **6.9M MXN**

Promax ERP



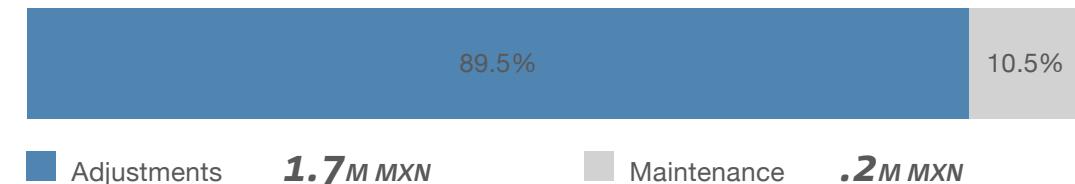
Total: **3.9M MXN**

Helados Sultana POS



Total: **3.2M MXN**

Gilsa ERP



Total: **1.9M MXN**

Guaranteed sales

at March 2016

46.9M



Projected Expenditures 2016

Breakdown of expenses

| Concept | Value \$MXN | % |
|-------------------------|-------------------|-------------|
| Labor | 11,280,600 | 59.2% |
| Debts | 3,051,043 | 16.0% |
| SAT | 1,364,643 | 7.2% |
| Supporting Services | 1,058,316 | 5.5% |
| Project Expenses | 965,841 | 5.1% |
| HR Expenses | 487,646 | 2.6% |
| Office Lease | 246,286 | 1.3% |
| Representation Expenses | 214,688 | 1.1% |
| Marketing | 152,184 | 1.0% |
| Hardware & Software | 133,589 | 1.0% |
| Telecommunications | 82,409 | 0.4% |
| Credit Cards | 15,630 | 0.1% |
| TOTAL | 19,052,875 | 100% |

Note: These expenditure projections are based on the sales assumptions projected on the previous slide

Current firm personnel



Total: 61
All employees, including the director, are hired through an outsourced payroll.

Expected 2016 Net Profit Margin
40.5%



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