

## **Executive Summary**

The Tenat project aspires to revolutionize tutoring and training service delivery in Ethiopia. Ethiopia lacks qualified human resource. This is believed to have stemmed from outmoded educational system. At a time of technology and globalization, making use of the vastly available digital gadgets and platforms is instrumental to withstand real-world problems. As Ethiopia strides to create a digital economy in the near future, aligning project ideas with the national objectives appears prudent. Tenat is a novel project idea that will provide academic tutoring for students online in a convenient fashion. Thus, many will have access to quality tutoring sessions. Tenat will introduce a sharing economy concept, which will bring down unit cost of service in splitting it into group members and thereby reduce price. Additional services including but not limited to language, computer programming, and many more will be carried out on Tenat's platforms. In order to do that, Tenat will use its own website and mobile application as well as existing web conferencing application: Zoom. This paper includes the details of the project. The project considered secondary sources of market information to learn about the population, demographic sizes, and other related documents. E-learning and e-tutoring market share and industry figures are taken from abroad since there are no researches made in the country. The preparers of this paper consulted experts in the areas of technology and software development. The paper starts with history and background of e-tutoring and e-learning and holds the specific plans and feasibility assessments in the proceeding parts.

## **Part One: Background, History, and Description of the Project**

### **1.1 Background of the Project**

Tenat is an online tutoring and training project that will enable a maximum of 30 students to be a part of tutoring and supplemental learning sessions with a tutor. The project is to be incorporated as a company called Tenat PLC in the end of 2021. It is a well known fact that parents find it difficult to pay for private tutors on top of school fees they need to cover for their offspring. In the same manner, tutors should go to every person's house to provide tutoring service. This adds the cost of providing the service and that translates to the customer. Tenat will be an online tutoring solution which will register as many as 30 students in one group and provide tutoring sessions using the Zoom application in many courses, ranging from elementary and high school to college preparatory and university. Tenat will have its own website and application that will be used for registration, rating, communication, redirection and provision of adjacent services. These pupils need experienced and qualified tutors who will refresh and clarify subject matters. Conveniently through Tenat project, students will break the barriers of financial limitation and sit on worthwhile tutoring sessions. In addition to tutoring, supplemental learning sessions will take place on the platform, such as language training, computer programming, educational consultancy, people-to-people networking, and mentorship. The business model is novel and can be considered groundbreaking for a country that do not go far in the general e-learning path. For the tutoring services provided, a flat rate of 200 birr per month will be asked, and the 70% will go to the tutors and 30% is to be retained by the Tenat project.

## **1.2 Origin and History of Tutoring**

Tutoring, in its conventional and physical sense, is a home teaching, coaching, mentoring, responsibilities of tutors including teaching and accompaniment of a student. In case of higher education supervisor of a group of students or assistance lecturer, it is designed to help those who need extra help. For this project purpose, the methods of providing tutoring are divided into two: Physical Tutoring and Electronic Tutoring (e-tutoring).

### **1.2.1 Physical Tutoring**

The physical tutoring system evolved in alignment with culture of teaching and educating. Such a tutoring practice and primary way of organization of educational system dates back to the Medieval European universities of 12-14 centuries. Tutoring as an institutionalized form of mentoring appeared first at British Universities, Oxford (12 cent.) and Cambridge (13 cent.). Aim of these universities was educating of clergy who were basically the only literate class in Europe and make them participate in culture reproduction. In the 16 century, tutor performed mostly parenting functions, being the central figure. In the 14 century, its scope of activities increased as educational functions gained more importance. Tutor helps the student to look about at initially separated content of education. Tutor appoints and suggests the lectures and tutorials, explains how to make a plan of studying, supervises diligent work of his students and sees if they are ready for the university exams. Tutor becomes the closest student's counselor and assistant.

### **1.2.2 Electronic Tutoring**

The other method of tutoring is Electronic Tutoring. The emergence of modern technologies has brought impacts on landscape, with online learning now an integral part of the learning process. Online tutoring is teaching or tutoring program through a virtual environment. The student and teacher are not in the same room and have no face-to-face interaction. The student sits in front of a computer and communicates with the tutor through the internet. E-learning and e-tutoring is enabled by resources such as web conferencing, email, blogs, wiki, social bookmarking, podcasting, audio and video files, interactive games and quizzes, and etc.

The first computer-based training program (CBT program) was known as PLATO- Programmed Logic for Automated Teaching Operations. It was mainly designed for students attending the University of Illinois, but ended up being used in schools throughout the area.

In the beginning of online learning systems were really only set up to deliver information to students, but as of the 1970s online learning started to become more interactive. In Britain, the Open University was keen to take advantage of e-learning. Their system of education has always been primarily focused on learning at a distance. In the past, course materials were delivered by post and correspondence with tutors was via mail. With the internet, the Open University began to offer a wider range of interactive educational experiences as well as faster correspondence with students via email etc. With the introduction of the computer and internet in the late 20<sup>th</sup> century, e-learning tools and delivery methods expanded. The first MAC in the 1980's enabled individuals to have computers in their homes, making it easier for them to learn about particular subjects and develop certain skill sets. Then, in the following decade, virtual learning environments began to truly thrive, with people gaining access to a wealth of online information and e-learning opportunities.

In the early 1990s, several schools had been set up that delivered courses online only, making the most of the internet and bringing education to people who wouldn't

previously have been able to attend a college due to geographical or time constraints. Technological advancements also helped educational establishments reduce the costs of distance learning, a saving that would also be passed on to the students – helping bring education to a wider audience.

Fast forward to the present day, the global e-learning market in 2019 was projected at 144 billion USD and is estimated to reach 374.3 billion USD in 2026 (Fnfresearch.com 2020). Coursera, Udemy, Teachable, WizIQ, Skillshare and the like are serving online training. Upon the Covid 19 pandemic, people surfed through the internet much more and that increased the consumption of online courses and learning materials due to the lockdown and demand for upskilling and online tutorship. When the e-tutoring market is seen independently, the market size was valued at 6.57 billion USD in 2021 and is projected to a revenue size of 18.18 billion USD in 2028 worldwide (Grand View Research 2021). The biggest global players and earners in the e-tutoring space are companies like Ambow Education, ArborBridge, Beigic Magic Ears Technology, Chegg Inc., Club Z Inc., iTutorGroup, Qkids Teacher, Varsity Tutors, and Vendantu.com.

In Ethiopia, the e-learning and e-tutoring industry is lagging far behind compared to even regional peers such as Kenya, South Africa, and Ghana. A widely renowned household name in the space of e-learning and e-tutoring is not found in a country that is home for more than 118 million people. The time asks for competent human resource and this can only be realized through effective delivery and sharing of knowledge and skills. E-learning and e-tutoring have the convenience and reach characters at their disposal to equip individuals of any age with modern and in-demand qualifications.

### **1.3 Goal and Objectives of the Project**

The goal of the project is to provide convenient and relatively low-priced online tutoring and other training services for students of different levels. Education is a gateway to individual and national riches. Out of school tutoring programs capacitate students with lesser academic grasp and is believed to bridge scholarship gap. Furthermore, it contributes to literacy and academic stay by reducing dropout rates. The nature of close relationships among tutors and tutees in tutoring sessions give rise to better two-way communication that result in understanding of subjects. Many of tutor and tutee relationships are based on solving practical questions and home works thus happen to be extremely effective in producing competent students. The Tenat project will enable students to access a tutoring service from their whereabouts with minimal costs. For physical, one-to-one tutoring service, people pay expensive amount. In using the Tenat platform, however, customers could cut down their costs at least in half by sharing it with counterparts. The project will put, say, Grade 11 Mathematics tutorship seeking student with fifteen others who would like to be tutored in the same grade and course. Experienced and knowledgeable tutor will be assigned for the group and the Zoom tutoring session will commence. As the cost of tutorship is divided among many, 15 students in this case, a student will be required to pay less. On the other hand, tutors will be able to access numerous students and collect higher payments due to providing the service for many and doing it fully online, avoiding commute expenses to and from customers' houses. Based on the course type and requirement of personal tutor follow up, the size of the group could be decreased or increased. Mathematics, Physics, Chemistry, and similar subjects will be undertaken in smaller group sizes, as the subjects are complex and require close tutor assistance for maximum efficacy.

Creating competent and well rounded citizenry brings about improved economic, socio-cultural, and political outcomes. In order to do that, versatile human resource is needful. The Tenat project is far-reaching in a way that it aspires to incorporate extracurricular activities such as local and international language training, computer programming, edutainment, and people-to-people networking by the online mode of

communication. As aforementioned, the Tenat platform will have its own website and application. The platform will be a wealth of knowledge and user-friendly. It will comprise of books, researches, articles, and publications. The business model is diversifiable and could be augmented to various adjacent areas, to mention some, internship and job announcement, mentorship and people-to-people networking.

## **Part Two: Feasibility Studies**

### **2.1 Market and Demand Feasibility**

#### **2.1.1 Market and Demand Analysis**

On-demand service provision has been accustomed by the majority of the world's population. People now have the privilege to request for food delivery, favorite movies, housing and lodging, and taxi hailing services all online. Asset and resource tapping by many in exchange for payment become the 21<sup>st</sup> century's way of doing successful business. Companies like Uber, Uber Eats, Airbnb, and Netflix used such a model in order to acquire customers. Online on-demand service provision is not a holy grail in Ethiopia no more. The country has adopted on-demand online service provision by the ride hailing companies Ride, Zay Ride, and Feres, as well as food and other stuff last-mile delivery by Deliver Addis, Tikus Delivery, Moteregna, Adrash, and Yetem Delivery. The increased technology utilization of Ethiopians coupled with globalization and new business model adoption from the developed countries breeds acceptance and tryout of new service, breaking the traditional and previously used service models.

According to Ethio telecom, the sole telecom service operator as of now, a little more than 25 million data and internet users and 374,000 fixed broadband subscribers use internet (Ethio telecom.com 2021). This number is rising exponentially as Ethio telecom expands its services to the outskirts of cities and the backcountry. To reinforce connectivity, the Ethiopian government liberalized the monopolized Telecom sector and now two more telco operators are around the corner to enter the market. This will leverage usage of the internet for social, communicational, job, and study

purposes. As Tenat aspires to target those who live in the cities and with purchasing power, the increase of data users in Addis Ababa and regional states will foster an opportunity of addressing a good number of people.

The aggregate demand for the project is huge. Ethiopia has 21, 418, 000 pupils in primary and secondary schools (World Bank 2018). Fifty-eight public universities and numerous private higher learning institutions exist across the country, too. Many continue to go tertiary level education in order to ready themselves for professional growth. Having only 0.5% of the total primary and secondary schools will be sufficient for the tutoring project to continue operations profitably. The financial projections are made on this basis. While the GDP per capita in itself is showing development, along with it consumption of various services and products is forecasted to rise also. As education is a basic, the rise of price and lack in supply will not diminish the demand. Therefore, the demand is inelastic and the income that could be generated from participating in the sector will be rewarding.

There could not be a better time than now to offer e-tutoring and e-learning services online as the time needs efficiency and convenience as well as considering the technology-friendliness the people of Ethiopia developed. The platform will cut only 30% from the cumulated monthly services delivery fees and the remaining 70% will go to the tutors and trainers. This will definitely drive many in tutoring service to be a part of Tenat as the compensations are much attractive than those in the market.

### **2.1.2 Competition in the Market**

The current market has little to offer when it comes to tutoring and learning. It can be said that no direct substitute is available that provides tutoring and training service online. The different types of tutoring services that already in the market are discussed in the following paragraphs.

The first type of tutoring service provided is after-school tutoring programs. Many parents are obliged to pay for after-school tutorship in Ethiopia which are provided by the schools themselves. It is compulsory by some schools for a student to attend



the tutoring programs. The schools offer tutoring programs by the teachers they already have. This kind of tutoring does not have a change from the regular class delivery. The payments are high also. Other schools do not require tutoring. The compulsory after-school trainings could limit the market size Tenat could have, especially if such trends are to be adopted by majority of the schools in the country. But, the delivery system and the cost structure of Tenat and after-school tutoring are totally different. All after-school programs are done physically, offline. The price put on the after-school programs are higher than what is asked by Tenat, too.

The second type of physical tutoring provided in Ethiopia has a one-to-one mode. Private tutors are available in the market who promise to boost academic performances of students. These tutors visit the houses of tutees so as to provide service. They offer their services for individual learners. This will make the service provision expensive. The paid visits to the houses of students brings about transportation cost on the tutors as well. The cost incurred will be included on the price of the service and will place heavy financial burden on clients. The service delivery method and the cost structure, just as the one previously mentioned, are dissimilar with that of the Tenat's project.

The third type of tutoring service in the market now is online marketplace that links tutor-seekers with tutors. An Ethiopian online tutorship service providing company by the name Haleta is operational and have a website at the moment. On the website, people search for tutors and tutors will post their qualifications and experiences. And tutor-seekers reach to their preferred tutor. Haleta has a more comparable business model and delivery system with Tenat. However, additional features of cost sharing and supplemental services are the unique selling points held by Tenat only thus far.

The fourth type of tutoring service providers are the international tutorship platforms such as Chegg, itutor, Tutor.com, StudyPool, TutorVista, and others. Ethiopians do not use the internationals' services due to expensiveness and online payment method unavailability.

### **2.1.3 Marketing and Advertisement Plans**

Advertising and marketing will make companies stay competitive in this dynamic and ever-changing business world. The Tenat project will use social media marketing. Using social media marketing, businesses present their product information, facilitate the chance of hearing back from customers, and find groups and loyal clientele with minimal spending. According to the data of Napoleoncat.com in 2021, there have been 7,481,600 Facebook users in Ethiopia in January 2021, from which 3,900, 000 were between the ages of 25 to 43. This will have increased in the coming years, following the enhancement of internet penetration in the country. Therefore, using the relatively cheaper and highly effective instrument for marketing will have multiple benefits of cost reduction to income generation. Facebook paid ads will be the specific methods of marketing for Tenat. On a daily basis, the platform will release attention-grabbing, well-designed advertisements on Facebook. The ads will have a direct link to the website and application so that people could take actions right away. The ads will be targeted to getting tutees and tutors. Tutees will come to the website seeking instructors, while tutors will be there for registering to provide tutoring service and earn money. In addition, Tenat will make use of the free SEO to take the advantage of being listed at the top when searched on the net.

## **2.2 Technical and Technology Feasibility**

### **2.2.1 Technical Aspects**

Zoom is a video conferencing and online chat platform that gained substantial worldwide acceptance recently. Arguably, the application is the widely used web conferencing platform in Ethiopia presently as well. What made Zoom popular in Ethiopia and abroad is its freemium model. Not having a subscription and for free, through the Zoom platform people can communicate via video conferencing as long as 45 minutes without interruption. But the platform requires payment for extended usage and ends the communication at the 45<sup>th</sup> minute. However, the conference call can be resumed and reconnected to the same person or group of people. In addition to this almost-free character, the Zoom application is easy-to-use and has an impeccable group conferencing and visual presentation features. Tenat will utilize the Zoom application to connect tutors and group of tutees. Tenat platforms will be integrated with the Zoom application, and whenever, instructors and students want to join sessions, with an easy icon tap they will be redirected from the website and application to the Zoom platform. In addition to Zoom, other conferencing platforms could be used if the monetization model of Zoom changes in the future.

The Tenat's website will have an easy to understand and navigate user interface (UI). Thus, tutors and tutees will find it simple to make use of the platform. When first the website and application are opened, students and tutors will login. The login process will be effortless that users will be able to join either through their email and phone numbers or social media accounts shortly. According to their roles, students and tutors will have different paths and registration thereafter. Students will be required to put in the course type they need tutorship for and the like, while tutors will be provided with course specialization, experience, education level, and general background information placement spaces. The website then lists the tutors based on their course specialization, experience, education level, and backgrounds. Students are going to be fed with tutor information based on their course preferences and they

could search for similar and related tutors also. Tenat's application will be made and released in both android and ios, and it will include all features of the website.

Technically, to host the website and application, dedicated server will be rented. The cost of dedicated server rent is higher than other types, but this type plays an important role in the creation of platforms with outstanding speed and performance. The pre-built Content Management System (CMS) will be Word Press's templates. The website will be expertly designed and will have a home page, Q & A page, pricing page, call to action, and about page, and tutor service catalog that will include tutoring and additional service information. Name, qualification, expertise, and pictures of tutors will be available. An SEO friendly domain name will be selected so as to make the website easily accessible when searched. The application is to have similar usage friendliness and specifications, too.

### **2.2.2 Technical Specifications**

Tutoring and training service seekers and tutors and trainers shall possess digital gadgets and internet connectivity to participate. The gadgets might be mobile phones but it is encouraged if they are personal computers or tablets. The gadgets should be smart enough and enable them to download the application of Tenat and access the website. The internet connection needed for online web conferencing is 1 Mbps. This internet plan is the cheapest plan provided by Ethio telecom. Price of internet plans are plummeting every year and is assumed to continue to be this way, considering the competition that will be created by internet service providers to come in.

### **2.2.3 Project Engineering**

Even though there are success stories in technology business space, technical applicability of online platforms is still dubious in Ethiopia. Currently the country has few operational businesses that succeed by only providing their services online. Network and lack of connectivity problems being among the common reasons for not having a thriving online business, the online platforms' malfunction in the middle of use is the biggest challenge encountered. The backend and technical engineering is given little attention by companies. This might stem from lack of resources by startup companies in particular. It might be costly to launch a working online platform, but definitely worth the investment, given providing a poor service would amount to customer dissatisfaction. Tenat takes this seriously and will invest ample amount of money in the development of dependable online platforms.

No matter how well designed and prepared online platforms maybe, break and malfunction are inevitable occurrences. Thus, continuous upgrade and improvement are compulsory. The technical team will overhaul the platforms regularly so as to offer superb customer experiences.

Regarding payment, tutorship and training payments need to be settled in advance (Prepaid) at the office or at student's convenience and receipts be attached on Tenat's platforms. Office administrators will process the payment, schedule students for their tutor sessions, assign tutors for every group, and communicate tutors. Tutors are going to be hosts for the online tutorship sessions. They will act as regular class teachers in checking for attendance and removing anyone that has not paid for class sessions. Tutors will be expected to inform their students in advance through email, Telegram, or text about the time of their tutoring sessions. Tutors will be expected to make sure class attendees are only registered ones. For missed tutoring and training sessions, Tenat will not be bound to prepare compensations either of payment or tutorship.

On the Tenat application and website platforms there will be a rating system, wherein tutors will be ranked based on their delivery by students. The rating is to be done by

the tutees only. Five-star rating system will be used to do that. The rating results of tutors will be public on the website and application along with their qualification and background description, so that students make decision by themselves.

### **2.3 Institutional Setup and Organization**

The company will be led by founders of the project ideas and investors at the top management level. Based on the investment and shareholding, the company will have a board. The company will have middle managers in the areas of marketing, finance, human resources, and technology. The founders of the project idea will hold these positions. Decision making of strategic and operational company matters are thus to be made accordingly. The founders will be responsible for handling short and long term plan implementation. Having the founders in management will serve dual purposes. For one, the founders, with their plans and methods in mind, will steer the project to its destination. Secondly, cost of organization will be minimized significantly as the founders will not take out salary for the initial years of operations. They will get monetary benefit only from their share capital dividends. The founders of this project idea, that are five in number, will work as full-timers, i.e, 44 hours/week, and devote their efforts and energy for the success of the venture. Investors on the other hand will be involved on decision making activities only and they will not have operational participation.

Employees recruited for their superb caliber of software development, marketing, and office administration will be responsible for the operations. Their employment will follow formal procedures and meritocracy will be the basis for selection. Five workers that will be a part of non-software related responsibilities of finance, marketing, and office and clerical administration and three that are in the area of software development and maintenance will be employed. All these will be overseen by the management team and their tasks are to be analyzed regularly.

## **2.4 Human Resources and Training**

The Tenat project will recruit qualified personnel particularly in the areas of technology and software development. A total of eight full time employees, three in software development and five in marketing, finance, and office and clerical are to be employed.

The software development staff will create the website and application software and watch over the overall technical workings when the platforms become operational. The other five will be responsible on their respective assigned positions of marketing, finance, and office administration. As the company aspires to serve tens of thousands, all are required to perform at best and be fully engaged on their jobs.

On job trainings will be provided by the middle management for the employees initially, but this is not expected to consume a lot of time and money as the individuals employed will be competent and ready to handle tasks, due to their knowledge, experience, and expertise that made them to be recruited in the first place.

In addition to permanent employees, the project will call up on college and university students to work as interns and apprentices for software development and office works. The project will not have a budget to pay for these types of participants, however. Only the ones who agree to work unpaid are to be selected and experience letters will be prepared for them upon completion of their stay. This is designed to benefit the company to make use of non-salaried workforce, and this will be done all year around through different phases. The students in exchange will gain hands-on work experience and certificate for their participation.

The Tenat project will have small amount of permanent employees while it supervises and works with many tutors and instructors out of office. The project will not avail working spaces for any out of office workers including tutors and training service providers. All activities are to be undertaken online and only for contractual and other concern could out-of-office workers visit the office. Similarly, training for the

tutors and tutees are needless as the software suits used are going to be easy to understand. The project does not foresee the need for such activities and money has not been budgeted.

Tutors and instructors are paid after they provide their services. The seventy percent of payment collected from tutees will be made to the tutors and instructors after they complete their service provision for the month. This means that, salary for service provision will be settled at the end of each month.

## **2.5 Material Procurement and Contracting**

As an online platform, the Tenat project will need few fixed assets. Technology organizations have a nature of lesser capital intensiveness compared to other sector players. The product, the software only is known to be resource consuming. As a result, few fixed assets, namely computers and office equipment, are needed and these can be fulfilled at nominal expenditure. Labor cost related to website and application development will be the inputs required. Application and website developer costs are attached to the time it takes the developers to complete and put the product live. The time and the cost of development thus are directly proportional. As Tenat plans to have a well functioning website and application, ample time is to be given to the developers, meaning overlaying increased investment. In order to develop the website and application, fulltime software developers are to be employed. It will take them only two months for the website and application to be completed. Until that time, the project will provide its services using the Zoom platform.

Server rental costs are expected to constitute the remaining portion of expenses for the Tenat project. Ethio telecom and Amazon Web Services (AWS) are the selected server rental providers. Both the direct labor costs and direct service costs are included under service cost on the projected income statement.

When it comes to contract and agreements, every permanent employee will have a contractual agreement of employment. More weight is provided to the tutors' agreements, however. After registering to the Tenat platform, tutors will be



communicated by Tenats personnel. Tutors will be required to submit original documents of education and experience letters. Qualifications and experiences are to be examined and those ranked the highest will be communicated. After that, they will be obliged to sign an employment contract that will include rules and guidelines of service provision. Tutors are expected to maintain superior level of discipline on policies, time and relationship with tutees. Personal communications of tutors and tutees are prohibited by the Tenat platform. Tutors will not be allowed to use the Tenat platform to take away tutees and engage in personal tutoring, leaving Tenat platform unaware. Tutees will be able to report such activities, and the Tenat platform will protect the confidentiality of those who do. Extra-commercial practices by tutors will be deemed unlawful and anyone involved in similar activities will be banned from the platform for good. All these are to be included on the employment contract.

## **2.6 Economic and Environmental Feasibility**

The economic measure Human Development Index (HDI) places a great importance on education. Together with other critical human basic needs of healthcare and longevity, educational attainment and literacy through HDI economy measure are given priority over only numerical economic growth measures: GDP and GNP. When seen from the GDP per capita perspective, Ethiopia stands at 936.3 USD in 2020. It is clear that GDP per capita and HDI are interlinked. Educated population contributes immensely to economy and vice versa. Education and training equip people with knowledge and skill set that would enable them to challenge the status quo. Education and enhanced knowledge could improve outlooks and change the attitudes toward problems. Knowledgeable citizens are inquisitive and investigators who devise way out strategies from pits. The developed world, with its adequately trained population, realized palpable growth and development in the areas of technology, science, medicine, research, business, and economics. To this end, the Tenat project will have real contribution to education and training and thereby to holistic economic and social development.

As Tenat is a technology innovation, the cost on environment and society are minimal, if not none. On the contrary, the employment opportunity it provides to its office employees, outsider tutors and trainers, and knowledge transfer far outweigh the cost there maybe.

Concerning the sustainability of the project, the digitalization trend Ethiopia and the world have taken continues to proliferate. Service providers get an opportunity of reaching to an increased number of people by going online at present. This phenomenon is to expand at a national level. The Ethiopian government has been promoting a digital economy practice to advance business operation, e-commerce, financial technologies (Fintech), Artificial Intelligence (AI), big data analytics, and electronic governance of late. As the Digital Ethiopia 2025-A Digital Strategy for Ethiopia Inclusive Prosperity-document explains, a comprehensive proclamation in support of e-transactions, e-receipts, and e-signature through credit and debit cards has passed, and the National Bank of Ethiopia (NBE) issued regulations that promote the private sector to participate in interoperable financial services. Financial inclusion initiatives are undergoing, too. Mobile payment platforms are increasing in number as well as in functionality. Payments will soon be able to be settled online. Monopolistic telecom service provision that dates back to the entry of telecommunication to the country has recently been changed. The telecom space is now liberalized and two multinational operators are to enter. Mobile and data usage across the country will certainly be influenced for the better due to this change. Therefore, technology business like Tenat will have the infrastructure and enablers in place to reach to sizable customers and thrive.

## **2.7 Financial Analysis**

The projected income statement stipulates the costs and returns the company forecasts to make for five years from establishment. A conservative customer base and profit calculation was applied when doing the income statement projection. However, with extensive initial costs and realizing all expenses including tax, depreciation, and direct and indirect costs of service delivery, the project will be profitable from its inception, the year 2022. Only the 0.5% (10500 students) of primary and secondary school students are expected to be paying customers. The data of the pupils is from the year 2018 and the number of students would have increased. If this tiny portion of the totality pay 200 birr for tutoring service on a monthly basis and only 30% is collected while the 70% is taken by the tutors, the gross profit of the company is projected at 28% (7060000 ETB), putting into account the direct service costs of labor and technology.

**Table 1: Projected Income Statement**

					Projected Income Statement					
	2022	%	2023	%	2024	%	2025	%	2026	%
<b>Revenues</b>										
Sales	25200000	100%	26610000	100%	27940500	100%	29337525	100%	30804401.3	100%
Other Income			150000		350000		550000		750000	
Service Cost	18140000	72%	19047000	72%	19999350	72%	20999317.5	72%	22049283.4	72%
Gross Profit	7060000	28%	7713000	29%	8291150	30%	8888207.5	30%	9505117.88	31%
<b>Expenses</b>										
Equipment Expense	200000		210000		220500		231525		243101.25	
Supplies Expense	45000		47250		49612.5		52093.125		54697.7813	
Marketing Expense	350000		367500		385875		405168.75		425427.188	
Indirect Labor	420000		441000		463050		486202.5		510512.625	
Rent Expense	100000		105000		110250		115762.5		121550.625	
R & D Expense	50000		52500		55125		57881.25		60775.3125	
Total Expenses	1165000	5%	1223250	5%	1284412.5	5%	1348633.125	5%	1416064.78	5%
EBITDA	5895000	23%	6489750	24%	7006737.5	25%	7539574.375	26%	8089053.09	26%
Depreciation Expense	30000		31500		33075		34729		36465	
Tax	2044800		2252437		2432831		2618746		2810455	
Net Profit After Tax	3850200	15%	4237313	16%	4573906.5	16%	4920828.375	17%	5278598.09	17%

### **2.7.1 Cost of the Project**

The project will have costs explained on the projected income statement. They are enlisted clearly on that table and have an initial total value of 1165000 ETB for 2022. This amount is to be collected in the first month of 2022 as they are overheads and some of the payments shall be made beforehand.

Tenat's service payments are collected in advance so that the risk of facing uncollected payments will not hamper business operations. Bad debts are seemingly to be avoided as the payments will be made in cash, not having account receivables. By this, the company could realize payments in time and be free from costs of collection. To be a part of the tutoring session, customers are expected to pay 200 birr per month based on their preferred course. From every online tutor group, Tenat will take 30% and the tutor will have the remaining 70%. On unit economic level, the Tenat project will have 60 birr and the tutoring service provider will take the remaining 140 birr. This can be considered sufficient since the service provider could have as many as 30 students in a group.

As can be seen from the projection, labor cost of non-software related jobs will have a higher proportion. Five permanent employees will work in finance, accounting, marketing and office administration and registration. As the company plans to have 10, 500 customers in the first year of operation, permanent staffs are needed in handling advertisement, registration, and payment processing. Roughly, their monthly salaries are calculated at 7000 birr for all.

The second most expensive investment will be made on marketing. So as to reach to sizable customers, it is critical for a company to invest on marketing. As mentioned above, Facebook paid ads will be used to reach to the forecasted amount of clientele.

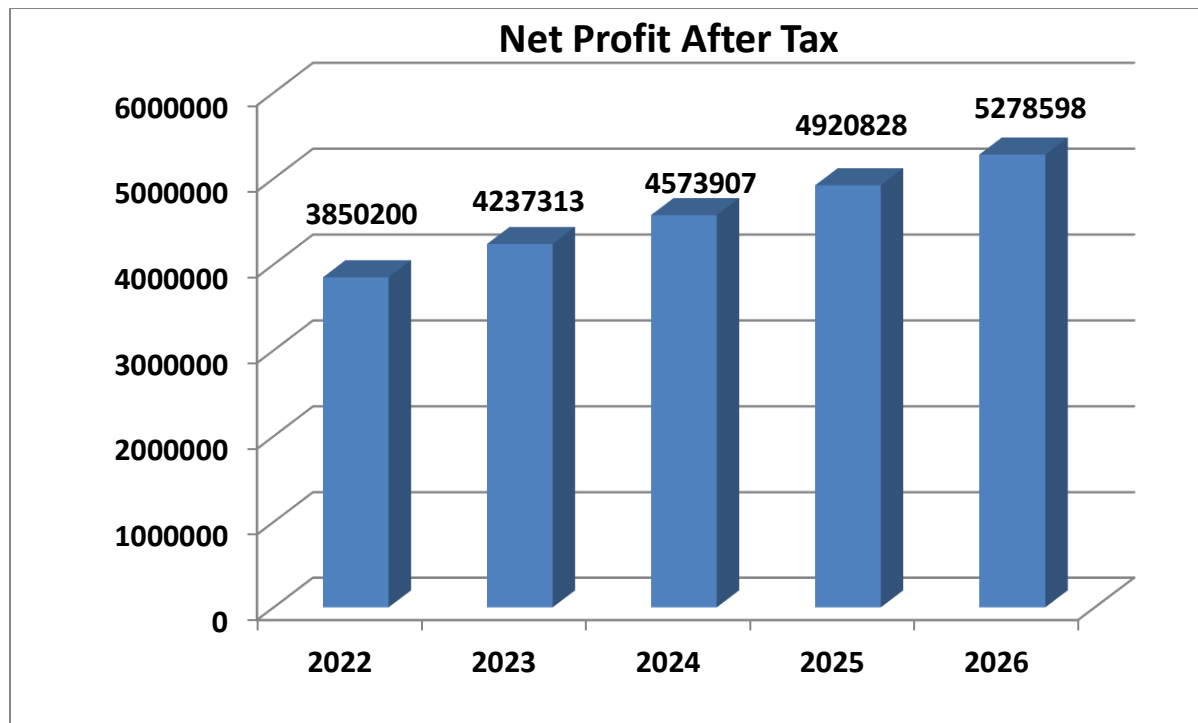
Starting from 2023, the company will begin to deliver additional service. This will have no additional costs, as multi-talented tutor's data will be available. Similar pay-per-service model will be applied to provide these services. The returns are included on the projected income statement as other incomes starting from year 2023.

The other income generated will not be restricted to the additional services. Following a substantial traffic to the website and application, the Tenat platform will begin to collect marketing revenues in providing an advertisement space for relevant product and service advertisers. The other incomes are projected to be 150, 000 ETB, 350, 000 ETB, 550, 000ETB, 750, 000 ETB, from 2023 to 2026, respectively. The growth in other income projections depends upon the additional services of publication and research repository service and networking, and edutainment services the company foresees to diversify to in the future.

Year on year, five percent increase in the number of sales made and many of expenses was applied. This again is a conservative estimate since the number of students attending school, colleges, and universities are much higher. This justifies the potential of income generation and enables the project to get investment it requires.

The Tenat project will be a profitable business venture. As it can be learned from the projected income statement, only by acquiring small amount of customers from the aggregate demand, the project has shown its potential of operating at a profit from year one. The net profit after tax will increase year on year. The payback period for initial investment is less than a year. The business model could be diverted to many others. Risk as a result can be minimized.

**Figure 1: Net Profit After Tax Graph**



**Table 2: Net Present Value**

Period	Year	Cash Flow	PVF	PV of CFS
2022	0	(-1165000)	1	1165000
2023	1	3850200	1.2	3208500
2024	2	4237313	1.44	2942578.472
2025	3	4573907	1.728	2646936.921
2026	4	4920828	2.0736	2373084.491
2027	5	5278598	2.48832	2121350.148

NPV of the Project = 13292450 - 1165000

NPV = 12, 127, 450 ETB

The company's share structure will be divided into 40% for investors and 60% for the co-founders. Following this, the company will ask for 800,000 birr from investors in exchange for the 40% stake, while the remaining amount, 365,000 birr, will be covered by the co-founders.

## **2.8 Risk Analysis and Mitigation**

Every organizational activity has a risk of failure and dying out. Following scientific management practices could minimize the rate of risky outcomes in corporate context. Nonetheless, according to organization's industry and structure, risk might rank high or low. Startup technology businesses by their very nature of digitalized presence and introducing unseen and unheard business models, their chances of failure happen to be way above average. Even those in the Western world, wherein access to finance and technology enablers are sufficiently available, it is said that the failure rate is about 75%. To counter this phenomenon and resist challenges that may arise in the course of operations, the business model of Tenat have been crafted in a diversifiable and all-embracing manner in the e-tutoring, e-learning and e-training category.

Research and development is a must-have arm of an organization in this day and age. Proactively, companies need to look out for opportunities of the future and tailor their services forecasting coming changes. Research and development is at the center of great inventions and innovations of technology platforms as it is about questioning what can be done to retain current customers and add many more forging ahead. Research and development on the areas of designing competent and highly innovative ways of service delivery will be the prime goal of Tenat. The scalable and diversifiable business model enables the company to augment its services in different but relevant areas. A portion of investment will go to this very practice every year. Even though the fruits of research and development are not reaped shortly, it will have a long term positive effect as it is geared towards preparing a better future and options for companies. Diversifying services puts companies in a safer mode since income will



also be multi-stream and challenge competitors. Tenat will make sure the benefits outstrip the costs of the project by following such a strategy.

**Table 3: Implementation and Time Table**

<b>Date</b>	<b>Responsible</b>	<b>Activity</b>
December 20, 2022	Investors & Co-founders	Completion of Raising Finance
January 1, 2022	Co-founders	Beginning Facebook Paid Advertisements
January 3, 2022	Co-founders	Registration of Tutors & Tutees
January 4, 2022	Co-founders, Tutors, Tutees	Official Start of Tutoring Service through Zoom
January 4 - 8, 2022	Co-founders	Recruitment & Employment of Office Staff
January 10, 2022	Software Development Team	Start of Website & Application Development
January 10, 2022	All Office Staff	Customer Support and Service, Registration, Technical Maintenance
March 10, 2022	Software Development Team	Website and Application will Go Live
March-May, 2022	Co-founders & S.W Development Team	Ongoing Research & Development on e-learning
	All Office and Out of	Commencement of Computer

January 1, 2023	Office Staff	Programming & Language Training
February - June, 2023	Co-founders & S.W Development Team	Ongoing Research & Development on Publication Repository Service
January 1, 2024	Co-founders & S.W Development Team	Commencement of Publication, Research & Article Repository Service
February - June, 2024	Co-founders & S.W Development Team	Ongoing Research & Development of Job Announcement & Networking on Platforms
January 1, 2025	Co-founders & S.W Development Team	Commencement of Job Announcement and Networking Services
February - June, 2025	Co-founders & S.W Development Team	Ongoing R & D on Edutainment on Platforms
January 1, 2026	Co-founders & S.W Development Team	Commencement of Edutainment Service

## **Conclusion**

The general business practice now has changed from how it was years back. Technology plays a crucial role for the production and delivery of business across the spectrum. Following this, e-learning and e-tutoring services have sprouted and some managed to become giants. In a comparable manner with the mainstream learning institutions, nonmainstream and non-institutional online learning and tutoring platforms supply knowledge and information for numerous in a convenient and accessible approach. Producing knowledgeable citizens for less developed countries in particular is crucial as education and training are the only instruments to uproot socio-cultural, economic, and political weeds. The Tenat platform aims to empower students to have a better access to knowledge outside of school through delivering to home online tutoring, affordably and conveniently. The technology enablers of network and technologies available in the country are to be utilized for so doing. Moreover, the platform will become a place of various publication repository and edutainment services. The marketability, technological-feasibility, risk, and financial viability were assessed and the project was proved applicable and qualified in all measures. In order to implement its idea, Tenat will recruit employees, tutors, and trainers and bring on board interested investors. In integrating all these resources, the platform will most likely be a socially advantageous e-tutoring and e-learning technology business.

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