March 2017

Audio-acoustic-Assistant Ltd

Business Plan

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# Section 1

## Executive Summary

|  |  |
| --- | --- |
| Company Name: | Audiotronics Ltd. |
|  |  |
| Address | Unit 4, Building C Industrial Estate Dublin 3 D03 A2BC |
|  |  |
| Telephone: | 01-4123456 |
| Fax: | 01-4123455 |
| Email: | enquires@audiotronics.ie |
|  |  |
| Co. Registration Number: | 2109867YZ |
|  |  |
| VAT Number: | IE204587415E |
|  |  |
| Accountants: | Armin Tamzarian 742 Evergreen Terrace  Springfield  Tallaght, Dublin 24 |
|  |  |
| Bank: | Bank of Ireland, IFSC House  IFSC, Dublin 1 |

AAA Ltd. is a company recently formed by the five promotors; C. Allen, K. Feeney, P. Lawlor, F. McMorrow & C. Vecchionacce – to fulfil an identified market for the production and supply of mobile apps specialising in acoustics and sound on Google Play Store.

The company’s objectives into the future are:

* To achieve a profitability of 5 % return on sales by end of year 1.
* To achieve an 8% share of the market dealing with mobile acoustic apps by end of year 2.
* To comply in the short term to the following standards that specialise in acoustics and sound:

|  |  |  |  |
| --- | --- | --- | --- |
| ISO 226:2003 | ISO/DIS 389-1 | ISO 389-1:1998 | ISO 389-2:1994 |
| ISO 389-3:2016 | ISO 389-4:1994 | ISO 389-5:2006 | ISO 389-6:2007 |
| ISO 389-7:2005 | ISO 389-7:2005 | ISO 389-8:2004 | ISO 389-9:2009 |
| ISO 1996-1:2016 | ISO 1996-2:2007 | ISO/FDIS 1996-2 | ISO 1999:2013 |
| ISO 7029:2017 | ISO 8253-1:2010 | ISO 8253-2:2009 | ISO 8253-3:2012 |
| ISO 9612:2009 | ISO 11690-1:1996 | ISO 11690-2:1996 | ISO 11690-3:1997 |
| ISO 14257:2001 | ISO/TS 15666:2003 | ISO 17624:2004 | ISO 22868:2011 |
| ISO/NP 22868 | ISO 28961:2012 |  |  |

* In the medium term, it is planned to secure its own premises in the Dublin City area

This Business Plan is produced with a view to securing the necessary investment from Bank of Ireland:

Term Loan: €20,000

Overdraft Facility: €10,000

Country Enterprise Board: €13,505

# Section 2

## Introduction

### Overview

AudioAcousticAssistant (AAA) is a start-up company committed to develop acoustic solutions for recording and multimedia production studios in the audio and acoustic field.

With the current trends on digital multimedia and marketing using audio-visual content, promoters were able to identify a niche in the audio/acoustic sector and the lack of applications that guides **any user (**YouTubers, Voice actors, Musicians, Home Producers, etc.) on how to perform a proper acoustic treatment for a room without prior knowledge, opening a market for us, “a very user friendly application for this purposes”.

We provide this market with a toolkit to create/improve production environments and will be used as a tool for those who wish to control noise and sound acoustics when producing content (recording, broadcasting, rehearsing, controlling noise, etc.).

In view of the above-mentioned we have put together a competent team of developers and this business plan in order to respond to the demand.

# Section 3

## Market

### The Market

(Note: Market and the former name for Google Play Store; “Android Market” are not interchangeable in this document)

AAA will operate in a specialised niche market with the production of acoustic and sound mobile applications.

### Overview

The market for the production of acoustic and sound mobile applications in Ireland is shown in the table hereunder.

|  |  |  |  |
| --- | --- | --- | --- |
| **Google Play Store Sector by Selected Genre Segment (Free Apps)** | | | |
| Genre | FREE \* | PAID \*\* |  |
| Music & Audio | €136,125,000 | €87,696,268 | (Acoustics: €150,780) |
| Game | €136,125,000 | €93,212,123 |  |
| Tools | €136,125,000 | €42,243,476 |  |
| Dating | €136,125,000 | €54,424,765 |  |
| Entertainment | €136,125,000 | €99,345,156 |  |
| Shopping | €136,125,000 | €89,452,653 |  |
|  |  |  |  |
| **Sub Total** | **€816,750,000** | **€466,374,441** |  |
| **Total** | **€1,283,124,441** | |  |

\* Based on first 250 applications. Estimate is based on if half of users buy one purchase at 99c, as an in-app purchase.

\*\* Based on first 250 applications in selected genre on the Google Play Store in Ireland, with the average amount of total downloads per app.

### Trend

With the growth of streaming and vlogs on video sharing sites such as YouTube, Facebook and Instagram, the acoustics of a room are becoming more of a prevalent necessity. Especially since YouTube have recently started allowing streaming from mobile devices. The trend for acoustic measuring equipment is increasing as an alarming rate, due to this. Because major companies are rather secretive of their statistics and figures (e.g. Google), it is impossible to estimate to exact amount this has increased or its forecast.

### Size & potential

Extensive research dictates that Android applications on the Google Play Store are worth more than €1.3 billion on an (Republic of) Ireland region. The survey is based on research on the costings of applications on the Google Play store, as well as their popularity.

### Competition

The Google Pay Store has very limited applications relating to measuring the acoustics of a room or area. With the applications that do deal with measuring the acoustics, the applications themselves are very poorly designed with an extensive amount of errors within those apps. With the little competition that there is, it’s doubtful that this will impact on the promotor’s business much.

### Customers

The customers will be generated when they purchase the application from the Google Play Store. With the customer feedback and the statistics from Google Developers, the promotors will be able to see how the application can be developed further to progress with the promotor’s business.

### SWOT Analysis

#### Strengths

The promotors have long been creating minor apps by themselves. The promotors have worked together or in similar areas for more than 5 years.

The company is currently located in the IFSC, Dublin 1. This is a favourable location with many businesses and major companies nearby. It is on the LUAS Red Line, with the Green Line extension, more potential customers and businesses can find the business in an easy manner.

The promoters have a proven track record in their ability to produce, on time and to budget the specialist products as required by the promotor’s customers and recognise the importance of meeting deadlines within the overall context of creating and producing mobile applications.

#### Weaknesses

Financial resources are quite limited, but this Business Plan details the requirements, resources and the “why” as to the reasoning why this Project is a good opportunity. Funding will be from a few sources, with the potential of being rejected.

#### Opportunities

While the current plan is to create one application for the moment, it is planned to start improving that application and to create other applications when funding becomes available.

#### Threats

The Project’s most single threat is if a major company creates a very similar app before the promotors have the chance to promote theirs. But with extensive research, companies do not seem focused on this, and are focused more on the likes of Virtual Reality and Smart Glasses.

# Section 4

## Market Strategy

In order to achieve out Sales target, the following strategy has been devised:

### Objectives

* To achieve a profit of 2.5% return on Sales by year 1.
* To achieve a 4% share of the identified market by the end of Year 2.
* To secure ISO standards accreditation in the short term.
* Medium/Long Term - to buy its own premises in the Dublin area

### Product

Android application designed and developed in JAVA language. Works as a tool/guide to perform an acoustic treatment to any room by applying acoustic formulas to calculate the volume, the reverb time and the **ideal** reverb time for that room. The app then provides the amount and type of absorbing materials to be added (removed) with specifications to the user in a step by step process.

### Price

The price of applications today varies based on the depth of the application itself as well as popularity in the market. Popular apps such as Minecraft are heavily monetised because of increased daily traffic and overall quality.

The initial release of the application will initially be free with standard advertisements. The premium version will begin at approximately 99 cents, upwards to €4.99, preferably with no advertisements. We have the option to price the application based on our competition which there is none of.

We are releasing the application free to get it in the hands of the consumers before adding layers of complexity to the overall layout and the pricing and monetisation will be visited again. Details of all costs ingoing and outgoing are detailed further in Section 7.

### Place

The selling of our application will be done solely through the Google Play Store. The play store itself is the number one platform in the world to get our application into the hands of the people who matter most, the consumers. The initialisation of our promotion drive with Google itself will be dealt with by our Sales and Marketing Director who will get us the best quality deal, overall.

Our product will be developed over the three-month allocated period by our team of highly skilled developers. We have an office space rented for the time period with all the equipment we need to meet any or all of our target deadlines.

### Promotion

We plan to have a launch day/event to get awareness of our product out there by inviting media and industry professionals to come try and test our product out. Our promotional manager will have a social media campaign under way as well as up to date information and teasers on our website to ramp up interest and anticipation.

We plan to have everything in order to maximise the awareness of our application and put the “Audio Acoustic Assistant™ “where it belongs.

# Section 5

## Organisation / Management

### The Organisation

AAA Limited is a private limited company with all shares owned in equal measures by 5 primary promotors. The organisation deals specifically with producing applications for Android devices, specialising in sound management and sound production. A copy of the Certification of Incorporation is appended and a copy of the Memorandum and Articles of Association will be made available to the Bank in the normal course.

### Management Overview

The composition of the team is vital as everyone has known each other for a number of years and are comfortable in working with each other. The likes of Colin Allen’s education in Accounting really grounds Cedric Vecchionacce and Patrick Lawlor, who are in Marketing. Keith Feeney works closely with Fearghal McMorrow to keep track of on-going projects and to resolve any issues the team have but also ensures the team are in good spirits and to keep them motivated.

The combination of the expertise of the promotors has given the way for a relaxed division of responsibilities as detailed below.

C. Vecchionacce – Managing Director

**Sales & Marketing**

* Master’s Degree in Business Analysis
* BSc (Honours) in Marketing
* 6+ years working experience
* Health & Safety Training
* Personal and Professional Development training
* Interpersonal skills

Cedric Vecchionacce has worked for some major companies including Facebook. Facebook is currently thriving. Cedric was one of the people who suggested to have ads in the Facebook newsfeed.

P. Lawlor – Vice-President

**Marketing Analyst**

* Master’s Degree in Marketing
* BSc (Honours) in Business Development
* 8+ years working experience
* Excellent communication skills
* 3+ years’ voluntary work experience

Patrick has worked for the likes of Intel and Facebook. Patrick has analysed the market around Facebook and its competitors for a number of years.

K. Feeney – Vice-President

**Humans Resources**

* BSc (Honours) in Communication Skills
* Higher Certificate in Business Analysis
* 5+ years working experience
* Excellent interpersonal skills
* Demonstrates a high level of integrity, confidentiality and fairness

Keith has worked for Amazon for a number of years. Keith has dealt with employee relations, payroll and training at Amazon’s Ireland offices.

F. McMorrow – Vice-President

**Production & Operations Manager**

* BSc (Honours) in Operations Management
* Higher Certificate in Production Management
* 7+ years working experience
* Excellent interpersonal skills
* Experienced in CNC and lean manufacturing

Fearghal has worked for LinkedIn and Amazon. Fearghal has been a Production Manager for a number of years and has managed an Amazon warehouse.

C. Allen – Vice-President

**Finance Manager**

* Master’s Degree in Finance
* BSc (Hons) in Accounting
* 9+ years working experience
* Excellent communication skills
* Demonstrates the ability to manage and grow finance teams

Colin has worked for LinkedIn for many years. Colin has contributed to keeping LinkedIn operating by correctly predicting the finances for the company. Colin is excellent in decision making.

Full Curricula Vitae for the promotors are included in the Appendices.

### Staff Requirements

|  |  |  |
| --- | --- | --- |
|  | Year 1 | Year 2 |
| Managing Director | 1 | 1 |
| Sales | 1 | 2 |
| Marketing | 1 | 2 |
| Human Resources | 1 | 2 |
| Finance Analyst | 1 | 2 |
| Programming Engineers | 0 | 2 |
| Apprentices | 0 | 2 |
| **Total:** | **5** | **13** |

Staff will be recruited from within the industry and through mutual acquaintances with at least 5 years in their field of expertise.

College work-placement systems will help recruit apprentices for on-the-job training and to see how the “real world” works. Quality and Qualifications Ireland (QQI) and the Department of Education will be assisting the business.

# Section 6

## Production/Operations

### Premises

AudioAcousticAssistant Ltd. will commence operations within the National College of Ireland on Mayor Street.

This location has usable classrooms that have sufficient capacity to cater for the plans as detailed in this document and will be sufficient for the foreseeable future.

### Location & Equipment

The workspace will be fitted out with the following equipment:

5 Computers that can run Android Studio, NetBeans and have internet access.

### Operations Overview

The sequence of events which we will use to get our application to the App and website to the market would take the following steps:

The form of drawings and technical specification is received and an Estimate is prepared based on measured labour and overhead/profit margin required.

The app and website is scheduled for production through the workspace. Such elements as; availability of labour and customer delivery date are considered during this process.

The app and website is then put through the workspace (in our NCI classroom) and with a use of Android Studio.

The app is then submitted to Google play store, and the website is published on a web domain.

Following release, the AAA app and website customer help and maintenance process will be subcontracted to Google Ltd. in Dublin.

### **Quality Control**

The promoters will have early access to the app and website, and will be able to give feedback which we will take under advisement.

We have arranged a group of beta testers from our customer bases (for example we have Youtuber’s who are willing to test our app and give us feedback.) prior to the commencement of release to the market.

# Section 7

## Costing/Finance

### Financial Assumptions

Full sets of financial projections for the first twelve months of operation are contained in the Appendices.

Sales

The sales as projected for the first year, based on direct primary research of our potential customers, are set at:

Year 1: 0.01712% of target market.

The projected sales are modest given the extent of the potential market of $900 million and our research indicates that these figures are achievable.

Expenses

Full schedule of expenses is contained in the appended projections. The expenses as calculated are realistic and based on current prices.

Detailed Job Costing Overview

Full analysis of the Labour Rate build-up are given in the Appendices and the Unit Sales / average job costing make up is as follows:

Unit Pricing per Download.

App cost per year = 272,257

We sell = 44,000

Cost per unit = 6.18

Profit per unit = 1.50

Capital Grant

No capital grant has been allocated to our company.

Capital Expenditure

It has been assumed that the capital expenditure, in the amount of IR5725occurs in the month preceding operations, but for clarity this has been shown in Month 1.

A full schedule of projected Capital Expenditure is appended.

Funding:

It is intended to fund the proposed project as follows:

Use of Funds:

Capital Expenditure € 5725

Working Capital € 104,275

----------

€ 104,275

Source of Funds:

Our funds € 50,000

Bank Term Loan € 50,000

Bank Overdraft € 10,000

-----------

€110,000

Credit Terms

The ‘industry norm’ for credit (debtors and creditors) is 60days and the projections follow this norm.

### Sensitivity Analysis

A sensitivity analysis for Year 1 has been included in the appendices and this shows the following:

Year 1

As Projected Sales - 10% Sales -20%

Cash Balance € -8,257 (€-23,657) (€ -39,327)

Profit (Loss) € -8,257 (€-23,657) (€ -39,327)

Inflation

Given the current financial climate, inflation has been ignored for the purposes of this business plan.

# Appendices

## Appendix A

### Financial Projections – Year 1 & Year 2

#### Profit and loss; Cash Flow

#### Balance Sheet

## Appendix B

### Certificate of Incorporation

## Appendix C

### Tax Clearance Certificate

## Appendix D

### Promotors’ CVs

## Appendix E

### Equipment Schedule

## Appendix F

### Typical Production Drawings

## Appendix G

### References