BUSINESS PLAN

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**AUTOMATE AI and Data science Services**

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Confidentiality Agreement

The undersigned reader acknowledges that any information provided by AUTOMATE LTD in this business plan, other than information that is in the public domain, is confidential in nature, and that any disclosure or use of same by the reader may cause serious harm or damage to AUTOMATE LTD Therefore, the undersigned agrees not to disclose it without express written permission from AUTOMATE LTD.

Upon request, the undersigned reader will immediately return this document to AUTOMATE LTD

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Signature

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
Name

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Date

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EXECUTIVE SUMMARY

**AUTOMATE** is a start-up that aims at developing and providing software with AI capabilities. Currently, AI has become a fast adopting technology with the ability to become a major disruptor within the industry. AI is becoming more pertinent and many industries is looking to leverage on this technology marvel to become more efficient. **AUTOMATE** is dedicated to analysing the market and undertake a customised approach toward providing effective AI solutions to the industry. Be it software development, data visualisation, chatbot or even computer vision, automate strives to provide cutting edge solutions by adopting the latest technology/platform adopted by the leading industry.

The Unique Selling Point of the company includes: Free consultation services and councelling on your company data management, Chatbots build on deep learning tehcnologies, Analytics, Ai models tailored for your Business and also

The company is expecting to have a positive cashflow as per financial analysis and aims to break even after one year of business. The objectives are to be achieved by analysis market conditions and marketing strategies.

1. COMPANY DESCRIPTION
   1. Background and History
   2. Having done a PhD in AI and Machine learning from the University of Mauritius, Dr Heman Mohabeer assembled a team of talented graduates to work on AI to develop models that can be easily adopted by industry. One of the first projects that the team embarked is the develop of chatbots using deep learning. The chatbot allows seamless integration with existing company information and allow quicker interaction with customers on multiple platform. The team aims at developing backend analytics using sentiment analysis and other methods to further hone the learning process of the chatbot for a more nuance interaction between the chatbot and the user. We also intend to develop AI models based on data provided by companies and propose unique solutions to optimize their efficiency.
   3. Values.

CUSTOMISED EXPERIENCE We aim to provide tailor-made AI and Data science services to meet our customers’ needs and wants. We go through detailed description of what is requested by our clients and spend sufficient time to plan accordingly. We aim to exceed the customer expectations by providing quality service that is beyond the usual one.

INTEGRITY we give a detailed program of working tightly with customer to understand user requirement and work using agile methodology to meet customer expectation. We give the assurance that all the instructions will strictly be followed for the solutions developed to be successful.

* 1. Description of product and services
  2. Goals and Objectives
* To convert the part-time business into full-time business
* To be among the top preferred AI company of the island
* To attain a strong customer base and excel in service delivery
* To expand the business structure

1. Strategic Plan
   1. Year 1 objectives and goals
   2. Year 3 objectives and goals
   3. Year 5 objectives and goals
2. ENVIRONMENTAL ANALYSIS

1. MARKET RESEARCH

Currently, the local market is more focused on Blockchain and is relatively young in the AI playground. While chatbot is gaining popularity worldwide, in Mauritius, there is little if any approach to develop and provide chatbot/AI services. This may be partly attributed to the current lack of skillset in the market that can develop such solution locally. Moreover, many organisations fail to understand the value that chatbot may bring to their services. Instead they take a more traditional approach toward customer management. A recent survey showed that while many organisations are keen to include AI as part of their strategy yet, nobody knows where to start. Moreover, the potential of converting data into information still evade organisation since there is no adoption of a data strategy that includes AI as part. We believe that we can accompany organisations as part of the digital transformation journey to ensure that there is effective transmutation from traditional technologies to AI. The trend toward chatbot is real and we believe that riding this wave is one of the best ways to reap the reward of AI

The target organisations include Small and medium enterprises but also the hospitality sector and the banking/insurance sector.

Our relevant market size is the annual revenue that our company could attain if we owned 100% market share.

Our relevant market size is calculated as follows:

* Number of customers who might be interested in purchasing our products and/or services each year? 2,500
* Amount these customers might be willing to spend, on an annual basis, on our products and/or services? Rs 1,000 per pax
* Our relevant market size: Rs 2,500,000

As the analysis shows, our relevant market is large enough for our company to enjoy considerable success.

1. COMPETITIVE ANALYSIS

The following is an overview of AUTOMATE competitors.

Direct Competitors

Indirect Competitors

Competitive advantages

* Skilful and enthusiastic team
* Customer priority over time
* Affordable prices
* Personalised service to give a unique product

1. MARKETING PLAN

Communication and Distribution Channels

AUTOMATE ltd will use the following tactics to attract new customers:

1. Print marketing materials
   1. Banners and/or Billboards, brochures, flyers and business cards

Banners will be placed at retail outlets and on websites with sales capabilities. Flyers and business cards will be distributed through street marketing

1. Social media marketing
   1. Use of platforms such as Facebook and /Instagram.

A platform will be created to share information and images on our products and services and to networks with potential customers

1. Search engines optimization
   1. Appearing in search results will help us to gain more visiblity
2. Business website
   1. The website will be use as a networking platform. General information on products and services will be provided.
   2. Updates on activities and testimonial from satisfied clients will be communicated
3. Public relations/ Networking/ Words-of-Mouth
   1. Maintaining cordial relationship with previous customers to repeat business and promote same to other potential clients

Promotional Budget

**Distribution Channel Plan**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Retail/ Wholesale** | **E-commerce** | **Internal sales force** |
| **Ease of Entry** | High | High | High |
| **Geographic Proximity** | Low | High | Average |
| **Costs** | High | High | High |
| **Competitors’ Positions** | Average | High | Low |
| **Management Experience** | High | Average | Average |
| **Staffing Capabilities** | Average | Average | Average |
| **Marketing Needs** | High | High | High |

**12-Month Sales Forecast**

**Best case scenario:**

**Worst case scenario:**

1. MANAGEMENT TEAM

Our management team has the experience and expertise to successfully execute on our business plan.

**Management Team Members**

1. FINANCIAL PLAN

**Revenue Model**

Below is an overview of our expected financial performance over the next five years:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **FY 1** | **FY 2** | **FY 3** | **FY 4** | **FY 5** |
| Revenues | Rs 8,099,295 | Rs 8,945,559 | Rs 9,880,245 | Rs 10,912,594 | Rs 12,052,808 |
| Direct Expenses | Rs 4,984,181 | Rs 5,504,959 | Rs 6,080,151 | Rs 6,715,442 | Rs 7,417,112 |
| **Gross Profit** | **Rs 3,115,113** | **Rs 3,440,599** | **Rs 3,800,094** | **Rs 4,197,151** | **Rs 4,635,695** |
| Gross Profit (%) | 38.5% | 38.5% | 38.5% | 38.5% | 38.5% |
| Other Expenses | Rs 2,089,409 | Rs 2,261,211 | Rs 2,448,581 | Rs 2,653,022 | Rs 2,876,187 |
| **EBITDA** | **Rs 1,025,703** | **Rs 1,179,388** | **Rs 1,351,513** | **Rs 1,544,128** | **Rs 1,759,507** |
| Depreciation | Rs 160,000 | Rs 160,000 | Rs 160,000 | Rs 160,000 | Rs 160,000 |
| Amortization | Rs 10,000 | Rs 10,000 | Rs 10,000 | Rs 10,000 | Rs 10,000 |
| Interest Expense | Rs 83,250 | Rs 83,250 | Rs 83,250 | Rs 83,250 | Rs 83,250 |
| Income Tax Expense | Rs 270,358 | Rs 324,148 | Rs 384,392 | Rs 451,807 | Rs 527,190 |
| **Net Income** | **Rs 502,094** | **Rs 601,990** | **Rs 713,871** | **Rs 839,071** | **Rs 979,067** |

Funding Requirements/Use of Funds

To successfully execute on our business plan, we require Rs 250,000 in outside funding.

The primary uses of this funding include:

• Product Development: Rs 25,000

• Marketing: Rs 50,000

• Product Manufacturing: Rs 25,000

• Staffing: Rs 50,000

• Rent: Rs 50,000

• Other: Rs 50,000

•

Exit Strategy

We expect that investors will be able to cash out on their investment in our company via Acquisition.

We expect to achieve this goal by 10 years.

Financial Projections

Projected Sales, Gross Profit & Net Income

5 Year Annual Income Statement

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **FY 1** | **FY 2** | **FY 3** | **FY 4** | **FY 5** |
| Revenues |  |  |  |  |  |  |
|  | Revenues | Rs 8,099,295 | Rs 8,945,559 | Rs 9,880,245 | Rs 10,912,594 | Rs 12,052,808 |
| **Total Revenues** |  | **Rs 8,099,295** | **Rs 8,945,559** | **Rs 9,880,245** | **Rs 10,912,594** | **Rs 12,052,808** |
|  |  |  |  |  |  |  |
| Direct Costs |  |  |  |  |  |  |
|  | Direct Costs | Rs 4,984,181 | Rs 5,504,959 | Rs 6,080,151 | Rs 6,715,442 | Rs 7,417,112 |
| **Total Direct Costs** |  | **Rs 4,984,181** | **Rs 5,504,959** | **Rs 6,080,151** | **Rs 6,715,442** | **Rs 7,417,112** |
|  |  |  |  |  |  |  |
| **GROSS PROFIT** |  | **Rs 3,115,113** | **Rs 3,440,599** | **Rs 3,800,094** | **Rs 4,197,151** | **Rs 4,635,695** |
| **GROSS PROFIT %** |  | **38.5%** | **38.5%** | **38.5%** | **38.5%** | **38.5%** |
|  |  |  |  |  |  |  |
| **Other Expenses** |  |  |  |  |  |  |
|  | Salaries | Rs 611,404 | Rs 642,552 | Rs 675,286 | Rs 709,688 | Rs 745,843 |
|  | Marketing Expenses | Rs 183,403 | Rs 192,746 | Rs 202,566 | Rs 212,886 | Rs 223,731 |
|  | Rent/Utility Expenses | Rs 622,877 | Rs 687,540 | Rs 758,915 | Rs 837,700 | Rs 924,664 |
|  | Other Expenses | Rs 671,724 | Rs 738,371 | Rs 811,812 | Rs 892,747 | Rs 981,947 |
| **Total Other Expenses** |  | **Rs 2,089,409** | **Rs 2,261,211** | **Rs 2,448,581** | **Rs 2,653,022** | **Rs 2,876,187** |
| **EBITDA** |  | **Rs 1,025,703** | **Rs 1,179,388** | **Rs 1,351,513** | **Rs 1,544,128** | **Rs 1,759,507** |
|  | Depreciation | Rs 160,000 | Rs 160,000 | Rs 160,000 | Rs 160,000 | Rs 160,000 |
|  | Amortization | Rs 10,000 | Rs 10,000 | Rs 10,000 | Rs 10,000 | Rs 10,000 |
| **EBIT** |  | **Rs 855,703** | **Rs 1,009,388** | **Rs 1,181,513** | **Rs 1,374,128** | **Rs 1,589,507** |
|  | Interest Expense | Rs 83,250 | Rs 83,250 | Rs 83,250 | Rs 83,250 | Rs 83,250 |
| **PRETAX INCOME** |  | **Rs 772,453** | **Rs 926,138** | **Rs 1,098,263** | **Rs 1,290,878** | **Rs 1,506,257** |
|  | Net Operating Loss | Rs 0 | Rs 0 | Rs 0 | Rs 0 | Rs 0 |
|  | Use of Net Operating Loss | Rs 0 | Rs 0 | Rs 0 | Rs 0 | Rs 0 |
|  | Taxable Income | Rs 772,453 | Rs 926,138 | Rs 1,098,263 | Rs 1,290,878 | Rs 1,506,257 |
|  | Income Tax Expense | Rs 270,358 | Rs 324,148 | Rs 384,392 | Rs 451,807 | Rs 527,190 |
| **NET INCOME** |  | **Rs 502,094** | **Rs 601,990** | **Rs 713,871** | **Rs 839,071** | **Rs 979,067** |
|  | Net Profit Margin (%) | 6.2% | 6.7% | 7.2% | 7.7% | 8.1% |

5 Year Annual Balance Sheet

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **FY 1** | **FY 2** | **FY 3** | **FY 4** | **FY 5** |
| **ASSETS** |  |  |  |  |  |  |
|  | Cash | Rs 1,317,042 | Rs 2,075,674 | Rs 2,944,589 | Rs 3,943,349 | Rs 5,906,968 |
|  | Other Current Assets | Rs 700,299 | Rs 773,470 | Rs 854,287 | Rs 909,382 | Rs 1,004,400 |
|  | **Total Current Assets** | **Rs 2,017,342** | **Rs 2,849,145** | **Rs 3,798,877** | **Rs 4,852,732** | **Rs 6,911,369** |
|  |  |  |  |  |  |  |
|  | Intangible Assets | Rs 100,000 | Rs 100,000 | Rs 100,000 | Rs 100,000 | Rs 100,000 |
|  | Acc Amortization | Rs 60,000 | Rs 70,000 | Rs 80,000 | Rs 90,000 | Rs 100,000 |
|  | **Net Intangibles** | **Rs 40,000** | **Rs 30,000** | **Rs 20,000** | **Rs 10,000** | **Rs 0** |
|  |  |  |  |  |  |  |
|  | Fixed Assets | Rs 800,000 | Rs 800,000 | Rs 800,000 | Rs 800,000 | Rs 800,000 |
|  | Accum Depreciation | Rs 180,000 | Rs 340,000 | Rs 500,000 | Rs 660,000 | Rs 820,000 |
|  | **Net fixed assets** | **Rs 620,000** | **Rs 460,000** | **Rs 300,000** | **Rs 140,000** | **(Rs 20,000)** |
|  |  |  |  |  |  |  |
|  | Preliminary Exp | Rs 0 | Rs 0 | Rs 0 | Rs 0 | Rs 0 |
|  |  |  |  |  |  |  |
| **TOTAL ASSETS** |  | **Rs 2,677,342** | **Rs 3,339,145** | **Rs 4,118,877** | **Rs 5,002,732** | **Rs 6,891,369** |
|  |  |  |  |  |  |  |
| **LIABILITIES & EQUITY** |  |  |  |  |  |  |
|  | Current Liabilities | Rs 610,247 | Rs 670,060 | Rs 735,921 | Rs 780,705 | Rs 857,775 |
|  | Debt outstanding | Rs 832,500 | Rs 832,500 | Rs 832,500 | Rs 832,500 | Rs 1,665,000 |
|  | **Total Liabilities** | **Rs 1,442,747** | **Rs 1,502,560** | **Rs 1,568,421** | **Rs 1,613,205** | **Rs 2,522,775** |
|  |  |  |  |  |  |  |
|  | Share Capital | Rs 467,500 | Rs 467,500 | Rs 467,500 | Rs 467,500 | Rs 467,500 |
|  | Retained earnings | Rs 767,094 | Rs 1,369,084 | Rs 2,082,955 | Rs 2,922,027 | Rs 3,901,094 |
|  | **Total Equity** | **Rs 1,234,594** | **Rs 1,836,584** | **Rs 2,550,455** | **Rs 3,389,527** | **Rs 4,368,594** |
| **TOTAL LIABILITIES & EQUITY** |  | **Rs 2,677,342** | **Rs 3,339,145** | **Rs 4,118,877** | **Rs 5,002,732** | **Rs 6,891,369** |

5 Year Annual Cash Flow Statement

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **FY 1** | **FY 2** | **FY 3** | **FY 4** | **FY 5** |
| **CASH FLOW FROM OPERATIONS** |  |  |  |  |  |  |
|  | Net Income (Loss) | Rs 502,094 | Rs 601,990 | Rs 713,871 | Rs 839,071 | Rs 979,067 |
|  | Change in Working Capital | (Rs 55,051) | (Rs 13,358) | (Rs 14,956) | (Rs 10,311) | (Rs 17,948) |
|  | Plus Depreciation | Rs 160,000 | Rs 160,000 | Rs 160,000 | Rs 160,000 | Rs 160,000 |
|  | Plus Amortization | Rs 10,000 | Rs 10,000 | Rs 10,000 | Rs 10,000 | Rs 10,000 |
|  | **Net Cash Flow from Operations** | **Rs 617,042** | **Rs 758,631** | **Rs 868,914** | **Rs 998,759** | **Rs 1,131,119** |
|  |  |  |  |  |  |  |
| **CASH FLOW FROM INVESTMENTS** |  |  |  |  |  |  |
|  | Fixed Assets | (Rs 750,000) | Rs 0 | Rs 0 | Rs 0 | Rs 0 |
|  | Intangible Assets | (Rs 50,000) | Rs 0 | Rs 0 | Rs 0 | Rs 0 |
|  | **Net Cash Flow from Investments** | **(Rs 800,000)** | **Rs 0** | **Rs 0** | **Rs 0** | **Rs 0** |
|  |  |  |  |  |  |  |
| **CASH FLOW FROM FINANCING** |  |  |  |  |  |  |
|  | Cash from Equity | Rs 417,500 | Rs 0 | Rs 0 | Rs 0 | Rs 0 |
|  | Cash from Debt financing | Rs 832,500 | Rs 0 | Rs 0 | Rs 0 | Rs 832,500 |
|  | **Net Cash Flow from Financing** | **Rs 1,250,000** | **Rs 0** | **Rs 0** | **Rs 0** | **Rs 832,500** |
|  |  |  |  |  |  |  |
|  | **Net Cash Flow** | **Rs 1,067,042** | **Rs 758,631** | **Rs 868,914** | **Rs 998,759** | **Rs 1,963,619** |
|  | Cash at Beginning of Period | Rs 250,000 | Rs 1,317,042 | Rs 2,075,674 | Rs 2,944,589 | Rs 3,943,349 |
|  |  | **Rs 1,317,042** | **Rs 2,075,674** | **Rs 2,944,589** | **Rs 3,943,349** | **Rs 5,906,968** |