

# UCI Extension

Continuing Education

## Practical Management for Career Readiness



# Essentials of Entrepreneurship: Thinking & Action

## Module 2



with David Standen, D.B.A

# Financial Equation

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Can be hidden and  
less clear



BASE CASE	Year				
	1	2	3	4	5
<b>Revenues</b>					
Subscription Sales	18,923,666	33,311,192	57,127,155	87,198,377	138,396,502
Activation Fees	3,608,715	2,921,138	3,341,552	4,663,231	8,302,720
Equipment Fees	4,729,327	3,761,055	4,455,068	6,005,869	10,987,927
Advertising Sales	1,213,281	8,593,279	27,448,373	72,959,766	162,852,984
Station Service Sales	0	377,268	877,491	1,654,773	3,219,028
Interactive Services Sales	651,620	3,012,741	5,712,715	8,719,838	13,839,650
Total Revenues	29,126,608	51,976,674	98,962,355	181,201,855	337,598,811
<b>COGS &amp; Station Payback</b>					
Station X Payback	1,402,579	2,177,544	2,419,214	2,880,957	2,327,055
Station X Ad Payback	179,616	1,347,395	3,236,648	6,717,897	7,791,415
Equipment	3,207,746	2,596,567	2,970,268	4,145,094	7,380,196
Subscriptions	636,294	1,538,351	3,293,501	5,838,881	11,512,596
Advertising	93,116	1,008,072	4,448,897	13,710,837	37,807,420
Total COGS & Station Payback	5,519,352	8,667,928	16,368,528	33,293,667	66,818,682
Net Revenues	23,607,257	43,308,746	82,593,826	147,908,188	270,780,129
<b>Expenses</b>					
Japan Salaries	848,005	1,380,728	1,818,352	2,206,261	2,435,052
Salary Expense & Benefits	186,561	303,760	400,037	485,377	535,712
Japan SG&A	147,462	201,691	275,951	320,450	347,436
USA Salaries	1,669,991	2,387,656	3,193,518	2,737,275	2,564,998
Salary Expense & Benefits	417,498	596,914	798,380	684,319	641,250
USA SG&A	121,122	161,374	207,068	179,765	172,539
Data & Bandwidth Expenses	7,176,575	8,655,221	12,962,037	19,521,934	31,811,124
Customer Support	82,500	82,500	93,493	193,969	465,806
Vendor Costs	135,031	141,791	569,152	581,526	604,597
Marketing & Advertising	900,000	1,296,544	1,612,969	2,179,541	2,913,901
Misc Expenses	815,831	760,409	1,096,548	1,454,521	2,124,621
Total Expenses	12,608,730	16,030,309	23,089,225	30,544,936	44,617,036
EBIT	10,998,527	27,278,437	59,504,601	117,363,252	226,163,093
Interest	0	0	0	0	0
Taxes	3,369,036	8,183,531	17,851,380	35,208,976	67,848,928
Net Income	7,629,491	19,094,906	41,653,221	82,154,277	158,314,165

For More Information Consider  
Also Taking *Finance for Non-  
Financial People* in:

# Business Tools for Career Readiness



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