PREPARED BY MOHAMMAD HASAN & TAREQ SABRA

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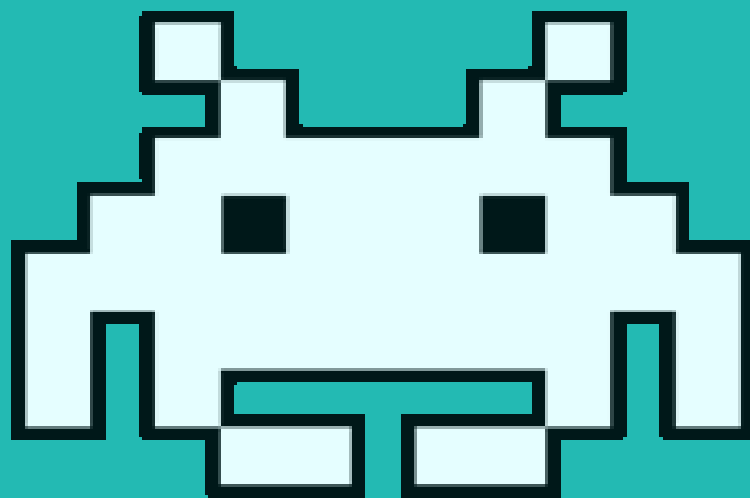
BUSINESS PLAN

FOR

MOTHETR SHIP GMAING PLATFORM

MOTHER SHIP

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1 Executive Summary

The mother ship company is a game distribution platform that aims to help Arab developers to find a suitable place and market to sell their products and get in-time feedback.

This company is The first of its kind in Palestine and with almost no rivals in the Arab world is expected to make a huge success within few years of business due to many factors such as the growing power of game industry and the increasing market share of Arab countries in the international game market.

The main sources of profit for this business are gamers monthly subscription fees ,fees on publishing game titles, game sales revenue cuts and ads advertisement.It's expected that this business will get to the break even point within a year and a month and a half of business.

Our target customers are Arab game and independent developers, advertisers and gamers.Those customers can access our services throw our website and their products will be distributed throw the website as well.

We'll ensure the quality of products sold on our website as a part of our policy of making us different from our competitors with the ability to refund products within certain conditions and reasons and having a reliable support team to ensure maximum customer satisfaction and trust.

The company is registered as partnership company and is owned by Mohammad Hasan and Tareq Sabra which share the responsibilities for the company and have dividends shared evenly between them.

The company shall be located in the center of Nablus and will require a startup cost of about 3000$.The company has a small set of fixed assets which are the database server and a 2 desktops.

In the three years of the company start,only Tareq and Mohammad will work in it and shall do all the managerial activities in-addition to the other operational activities such as database maintenance and providing web customer services in-addition to company advertisement and promotion operations.

Our company vision be one of the best Arabic game distribution platform and be the best home for Arabic independent developers.

Our company is named "The Mother Ship", it will be located in the center of Nablus in Palestine and will be owned by Tareq Sabra and Mohammad Hasan. The company will serve Arabic developers and gamers with user friendly gaming platform were the developer can easily sell his product and get in-time feedback from the customers.

The start-up of this company is going to be funded partly (around 10%) by its owners and hopefully, the rest of the fund will come from organizations who read this plan and find an opportunity in incubating us as entrepreneurs.

2.1 Mission & Vision

Our company mission is to help Arabic developers by publishing their games and providing an easy, user friendly market to sell these games in and give them in-time feedback from real customers and gamers to improve their games and skills.

Our vision is to be one of the best Arabic game distribution platform and be the best home for Arabic independent developers.

2.2 Products and Services

The company has its own online website and will provide its customers with three main services:

- Subscribed gamers will be able to download and play the company's platform provided games.

- Developers who've registered in the company website will be able to publish their games on the website which can be sold to the gamers who in turns enhance developers returns and give them technical feedback on their work.

- Advertisers who've contracted with the company will be able to advertise their products and services on the company website and promotional emails.

2.3 Ownership

The Mother Ship company will be owned by Tareq Sabra and Mohammad Hasan.

Tareq is a computer engineer with one year experience in web design and has experience in developing game support sites.Tareq will held the position of General Manager of this company.

Mohammad Hasan is a computer engineer with over 2 years of experience in databases and platform administration and will be positioned as the Assistant Manager of this company.

2.4 Legal Form

The Mother Ship company will be registered in Companies Registration Department at the Palestinian Ministry of National Economy as a partnership organization and will be owned by Tareq Sabra and Mohammad Hasan.

2.5 Location and Facilities

The company will take a place in the center of Nablus in a one-room [1] (studio) which comes already furnished and will cost about $185 per month as a rent.

This location of the company make it easy for our employees to reach and is enough for the start-up.Though,in future another place shall be found as the company evolves and get bigger.

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[1]The owner of this studio advertise it on https://shobiddak.com/houses.

3 Market/Industry & Competitor Analysis

The Member Ship company is going to provide games from its registered developers to its subscribed gamers and thus our targeted market is both the game market and the game distribution platforms market.

3.1 Market study

The video game industry has grown really fast over the years, its market reached $78.61 B in 2017 and is expected to be worth over $90 B by 2020 with a growth rate of over 18%.
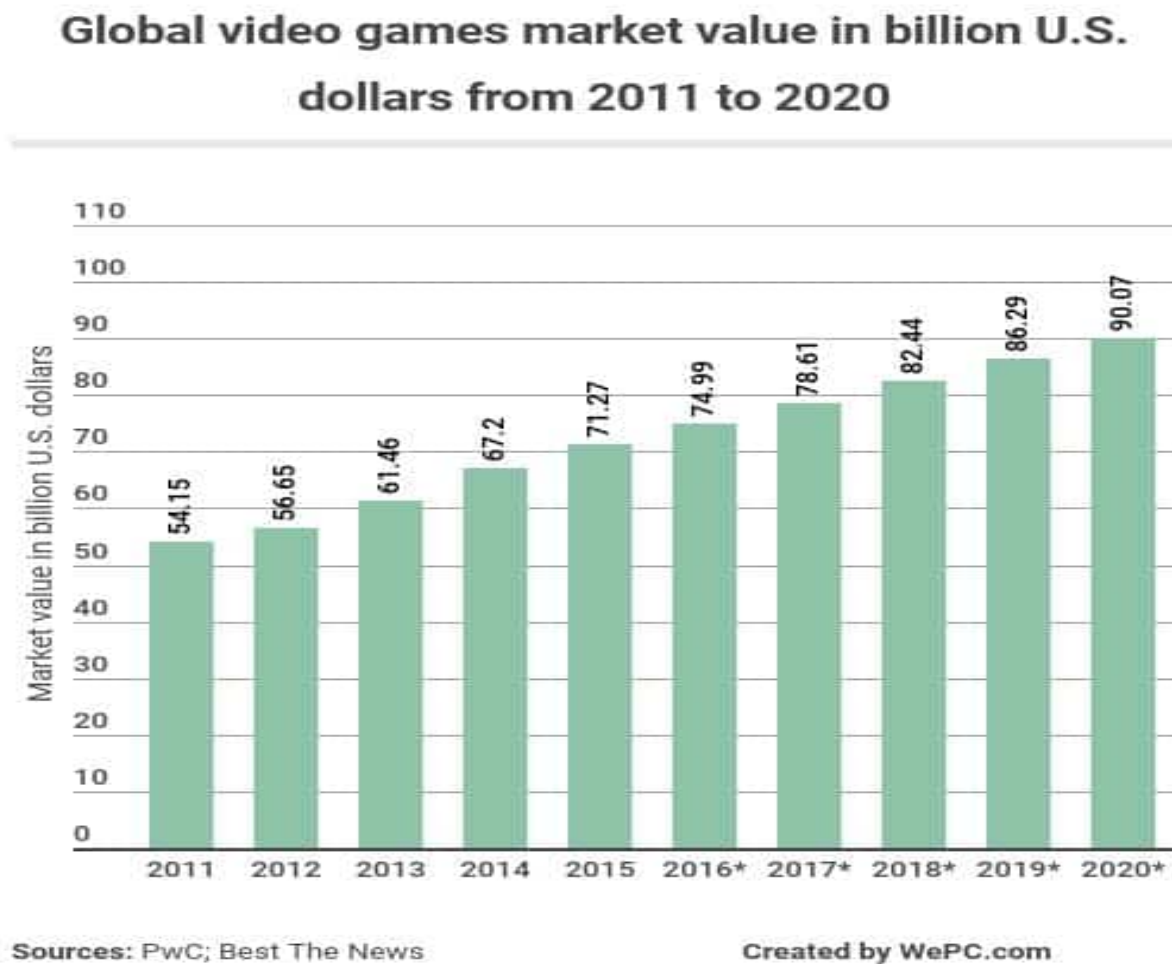
Figure 3.1: Video-Games market.[1]

As game industry grows there is an increasing need for online gaming platforms where developers can distribute their games without the obstacles of intermediaries and increase their profits.

When taking about gaming distribution platforms Steam is the first one in this industry with an active user base (125 M) that rivals the combined user bases of the current console generation (150 M) which make it dominates the market. Steam's share of the market grew from \$3.5 B in 2016 to \$4.3 B in 2017 with a growth rate of about 22% .
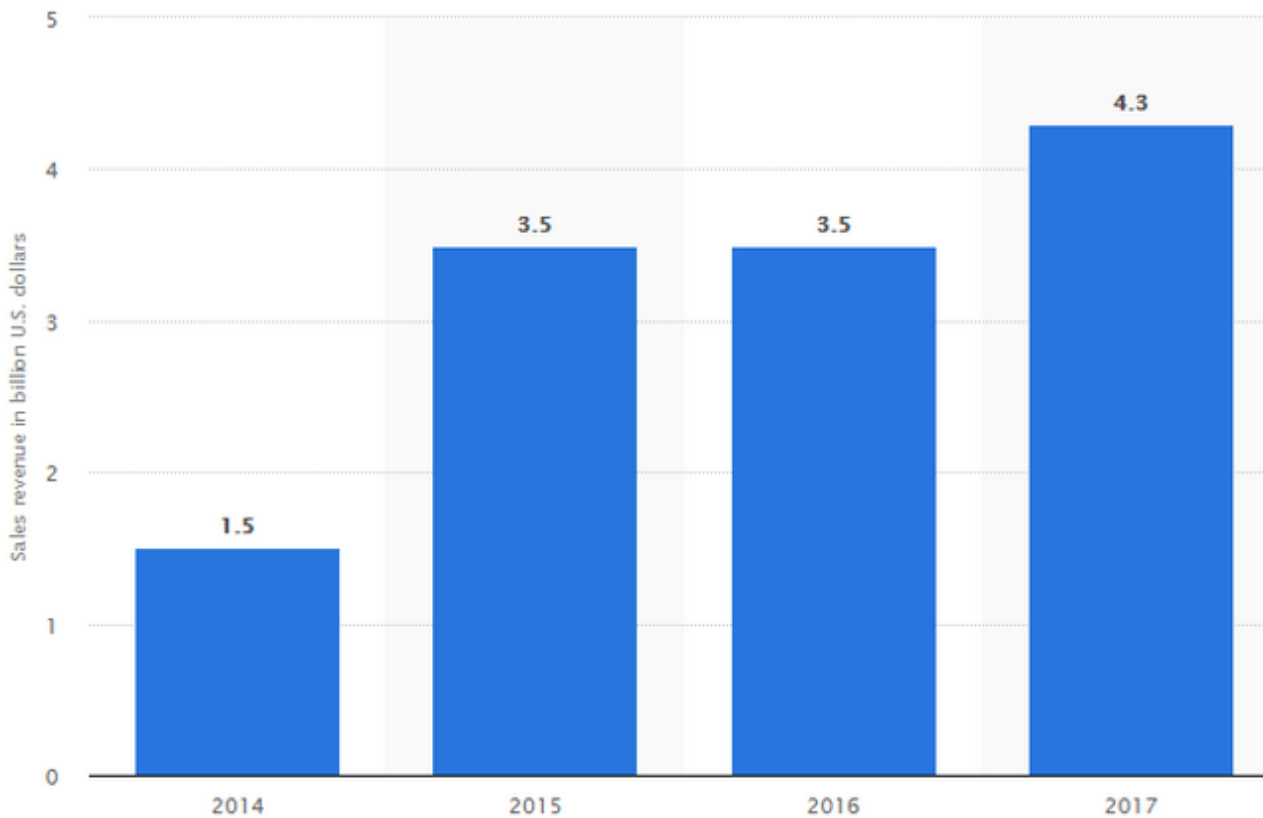
Figure 3.2: Steam market[2].

Nintendo, Sony and Microsoft are considered the best game-selling companies which monopolize 85% of the game global market share, while China is the largest consumer market for these products by nearly 20%.In the Arab world, the Gulf Arab countries occupy the highest rates of consumption of electronic games, especially Saudi Arabia, about 28% of the Arab market.[3]

About two-thirds in Saudi Arabia and the UAE play video games (65% and 63%, respectively), while closer to three in ten in Qatar and Egypt do so (33% and 29%, respectively). Four in ten play in Lebanon, and only a quarter play video games in Tunisia.

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[1]Taken from https://www.statista.com/statistics/547025/steam-game-sales-revenue.

[2]Taken from https://www.wepc.com/news/video-game-statistics.

[3]According to http://tiny.cc/mk3caz.

Relatively few gamers play video games on a daily basis (14%), although those under 25 are more likely to do so (29%).The typical (median) time gamers spend playing video games is five hours each week.[4]

All of these numbers indicate how strong the game-industry market is and it gets stronger by the time working with other industries like the hardware industry and many others, and all the signs indicate that the future for this industry will only become better and stronger.

Indie games are games made by individuals developers or small studios.They grow largely over the years with the existence of new and free game engines such as unity which makes it easy for small developers to produce quality games.Our company aims at targeting this slice of developers to publish their work on the company website.

Steam indie games has grown and the estimated number of indie games are about 22 K and with market share of about 5% which give us an estimate of a market size with 130 K unit of games and with an avg price of $7 per each unit, the size of the targeted market is about $910 K.

3.2 Competitors Analysis

To prove that this investment is feasible and that we have an advantage against possible competitors threats, the 5 forces model(porters model) is applied.

3.2.1 Rivilary Among Existing Firms: Medium Pressure

In this industry Steam is the dominant but it will have a direct competition with Epic which owns many games in the market and is going to launch its own online engine which include its made games and will be welcoming for other independent publishers.

Other competitors in the market are Unity,Bulizard,GOG and Gamersgate but they have less effects on the industry.

The Arabian and Palestinian game publishing industry almost has no competitors where there's no companies specialized in supporting Arab game developers or publishing their games online or selling them.

3.2.2 Threat of Substitutes: Low Pressure

Independent publishers can publish their games to Steam and Epic.Developers and publishers pay Steam 30% for every game sale on the platform whereas they will pay Epic Games just 12%.

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[4]According to http://www.mideastmedia.org/survey/2014/video-games/popularity-of-video-games-and-time-spe

Arabic independent game developers find it really hard to sell or publish their games on these platforms for reasons like:

- There's no actual international fan base for Arabic developed games.

- There is no trust in the quality of Arabic developed games and therefore no one up votes the game in these stores.

Our company aims at providing a welcoming environment for developers were they can easily share their games with low revenue cuts and thus make it an advantage against going for other substitutes.

3.2.3 Bargaining Power of Buyers: High Pressure

Video games have a very high purchases.Consumers are looking forward to play a high quality games and with low costs and thus they tend to go to big games rather than games developed by independent suppliers and these games are found on distribution like Steam,Epic and Ubisoft.

Though this have a high risk on our company but a turn over on this threat would be to not only bring Arabic independent games but also to bring trending games to the company platforms along with special offers at the lowest prices possible.

3.2.4 Bargaining Power of Suppliers: Medium Pressure

Arabic independent developers find it hard to distribute their games to big platforms because they have to pay (relatively high) fixed costs to these companies before they even begin to get revenues from their games for instance Steam require their publishers to pay $100 which is considered high and risky for Arabic small developers.Also, big game distribution like Steam will keep cutting a percent (around 30%) for each payment of game developed by its customers.

Our company aims at incubating these small developers by putting a small and affordable costs on publishing games and get a low percent (8%) on each sold game and thus gaining publishers loyalty and decreasing the probability of switching to another company.

3.2.5 Threats of New Entrants: Low Pressure

Big distribution like Steam has many competitors since their suppliers are a very big company like Ubisoft,Epic and CD-Project who can at moment build their own distribution platforms.On the other hand,the Arab world is witnessing stagnation in the huge gaming industry and tends to invest in small non-risky ones and thus it has no native platforms for its publishers.

Thus the risk of new entrants from new Arab competitors is very low which give us a first-mover advantage toward this industry.

3.3 Competitive Advantage

There are no companies specialized in supporting Arab game developers,publishing their games online or selling them and our company will aim at diminish such gaps by being the first-mover toward this business in the Arab world.

Big platforms such as Steam doesn't support Arab currencies and thus make it hard for Arab to buy the product,Players in the Middle East The interest of electronic stores in Arabic currencies in their shops so that we can buy in our official currency without transfer fees are collected over the amount of the game when you buy.Our company will support almost all the Arab Currencies to diminish this gap.

3.4 Future threats

There are threats that may face this company as it grows.The most affecting threats are the illegal distribution of the games done by hackers ,but we would note that this threat may only occur in the far future when the company has an international reputation and its games are highly requested and can be faced throw services like Denuvo.Our defensive strategy for this threat is to make deals with online services which makes the website games more secure and hard to break.

Our business aims to encourage Arab game developers and give them the ability to sell their products in local and global markets by giving them and their games the attention and customer feedback they need.

4.1 Key Performance Indicators (KPI)

The company focuses on the following points to measure its performance:

- Number of times our web page is viewed and visited.

- Number of gamers who've subscribed in our website.

- Number of developers who've registered in our website.

- Number of advertiser who've contracted or are considering a contract with our company to advertise on our website.

- Number of games sold through our website.

4.2 Customers Personas

The company aims at attracting Arab game developers who make quality games and want to sell and increase their profit from them.

We also aim at attracting customers and investors who are interested in Arab-developed games, those customers could be local customers (from within Palestine) or international (from nearby countries such as Gulf-countries,Egypt and Tunisia).

We also aim at attracting a third personas which is advertisers who want to improve their businesses by targeting their ads to gamers and developers in our environment.

4.3 Marketing Objectives

The company considers the following marketing objectives

- To break even within a year and a quarter of business.

- To dominate the Arab world game industry and become the 1st distributor of Arab games within 5 years of time

- To expand and start competing world-wide.

- To have an international market share within 10-15 years of business.

4.4 Marketing Mix

In this section, we consider the 4 marketing mix to satisfy the needs and desires of consumers whether they are gamers,developers or advertisers.

4.4.1 Product

The quality level of products distributed by developers are important so for a game to be sold by our company and exist on our website it has to meet up with the following quality standards:

- The game has to work properly and reported bugs shall be solved by the developer as soon as possible.

- The game should be compatible with the OS's that it is developed for.

- The game should has a content that is reasonable with its sold cost.

- The game should meet our community standards and being suitable for the genre it's being sold or advertised for.

As part of the company design and styles,game developers have to declare what language or engine is used to design their games and what genre it's directed to.

The website distributed games are guaranteed to have developer support and a satisfying level of quality which enhances the company features.

As a branding strategy, games will have their developer logo as the game makers and our logo as the game distributors and will be registered in both our name and the developer's name.

The size of games distributed in the platform is not limited and depends on the game contents and technology.

As part of our company sale strategies,we provide our customers with fast reliable support and a new market to sell their games in and advertise their products.

The company ensure a full refund on its sold games as part of its warranty for the customers and this may occur in cases like:

- The game didn't work due to a developer error.

- The game was different from its description.

4.4.2 Pricing

The company aims when determining prices is to make reasonable profit through the developer subscription,the small cut percentage on the sold games revenue and through payments for advertising activities.

The game price elasticity is affected by the change in demand of a certain game which affect its popularity causing us to reduce its price and make offers and deals on it.On the other hand, if the demand increases the price of the game wont change (won't become less).

As a pricing method strategy,the price of games is determined by its content,how much time it took to make and the resources where used in developing it and thus any game with price that doesn't reflect its content and quality won't be distributed in our website.

4.4.3 Place

Our customers can access our services through the company website where they can subscribe and download games or distribute it or contract with the company to advertise their products.

The only way to get our services is through our website and this strategy is adopted to diminish costs on contracts with agents to distribute our products and to reach the largest possible segment of potential customers.

4.4.4 Promotion

Social media has proven to be very effective in promoting products and bring in customers.This method of promotion is considered cheap and effective for start-ups and thus at the beginning,we plan to get to our customers through social media advertisement.

After making a name and building a reputation for the company,we plan to use Google targeted ads to advertise the website and the company to different developers,gamers and advertisers.

The location of the project has been chosen so that it is close to the staff and easy to reach.It has also been taken into account that the cost of rent should be as low as possible so that the impact of fixed costs is low.

The project is located in the center of Nablus in a small studio room with a rent,thus ensuring lower transportation costs for the staff.

The site is furnished and ready for use, but needs to be supplied with water, electricity and internet from the company's expenses.

For the company to start,it needs a server to do the following:

- Storing the databases of the developers games.

- Storing financial transactions and operations.

- Storing employees information and salaries & customers transactions,subscription plans and their website tracks.

The company needs two computers for both the cooperator of this company which will use it for the following activities:

- Monitoring the work in the company and its employees.

- Monitoring financial transactions and pay the company bills.

- Paying the employees salaries and make weekly operation plan.

- Database management and maintenance.

- Website tracking,maintenance and security.

- Reply to business and customers messages.

The company also needs a server to host the website on it.We are going to use the Blue Host service as it serve a low costs on web hosting with enough space and free domain for considerable time and it offers automated backup for the website thus remove the part of the overhead on the company.

The website also needs to be promoted and we plan to do that using social media both by putting latest products promotion in the company social pages and by taking low cost offers these social medias.

The project initially needs an employee who can deal with customers and support them.That the employee should be aware of the efficient methods in promoting digital products through social medias and video-sharing websites

like YouTube.Also he should have the skills of fulfilling customer needed services,communicate with them and hear their complaints and suggestions through our website,social pages and official e-mails.

The nature the work requires our employees to bring their personal computers with them to do the different company activities and by applying this strategy we reduce the overhead of tool expenses on the company.

In order to start the work, it needs human resources managed and be able to bear the responsibilities assigned to it and work for the company success and promote it.

For the company to succeed, it needs structural organization.

There have to be a CEO who manages the organizations overall goals,strategy, and operating policies and be responsible for the entire enterprise.

There have to be a general manager responsible about the department different functionality.

There have to be a financial and marketing managers to get consumers to buy the company's products and to deal with the company's financial resources.

There have to be a human resource manager responsible for recruiting and selection of the employees.

6.1 Human Resources

When the company start-ups it needs 3 persons to operate it and share all the responsibilities of all units in the structural organization mentioned above.

- Mohammad Hasan will be one of the co-founder of the company and will take the responsibilities of maintenance and organization of the company databases.He will be responsible of tracking employees works and assigning them weekly plans.He will also be responsible for the financial of the company.

- Tareq Sabra is also one of the co-founders and will be responsible for the website maintenance and debugging and will add any demanded feature for it.He will also be responsible for replying business messages and will be in charge of tracking the company devices.

- The third person is an employee which will be selected by Mohammad and will be responsible for promoting the company's website and deal with customers and will act as the support team for our company.

Working together, all the functionalities required by the different managerial levels should be fulfilled.

7 Financial Statements

In this section, we will present an estimate of the financial statements for the three years following the commencement of the project.These estimates are based on the market analysis done previously in the report and based on the customary costs in the Palestinian market.

The company needs a place where it can put its database servers and where the employees will meet.The rent of the small-furnished studio will have a fixed cost of \$1,220 K per year, other fixed costs are the cost of the database server (\$700) and the cost of two desktop as there will be two employees (\$170).Also,the company is registered as a partnership company which costs \$130.

Variable costs are spent on web hosting,advertisement,salaries and transportation.Web hosting will initially cost 10\$ per each month and we will spent 100\$ on advertisement (15\$ will go as a Facebook web-page advertising and the rest will go in other forms of advertising).

The owners of this company will initially be the only employees and each of them will have a salary of \$570 per each month.The employees lives in nearby villages near Nablus and hence a transportation of \$2.28 per day for 5 days a week (working days).

The revenue drivers of the company depend on three main sources described as follows:

- Subscription fees on customers who download and play the platform games this subscription will cost the customer \$5 for each month and shall be payed at the start of each month.

- Every published game requires its developer to pay \$5 before it launches on the company platform and there's a revenue cut of 10% on each sold game.

- Contracts with advertisers who want to advertise their products on the company websites apps and emails,this have an average of \$3 every month per each customer.

From the revenue drivers mentioned above,the revenue of the company per each year is given by the following multivariate function:

$$R(P, G_{new}, C_{avg}, D_{avg}, A) = 60P + 5G_{new} + 0.1C_{avg}D_{avg} + 36A \ \$ \qquad (7.1)$$

where:

P = Number of players in this year
G_{new} = Number of new games published on the website in this year
C_{avg} = Average price of a game in this year
D_{avg} = Average game downloaded (purchased) this year
A = Number of advertisers in this year

The depreciation year for the server and the desktops is 5 years and all the tables where filled with time value of the money already discounted.

7.1 Performa Income Statement

The performa income statement for the next three years is shown in the following table:

Income Statement	1st Fiscal Year	2nd Fiscal Year	3rd Fiscal Year
Revenues			
Subscription Fees	12360	21600	36000
Game Publish Fees	75	100	150
Game Revenue Cuts	70	187.5	300
Advertising Fees	3600	5400	7200
Ttoal Revenue	**16105**	**27287.5**	**43650**
Fixed Costs			
Desktops	170	0	0
Servers	700	0	0
Company Registration	130	0	0
Depreciation	174	174	174
Rent	1220	1220	1220
Total Fixed Cost	**2394**	**1394**	**1394**
Variable Cost			
Web Hosting	120	150	200
Avertisement	100	700	2000
Salaries	13680	13920	14160
Transportation	1186	1186	1186
Utilities	548	548	548
Total Variable Cost	**15634**	**16504**	**18094**
Profit/Loss	**-1923**	**9389.5**	**24162**
Income Tax	15%	15%	15%
Net Income	**-1923**	**7981.075**	**20537.7**

Table 7.1: Performa income statement for the next three fiscal year in $.

The table above showed a projected revenues for subscription fees,game publish fees,game cuts and advertising fees.These revenues are based on the market analysis done before which shows share of games,users and developers and which can be found at https://www.wepc.com/news/video-game-statistics/.The projected qunatity of each revenue drivers were estimated and plugged in the revenue equation mentioned earlier and then filled within the statement table.

As seen from the table the profit to revenue ratio are increasing as the company ages with percents of -15%,43.46% and 55.35% respectively which shows a good potential in the market.

The income tax rate on partnership companies is taken from the following site https://www.pipa.ps/ar_page.php?id=1b102fy1773615Y1b102f.

7.2 Performa Cash Flow Satatement

It has to be noticed that the services bought on the company website goes immediately to the company's cash so there are no accounts receivable,nor from subscribed gamers and neither from registered developers or advertisers.

It also has to be noticed that the company pays all its obligations from rent,utilities,web hosting,etc in cash immediately so there are no payable accounts,bonds or notes.

The performa cash flow statement for the next three years is shown in the following table:

Balance Sheet	1st Fiscal Year	2nd Fiscal Year	3rd Fiscal Year
Inflow Cash			
Revenue Cash	16105	27287.5	43650
New Personal Cash	100	0	0
Previous Fiscal Cash	0	1174	4079.075
Loan Cash	2823	0	0
Ttoal Cash Inflow	**19028**	**28461.5**	**47729.075**
Outflow Cash			
Investment in Servers and Desktops	870	0	0
Registration	130	0	0
Hosting and Advertisment	220	850	2200
Salaries and Transportation	14866	15106	15346
Utilities and Rent	1768	1768	1768
Loan Payment	0	250	1000
Other expenses (Taxes)	0	1408.425	3080.655
Divedends	0	5000	15000
Total Cash Outflow	**17854**	**24382.425**	**38394.655**
Net Cash	**1174**	**4079.075**	**9334.42**

Table 7.2: Performa cash flow statement for the next three fiscal year in $.

7.3 Performa Balancesheet

The balance sheet for the first three years of the company are described in the following table:

Balance Sheet	1st Fiscal Year	2nd Fiscal Year	3rd Fiscal Year
Assets			
Non Current Assets	826	652	478
Cash	1174	4079.075	9334.42
Inventory & Recievables	0	0	0
Ttoal Assets	**2000**	**4731.075**	**10267.42**
Liabilities and Owner's Equity			
Owner's Equity	100	100	100
Loans	2823	2573	1573
Retained Eearnings	-923	2058.075	8594.42
Total of Liabilities and Equities	**2000**	**4731.075**	**10267.42**

Table 7.3: Performa balance sheet for the next three fiscal year in $.

7.4 Breakeven Analysis

Since the revenue from the services are given by multivariate quantities,we choose to make the breakeven analaysis by plotting the revenues and total costs as a function of time.

The following graph shows the breakeven point between total revenues and total costs:
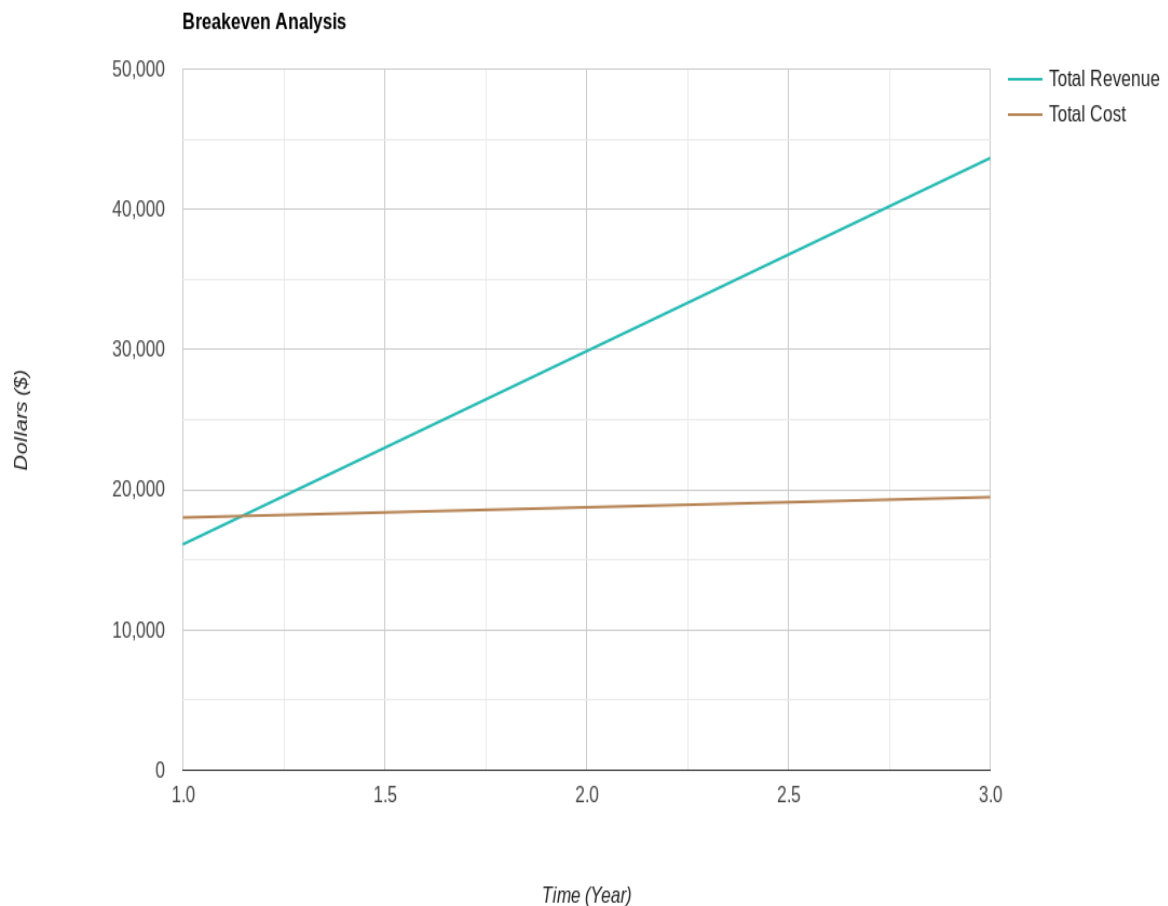

Figure 7.1: Breakeven point calculation using graph.

As seen from the graph the point at which the two lines intersect is when the time is equal to about 1.125 year,which is time needed for the business to breakeven and this is good and shows that the business is worth investing.

7.5 Potential Marketshare

The following tables shows the market share of the business for the first three years from its start.The market size is based on studies and statistics mentioned in these sites https://www.wepc.com/news/video-game-statistics/ and https://steamspy.com/genre/Indie.

Market Opportunity in Revenue	$4 M		
	Year 1	Year 2	Year 3
Yearly Objective (Revenue)	16000	28000	44000
Growth Rate		175%	157%
Required Market Share	0.4%	0.7%	1.1%

Table 7.4: Showing the potential of the market for the next three years.