



智产智融
Smart P&L

Smart P&L

Business Plan

by Sparklefish



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1. Abstract

With the rapid development of China's economy, the number of small and medium-sized enterprises is also growing rapidly, and they are playing more and more important roles in the country's economic aspect. According to the statistics data from the National Administration for Industry and Commerce of China, in 2013 the total amount of China's small and medium enterprises and individual industrial and commercial households registered has more than 15 million. By the end of 2016 the number will be more than 70 million. With the annual growth rate of more than 10%, it is estimated that by 2020, China's small and medium enterprises and individual industrial and commercial households will be more than 90 million. SMEs have accounted for more than 99% of the total number of enterprises. According to the guiding spirit of the 18th National People 's Congress, it is important to "promote public entrepreneurship innovation, and constantly cultivate new, new kinetic energy to promote sustained and healthy development of small and medium enterprises". With the implement of the next 5 year plan and the in-depth development of China's market economy, the number and size of small and medium enterprises will continue to develop.

While small and medium enterprises are booming, the financing environment for small and medium-sized enterprises is very bad. According to the data from Bank of China released in 2014, we found that by June 2013, the total number of small and medium enterprises has reached 56.51 million yet less than 10% of them could obtain credit support from the bank. China's SME is currently facing problems in difficult financing processes, limited financing channels, high financing costs, and the problem is becoming increasing hard.





Based on this development background, Smart P&L SME financing platform firmly grasp the market development opportunities and access to SME financing market. We are committed to improving the financing of small and medium enterprises, reducing the financing costs of small and medium enterprises, and to provide convenient and standardized services in credit audit and risk assessment for SMEs financing.

The main features of Smart P&L are: (1) we establish a partnership network for enterprise users, so that the financing business between enterprises more convenient and standardized, and we could also the mutual understanding between enterprises to control the risk; (2) we creatively provide a normative reference model for the mutual assurance business between enterprises, so that the mutual guarantee between enterprises is efficient and convenient; (3) we could provide more information for the lending and credit auditing of financial institutions based on the historical record of the enterprises on the platform, to increase the credit rating information of the enterprises; (4) we provide enterprises and financial institutions to buy and sell business creditor's rights business, to help enterprises quickly get cash flow.

Smart P&L platform is designed for two types of clients, namely, small and medium-sized enterprises (SMEs) and financial institutions related to corporate lending business. While we are committed to providing more options for financing small and medium-sized enterprises, we also focusing on achieving the Information docking and matching between financial institutions and small and medium enterprises through the intelligent recommendation function.





Through the platform, small and medium enterprises could complete the financing business (inter-enterprise loans, inter-firm guarantees, and corporate loans) through their respective cooperative network to related business, so that SMEs financing could be more standardized, convenient and efficient. Furthermore, the cooperation of financial institutions can also use the platform to carry out more secured business loans business, access to more business information, so as to achieve business expansion at the same time the goal of effective control of loan risk.

2. Project Description

2.1 Project Background

2.1.1 The plight of SME financing and its causes

With the establishment and improvement of China's market economic system, small and medium enterprises have been developing rapidly in the recent 20 years. Small and medium-sized enterprises not only become an important force to promote the sustained, stable and rapid growth of our national economy, but also play an important role in adjusting the economic structure, expanding social employment, developing local economy and increasing fiscal revenue. However, many reasons including the shortcomings of small and medium-sized enterprises, the imperfectness of China's financial system and the lack of concerted efforts in all aspects of society make the shortage of funds and the difficulty of financing become the bottleneck of the development of small and medium-sized enterprises, which seriously hinders the healthy development of small and medium-sized enterprises. Among them, at this stage the problem of small and medium enterprises loans is very serious.





Since the information disclosure of small and medium enterprises is not as complete as listed companies, while corporate finance data is also difficult to obtain. We can only see the financing status of SMEs through the analysis report from the bank and third-party. According to the relevant statistics released by the People's Bank of China, by 2013, less than 10% of China's small and medium-sized enterprises can obtain credit support from banks. And "2011 Guangdong Province SME financing research report" shows that nearly 70 percent of the province's small and medium enterprises are lack of money, while the financing costs compared to 2008 rose nearly 20%. China's small and medium-sized enterprises financing is facing three huge problems: financing difficulties, limited financing channels, high financing costs.

There are many reasons behind the financing difficulties that will be listed as follows.

Small and medium-sized enterprises are small in scale. Many enterprises have shortcomings in the management structure and system of enterprises, especially the weak financial concept of enterprise legal person, which causes SMEs to fail to provide the financial data to the relevant financial institutions, which makes it difficult for SMEs to obtain financing.

Bank lending needs to take full account of the risks. As the financial situation of SMEs is opaque, banks are more willing to lend to large companies than to lend to small and medium-sized enterprises, and this situation will not change until there is a lack of management institutions specifically for small and medium-sized enterprises to provide financial support.





SMEs themselves have many features that are not conducive to lending to financial institutions. On the one hand, because of small size, small and medium enterprises costs less in the information collection, analysis of market investment and other field. And thus they are vulnerable to economic prosperity, financial environment and industry changes. On the other hand, small and medium enterprises have insufficient assets for mortgages. Even if the bank is willing to lend, but since the assets of small and medium enterprises that can be used for mortgage Assets are relatively scarce, commercial banks are reluctant to lend to small and medium enterprises.

From the government point of view, although the country clearly put forward to public entrepreneurship, innovation as the guide to the development of the economy in the thirteenth five plan, the government still lack of support for small and medium enterprises to support the policy. At present, China's central bank has implied a series of financial policy to improve the situation. Although these policies have a strong relevance and operational, but in the long run, it is difficult to fundamentally solve the financing problems of small and medium enterprises by increasing loans. In the light of international experience, many countries have adopted various preferential policies to support their financing according to the type of ownership and industry of small and medium-sized enterprises. This can be a direction for national policy development.

In addition, there are many aspects of credit problems such as small and medium enterprises to become a bank to control the reasons for loans to SMEs.





2.1.2 Ways to solve the financing difficulties of small and medium enterprises

In view of the current situation of financing difficulties of small and medium enterprises, many scholars and governments have put forward many solutions and countermeasures, which can be divided into the following points.

SMEs should strengthen their own construction, especially the establishment of a standardized financial system. SMEs need to establish and improve the existing management system and financial system, strengthen the leadership of the management awareness and risk awareness, enhance the value of corporate assets, change the corporate image in order to better attract financing.

Establishing small and medium financial institutions. Unlike traditional financial institutions, small and medium-sized financial institutions should determine the main lenders as small and medium-sized enterprises, preferring to provide financing services for small and medium-sized enterprises, and not for the purpose of profit, but with the purpose of promoting social and economic development. At the same time, the relevant agencies should introduce the corresponding policies to encourage private capital to guide small and medium-sized financial institutions to form a larger amount of funds for small and medium enterprises and even large enterprises financing.





The government should understand the important role that SMEs plays in China's economic development at the current stage of and in the future. The government should also take into account the financial needs of small and medium-sized enterprises while giving financial and policy support to small and medium-sized enterprises. Under the prerequisites that quality can be guaranteed, the Government can take into account the use of goods and services provided by small and medium-sized enterprises (SMEs) as far as possible by the Government's public tender and government procurement. This will help narrow the gap between small and medium enterprises and large enterprises financing is conducive to SMEs in the competitive advantage, expand the scale of enterprises and corporate assets. In addition, the government should increase the relevant support SME financing policy implementation efforts to strengthen supervision and management, to meet the conditions of the enterprise financial and financial support.

Strengthen the norms of private financing management. The authorities should improve the relevant laws and regulations, the current active civil financing behavior standardization. The relevant supervision agencies should strengthen the supervision of private financing behavior, private capital borrowing process for a series of problems to be dealt with in a timely manner, through an effective risk early warning system so that private capital could move onto the scientific and transparent development path as soon as possible, and create a good social environment for the financing of small and medium enterprises.

According to these recommendations, we could see that experts and scholars put forward relevant solutions from the view of enterprise, financial institutions, government and private lending to solve financing difficulties of small and medium enterprises.

2.1.3 The favorable conditions for the development of Smart P&L SME financing platform

From the perspective of innovative financial applications, we hope that we can effectively help improve the financing difficulties of SMEs in the problem we can improve.





SME current financing channels are mainly three: banks, formal financial institutions, private lending. Although the main financing channels for small and medium-sized enterprises or banks, most of the financial institutions business is for the whole society, the financial institutions specifically for small and medium enterprises have not yet appeared. Therefore, some of the inherent attributes of small and medium-sized enterprises, such as small-scale enterprises, poor business stability, enterprises can be used for collateral for fixed assets and other factors will make enterprises more difficult to obtain financing. At a deeper level, the imperfect information disclosure of small and medium-sized enterprises, the lack of understanding of small and medium-sized enterprises, and the small assets available for small and medium-sized enterprises can be used for mortgage are the problems that are needed to be resolved as soon as possible.

Private lending has become an important way of financing small and medium enterprises. Although the civil borrowing procedures are simple, and creditors and debtors are more closely linked, but the private lending market has the problem such as high interest rate, high risk, the non-standard market, leading to the small market share of private lending in the MSE financing market. Enterprises are often forced to turn to private lending only if they cannot get loans from the formal financial institutions. To provide financial institutions more information on small and medium enterprises, to ensure that enterprises and collateral assets more and to allow more credit between enterprises. These are development directions for small and medium-sized enterprises financing business, as well as the favorable conditions for the development of our platform.





2.2 Introduction to platform's functions

Smart P&L SME financing platform aim at small and medium enterprises, financial institutions, corporate financing business. The platform provides multi-channel financing services for small and medium-sized enterprises based on the partnership network of small and medium-sized enterprises and form a partnership with relevant financial institutions.

In order to ensure the authenticity of the registered enterprise information, the possibility of using the platform fraud is ruled out. When the enterprise registers, it needs to pass the strict information authenticity audit and cooperate with the third party credit cooperatives to ensure the enterprise information is reliable. At the same time, in order to prevent the possibility of fraudulent use of platform fraud, Smart P&L will also be carried out to verify the qualifications of financial institutions to check the qualifications before we reach a cooperative relationship with them. We provide high-quality financing information docking services for financial institutions by providing financing information, creditor's rights transactions and preferential recommendation.

The platform has established an inter-firm partnership network, relying on the enterprise partnership network for the release of finance information and corporate guarantee information, so as to promote the mutual guarantee between the bank loans and inter-enterprise loans and other business reach.





The platform relies on the enterprise partnership network, allowing only the enterprises in the relationship between the network to borrow from each other to ensure that enterprises understand each other, so as to achieve the risk control, and to promote the purpose of financing contracts. Small and medium enterprises in the first landing "intellectual production of intellectual" platform after the success of registration, enterprises can be invited according to the needs of relevant enterprises to become partners. After the corresponding enterprise confirms and agrees to the invitation, the two companies will add each other to the enterprise's partner address book. In this way, each user can be a number of enterprises into their own partner address book, the establishment of their own business partnership network.

For the ordinary enterprise users, the platform based on the small and medium-sized enterprises, and use the cooperative network to let the small and medium enterprises efficiently and efficiently publish and receive the guarantee demand information and inter-enterprise financing demand information through the platform.

For those SMEs with financing needs, there are four main business options:

The first business is inter-firm lending business. The enterprises with financing need can publish financing needs information, and related enterprises to reach the intention of lending between enterprises in their cooperative network;

The second business is inter-firm guarantee business. When the finance needs of enterprises cannot be smooth from the financial institutions to obtain loans, enterprises can be issued through the partner network business guarantee request, pay a certain fee under the premise of the partnership network enterprises to corporate loans for security, Thereby obtaining bank loans;





The third business is the business loans to financial institutions. The enterprises with finance needs can directly apply for loan to the financial institutions through the platform. Financial institutions can get historical information, credit records of the relevant enterprises so that enterprises could get loans more easily.

The fourth business is creditor trade. When an enterprise needs to finance, it may choose to mortgage or trade the creditor's rights (such as accounts receivable from other enterprises) to obtain funds. For companies that do not have a financing need, they can also use excess funds in the way of inter-firm borrowing or receive additional revenue by way of guarantee for loans from other firms.

For financial institutions, the financial institutions that cooperate with us can carry out corporate credit audit and simplify the lending process through the platform for enterprises that lend to the institution. In addition, the platform can cooperate with financial institutions to establish a more standardized enterprise guarantee lending system. Finally, financial institutions can also participate in the acquisition of corporate claims business.

By using five-force analysis model, VIRO analysis model to make the analysis for the internal and external environment of our platform, we believe that the platform development space is huge. Smart P&L will also acquire profit through advertising, corporate loans and guarantees the official assessment costs, intermediary fees, management fees. Our goal is to develop into the first SME financing platform based on the corporate partnership network.





2.3 Project highlights

2.3.1 Inter-firm lending relationship based on the partnership network

Although the current demand for corporate finance is huge, and SMEs are increasingly difficult to obtain loans from banks and formal financial institutions, inter-firm lending has been developing continuously, but inter-firm lending has not been an important option for corporate finance. When the need for each business communication, information communication costs are higher; also have to disclose the concerns of the financial situation of enterprises.

But in the Smart P&L platform, the financing information can only be published in the partnership network. You can inform the enterprise financing needs to enterprises within the circle with very low information communication costs, making the release of financing information more convenient.

In addition, financing information can only be seen in the partners, which can prevent information disclosure. Finally, since the partners are more familiar with each other, inter-enterprise lending in the network can be more effective in the risk control.

2.3.2 Inter-firm guarantee business

Small and medium-sized enterprises are often unable to get enough loans because of the small capital available for small and medium-sized businesses to use bank mortgages. In such circumstances, if a company wants to obtain loans from the bank, it can only seek a third-party guarantees to obtain a loan.. While the third party guarantees the main atmosphere of the guarantee company guarantee and corporate or personal guarantee





The third party guarantee business is divided into guarantee company guarantee and enterprise or individual guarantee. At present, China's guarantee business is mainly led by the guarantee company, and our country's credit guarantee company is divided into three types: The first category is a credit guarantee institution which is generally formed by the government and the bank; the second category is mutual guarantee institution which is spontaneously formatted by small and medium enterprises; the third category is a commercial guarantee company. These guarantee companies together constitute the main body of the guarantee business.

However, the security industry is still in its infancy, and there are still many development issues. The main problems are the following: First, the guarantee agency and the market demand for security conflict. According to the survey, most of China's guarantee institutions have common problems such as lack of strength, small business scale, lack of credit.

Second, the composition of the security system remains unchanged. In many provinces of China, the guarantee institutions are small, the guarantee varieties are single and the guarantee is difficult to be guaranteed, to make the matters worse, many local provincial security agencies have not yet been established, there are no guarantee agencies around the formation of business cooperation risk diversification mechanism. Therefore, it is hard for small and medium enterprises to find guarantee institution to support them.

Our platform could provide following services to promote inter-enterprise guarantee business: First, provide a precedent for the guarantee between enterprises and establish a widely recognized inter-firm guarantee model; Second, conduct the information publish process through the enterprise partnership network, which effectively ease the information asymmetry situation. Third, clear the rights and obligations for the enterprises to promote the standardization of business development between enterprises.





2.3.3 Enterprise credit rating based on the use of information on the platform

The enterprise data saved in the platform is divided into two large chunks: 1, basic enterprises information that is needed in the registration and identity check process; 2, the enterprises operation record on the platform.

Based on the business registration information and transaction records, Smart P&L platform makes the intelligent rating for the enterprise credit degree through the built-in algorithm. When other enterprises and financial institutions in the financing business to carry out related business, they could take the enterprise's credit information into account.

Platform can also give enterprises intelligent recommendations in the amount of financing and other aspects based on the data.





3. Market analysis

3.1 Overview of SME Financing Market

According to China's "SME Promotion Law", Small and medium-sized enterprises are the enterprises that established in the People's Republic of China is conducive to meet the needs of society, increase employment, in line with national industrial policy, production and management scale is small and medium-sized ownership and various forms of enterprises.

SME financing can be divided into endogenous financing and exogenous financing. Endogenous financing is mainly the original input of small and medium-sized enterprises and self-accumulation in the process of production and operation. That is, SMEs use their own funds to meet their own financial needs, including capital, retained earnings, depreciation funds and so on. Exogenous financing refers to the use of external funds to finance the enterprise. In accordance with the participation of financial institutions, exogenous financing can be divided into two types of direct financing and indirect financing, including the issuance of shares, bonds, commercial credit, private loans, bank loans, financial leasing.

3.1.1 Direct financing market conditions

The main ways of direct financing of small and medium-sized enterprises are stock financing, bond financing and private financing. The way of direct financing depends on the development of capital market and the abundant state of private capital.

(1) Stock financing. At present, the vast majority of SMEs in China cannot be in the open securities market financing, it can only be funded within a certain range, usually in the sponsor, the relevant departments and internal staff between the shares, which to some extent limit the small the scope of corporate finance.





(2) Bond financing. Most small and medium enterprises cannot issue bonds in public capital markets. Even if the enterprises got the qualification, there are still in the strict constraint of "scale control, centralized management, grading approval". Therefore, small and medium enterprises usually sell small amount of corporate bonds in the non-public capital market to meet the business needs of the funds. This bond is generally about 1 year, and its interest is higher than the bank interest in the same period.

(3) Private financing. When small and medium enterprises in the application for bank loans refused, the private financing to become the main source of financing for small and medium enterprises. Civil financing is one of the most primitive financing methods, it includes P2P, P2B and many other sorts of financing. For instances the borrowing between relatives and friends, personal property mortgage loans and even the usury and so on. Before China's reform and opening up, the borrowing between individuals is only used to maintain the basic survival of the necessary consumption. Only after the reform and opening up, private financing could gradually into the field of production. Since China's capital market development is not perfect and many private small and medium enterprises cannot obtain loans from financial institutions, in some places like Zhejiang, Ningbo and Wenzhou and other economically developed areas, private financing has become an important channel for private enterprise financing.

In summary, China's direct financing market for small and medium enterprises to private financing, the development of different regions is very uneven.





3.1.2 Indirect financing market conditions

China's small and medium enterprises indirect financing channels are bank loans. Due to the variety of bank loan services, the simple and convenient procedures, bank loans become the main way for SMEs to obtain external financing. But in fact in addition to bank loans, indirect financing also includes financial leasing, fund financing and so on. By the enterprise system and the operator's ideas and other factors, China's small and medium enterprises through the equipment rental financing is very small. Only a handful of high-tech middle and low companies use this indirect financing to finance.

In addition, due to the credit guarantee system has not yet established, the bank has taken a focus on the direction of credit to focus on large enterprises and individual consumer credit strategy. Coupled with the high risk of small and medium enterprises themselves, management is not standardized, the concept of indifference and other reasons, small and medium enterprises difficult to obtain loans from the bank.





3.2 Industry analysis based on Michael Porter's Five Forces Model

3.2.1 Model





3.2.2 The existing competitors

Loans of SME can be mainly divided into three types: credit loan of enterprise, loan against collateral of enterprise, secured loan of enterprise (joint loan). Credit loan of enterprise is a loan with simple flow, quick approval and quick loan, but its line of credit is relatively low, only suitable for enterprises with a small financing gap; loan against collateral of enterprise refers to some enterprises who use their own land or real estate property, the value of equipment or goods inventory as collateral for loans. Compared with credit loan, the line of credit of loan against collateral will be relatively high; while secured loan of enterprise refers to enterprises apply for secured loans by selecting a bank of any third party to provide joint liability guarantee when two kinds of loans mentioned above cannot be carried out.

According to the categories of the main competitors, since the bank is the source of corporate loans, we do not put the bank in the place as our main competitors. In the rest of the private lending platform, except the scattered loans, which takes up not so much market share, our platform's main competitors are those various types of lending platforms, especially the online lending platforms. In the existing market, according to the different financing and investment targets, the platform is mainly divided into three categories: P2B, P2B, P2C.





Classify	Function	Application
P2B	P2B stands for Internet financial services platform, a model about personal loans for a business. P2B platform just provides financing services for small and micro enterprises, and the borrowing enterprises and their legal entities (large shareholders or actual holders) are to provide business and personal security, and basically do not provide pure credit unsecured loans, plus a borrowing margin account similar to guarantee model, so from the perspective of investment risk analysis, P2B has more investment security than P2P.	Xinhehui, Love Investment, PPMoney, Zhonghui Online, Huaguo Financial Service, Licaifan, Yindou net, Xingtouzi, Iqianbang, Fortune Cat Financial Service
P2P	Also known as peer-to-peer lending, referring to a new financing model that makes company as the intermediary, docking the debit and credit sides to achieve their borrowing needs. The borrower may be unsecured loans or mortgage loans, while the intermediary generally charge one or both of the fees or to earn certain spreads for the purpose of profit.	Lufax, Yirendai, Dianrong, Peer-to-peer lending, PPDAL, Weidai net, Souyidai, Iqianjin, Kaixindai, Touna net
P2C	P2C is a kind of personal and business lending financing model, developing high quality SME customers through the line, introducing effective financing guarantee institutions to guarantee the project, and searching for common investors through the Internet platform.	Blocks box, Peer-to-peer lending, Itouzi, Jiufu

Table: Network lending platform classification





By analyzing the existing platform for the existing small and medium-sized enterprises, we believe that although the competition targets of these platforms are similar, the existing difficulties faced by the investment and financing platform for small and medium-sized enterprises lie mainly in credit assessment and risk management. While aggressively advocating high returns, these platforms are facing a series of cyber-loan security incidents, while high interest rates on these online lending platforms have increased the burden on businesses and increased the risk of their pool of funds. Compared with P2P, P2B and P2C platform, Smart P&L improves the safety and reliability of the platform by directly establishing inter-enterprise ecosystem and function evaluation to improve the credibility and accuracy of enterprise credit evaluation, and avoids the liquidity risk caused by self-financing pool. At the same time, on the basis of the third party financial services platform, Smart P&L provides the functions about setting up an independent enterprise exchange circle and looking for multi-party enterprises to apply for loans. Currently, the existing investment and financing platform has not integrated all these functions, therefore, Smart P&L has a strong competitive edge.

To sum up, the platform where the current target market has a certain number of competitors, due to the platform target customer segmentation, has been different platform positioning in the target market, the platform is facing less competitive pressure.





3.2.2 The potential competitors

Generally speaking, the main barriers include the following aspects: capital investment, customer loyalty, cost advantage, technical barriers, resources of suppliers, using right of sales channels, economies of scale, government policy and so on. According to the analysis of product categories and service object, potential competitors of Smart P&L may exist in the area of supply chain finance. The current supply chain finance platforms are developing quickly, but because of the existence of inter industry differences, currently the financial products on the platform are also various, from electronic business, wood supply to metal smelting, they all have different supply chain finance platforms. And because of the limit of science and technology, the current block chain technology, big data tracking, cloud computing etc., have not really been applied to the risk management and control level of supply chain finance, and the credit default risk unexpected situation cannot be effectively solved, the threat of potential competitors is currently relatively weak.

3.2.3 The threat of substitutes

In the current market, alternatives of Smart P&L are mainly the products providing other investment and financing forms in addition to loans between enterprises, including the financial products on the platform of P2B, P2C, P2P. On the one hand, the number of domestic Internet lending platform is so large that the phenomenon of financial products homogenization is serious; on the other hand, most of the platform products are also faced with high risk of default because they do not know the production and operation situation of their financing target well and the information is seriously asymmetric.





Based on the third party financial services platform, Smart P&L mainly serves the business users with lending services and joint loan services. Based on enterprise ecosphere and strict credit audit and intelligent recommendation, the platforms can build an ecosystem of firms for lenders and borrowers to know each other better, reducing information asymmetry and making every enterprise know more about the production and operation situation of their cooperative enterprises when doing investments or guarantee for the other company, so as to reduce the credit risk of default, and improve financing efficiency through intelligent matching and recommendation between enterprises .

In view that there are many relevant financial products currently, the threat of substitutes is relatively strong.

3.2.4 Bargaining power of buyers

The platform serves mainly small and medium-sized enterprises that are subject to financing problems and cooperative financial institutions.

➤ Bargaining power of normal enterprises: weak

For the small and medium enterprises, due to the platform that provides links between enterprises and credit guarantee business has not yet appeared in the current domestic market, the promotion of Smart P&L can quickly capture the market with its unique and pre-entrant advantages. Objective and reasonable charge of management, unique business negotiations circle, comprehensive applications of a variety of loans types can effectively attract small and medium-sized enterprises. At the same time, the continuous developing enterprise user group will also have the agglomeration effect, to improve customer loyalty. So when the platform user reaches a certain size, the bargaining power of small and medium-sized enterprises is weak.





➤ Bargaining power of the financial institutions: strong

For financial institutions, services of the platform, such as credit rating, collateral assessment can be approved financial institutions or not is one of the key factors whether the platform can be competitive, so the platform needs to listen to the needs of financial institutions, meet their requirements of credit audit and information provide, so the bargaining power of financial institutions is strong.

3.2.5 Bargaining power of suppliers

We will analyze suppliers of Smart P&L as enterprise data providers and industry analysis providers. Because the enterprise credit rating database of Smart P&L is based on enterprise registration information and using records of enterprises on the platform together, only the initial registration data of enterprises requires the cooperation with relevant providers such as the third party credit bureaus. As for the industry analysis information section, most of the industry news and consulting enterprises can be obtained through the crawler technology, the platform itself will also provide related analysis. So the data provider's bargaining power is low.





3.3 Internal condition analysis of enterprise based on VRIO model

Presently, the resources of Smart P&L include technical resources, human resources, corporate resource and so on. We will analyze the resources and capabilities of the platform based on the VRIO model to find out its advantages and disadvantages.

3.3.1 Value issues

As a professional service platform for financing of small and medium-sized enterprises, Smart P&L fully embodies intelligent technology. Through the establishment of inter firm partnership network, the platform provides information, standardized transaction services and mutual guarantee service between enterprises, helps enterprises to successfully finance from bank loans and loans between enterprises. Smart P&L utilizes their own technical advantages to build up inter enterprise financing guarantee "circle of friends", to help SMEs to finance loans and reach borrowing information symmetry between the two parties, significantly easing lending difficulties for SMEs. In the background of financing difficulties of SMEs, including narrow financing channels, and high cost of financing, the main thrust of this platform aimed at small and medium-sized enterprises. The platform innovatively construct inter enterprise loan financing bridge, helping enterprises to solve the credit problems, while at the same time open blue ocean market, its value is obviously. Our team's goal is to build the first circle of friends to connect enterprise and financial institutions, regulate the lending of small and medium-sized enterprises, and maintain the market order for the vision. We have high degree of unity team, clear objectives, and strong strain capability. Constructing the platform into the first mature SME financing partner circle is to seize the opportunities that the market does not have this type of platform before. In the future, Smart P&L to reach cooperation intention with the existing plan, such as Alibaba, sharing information with these companies, or relying on e-commerce platform to quickly complete business group construction. When the platform is used in the SMEs lending market, it will greatly improve the company's profit.





3.3.2 Rareness issues

The uniqueness of Smart P&L is to establish the partnership circle, build a platform for related enterprises to contact. Enterprise publishes credit information among the mutual related enterprises, which helps enterprises to avoid information leakage, control risk, and promote the development of supply chain finance. In the current SMEs lending market, although there are many platforms, but most of them only helps in P2F transection. Smart P&L pioneers in establishing partnerships circle, monitoring lending transactions between the two parties, providing more closely related sources of funding, while laying a solid foundation for information consensus in partnerships circle. We will be the first one to enter the cyber market of SMEs loans and supply chain finance, seize the market opportunity and become a rare member of the enterprise financing platform. In addition, our sharp market decision-making ability, delicate business mechanism, intellectual customer information analysis are powerful core resources.

3.3.3 Inimitability issues

Smart P&L pioneers the circle of friends borrowing, the strong technology is what it is distinguished from other companies. The patent of mature system applications in the future is an important guarantee for it to be difficult to imitate. However, the establishment of related enterprises internal financing platform is easily copied by other borrowing platforms, and the advantage of imitation is not strong. Powerful backstage system and perfect mechanism are the important guarantee of the platform's operation. Other financing platform has made certain achievements in the field of P2F, they have already accumulated some experience, and their technology is more mature and stable, which are what our platform should learn from. With the higher requirements of innovation and technology, both lenders and borrowers pay more attention to the third parties' ability to reducing the cost of information disclosure and control moral risks. Smart P&L operates transactions in "friends circle", while using cutting-edge technology, and effectively solves the problem of trust in business lending. Therefore, our platform has inimitable advantage of technology, but still need to grow in the aspect of practical experience and stability.





3.3.4 Organization issues

Our company has set up financial research department, business planning department, technology research and development department, propaganda department and other departments. The combination of function type organization structure and matrix type organization structure is an important guarantee for the efficient operation of the company. Since it's in the initial period, it still need some time to digging out market potential and help consumers to accept our new products, but the combination of performance and salary incentive helps to encourage innovative talents and improve competitiveness. In addition, Smart P&L plans to corporate with existing e-commerce platform, such as the Alibaba Group, to share information with these companies, or complete the construction of community business, which is more conducive to the realization of effective control of information asymmetry with existing resources and mechanisms.

3.4 Estimation of market size

According to the financial information released by the Bank of China in 2010, the total amount of short-term loans of 742.48 billion Yuan was distributed by the end of 2009, of which the private enterprises and individual loans were 105.9 billion Yuan, accounting for only 1.43% .Therefore, the indirect financing of small and medium enterprises is severely underfunded. In addition, according to the 2013 National Information Center data, 81% of the enterprise's liquidity cannot meet the demand, 60.5% of the enterprises cannot get medium and long-term loans. This also reflects the huge gap in SME financing. As the number of registered SMEs and self-employed in China in 2017 has exceeded 50 million, we have conservatively estimated that the scale of financing for SMEs in China should reach more than 500 billion Yuan and will continue to increase.





4. Development and Promotion Tactics

4.1 Management tactics selection and planning

According to the analysis of the industry and market environment, and at the same time, with the expected development trend in the next 5 years and the team's own development capabilities, we will make a "three steps" strategic plan for the future development of the company:

The first stage is to improve the product model, expand the market share, improve the accuracy of data processing and analysis system as the main objective, and build a solid service quality foundation and user base for the company's development; The second stage mainly focuses on deepening the main business, further strengthening cooperation with banks and other financial institutions, and taking various strategies to increase user stickiness, and actively developing strategic cooperative partners; The third stage will be combined with the company's cumulative competitive advantages, on the basis of concentric diversification tactic, developing other related financial services such as insurance, funds, equity financing and so on, to provide a safe, high-quality and multiple experiential financial services platform for users. The following will be based on the "three steps" development strategy planning, concretely expounding the main content of each stage.

4.1.1 The first stage (from 2018 to 2019)

The first stage of the company is in the start-up period. According to statistics, there are fewer competitors, products and services are in the import market, this stage is the best time to capture the market. The company should perfect products and services, improve service quality, expand market share, making them as the main tasks. Focusing on the marketing goals, the company should pay more attention on disseminating Smart P&L to cooperative financial institutions and the small and medium-sized enterprises managers, and establishing the company's brand.





4.1.1.1 Business scope

Providing a third party intermediary service platform for inter enterprises' lending business and mutual guarantee business, financial institutions lending business, enterprise and other enterprises or related financial institutions' credit transaction.

4.1.1.2 Business level

Information dissemination between financial institutions and small and medium-sized customers; SME financial lending products advisory; third party cooperation promotion platform.

4.1.1.3 Strategic objective

- (1) Prior to January 2018, Smart P&L formally launches on the Internet platform;
- (2) In 2018 June, the number of Smart P&L registered users reaches 100 thousand, more than 30% active users, initially covering Guangzhou and the main surrounding cities of Pearl River Delta, and reaches a cooperation agreement with more than 10 financial institutions as well as launching a business docking pilot.
- (3) By the end of 2018, the number of platform registered users reaches more than 200 thousand, the percentage of active users has better keep. The company increases the number of outlets in the financial institutions of cooperation, at the same time, further deepens the business docking with financial institutions, and continuously improves the safety, stability and flexibility of products. Combined with user feedback, the company improves the service system and function line of the platform;
- (4) Improving the company's internal management operations, including a series of technical researches , product innovation, organization management and marketing promotion system;





(5) Smart P&L improves the company's business model, achieves profitability and maintains high profit growth, establishing a brand image.

4.1.1.4 Strategic planning

(1) Constantly improving the internal system of the company.

According to the nature of the task and personnel requirements of different tasks, establishing and developing management, technology and promotion teams to meet the expansion and development of the company's scale; making proper recruitment on campus to enrich the human capital of the company.

(2) Initially establishing company brand.

From its inception, the company should have brand awareness. According to their own competitive advantages, combined with the user's feedback, the company should establish, cultivate, and operate their own brand. Through the accumulation of time, laying a solid foundation for the later when the brand becomes bigger and stronger.

(3) Taking Guangdong as the primary strategic development market.

The Pearl River Delta region of Guangdong lies to Hong Kong and Macao, with Guangzhou, Shenzhen and other big cities which have highly developed financial industry and the Internet industry, as well as entrepreneurial atmosphere and a comparatively perfect support system. They also have a large number of good prospects for the development of small and medium-sized enterprises, and is good for the development of Internet banking.





(4) Improving the accuracy of the analysis system.

The company was founded at the beginning of the product analysis system is not mature enough. In order to meet the needs of the rapid expansion of products, the company should focus on the research of analysis system, using scientific methods to optimize the system and improve the accuracy of financial institutions, to provide more accurate information for the economic situation of small and medium-sized enterprises, and to better promote the development of loan business.

(5) Seeking more profitable ways and adjusting business models.

As the development of the early start-up companies, diversity of profit model is helpful to improve the development potential of the company. While the initial Smart P&L is committed to service debt financing transactions of small and medium-sized enterprises, the main source of profit is the intermediary costs as well as some advertising fees. Not a single profit model will inevitably become the company's day after long-term development mode, so the company need to explore a diversified business development model of sustainable development in this period.





4.1.2 The second stage (from 2020 to 2021)

After the initial promotion, the product has a certain user base and the reputation of the industry, the market followers begins to appear; at the same time, many competitors have begun to enter the market. Therefore, the main task of the stage is to continue to deepen business cooperation with financial institutions and the development of enterprise strategic partners, establishing strategic alliance; on the other hand for the platform users, to improve user stickiness through a variety of strategies, and to accelerate the expansion of user groups. Based on these two tasks as the focus, to further establish the company's brand image and enhance the core competitiveness of the company. In addition, starting business units for financial services of small and medium-sized enterprises, expanding the size of the user base and capital flow, broadening the scope of the company's business, and enhancing the profitability of the company.

4.1.2.1 Business scope

SME financial lending business information dissemination and analysis; SME financial loan project recommendation; SME financing depth consulting; user database resources development and business applications.

4.1.2.2 Business level

The dissemination of information between financial institutions and small and medium-sized enterprise customers; finance product consultation; strategic partner financial institutions; small and medium-sized enterprise users' personal financing platform.

4.1.2.3 Strategic objective

(1) By June 2020, the number of Smart P&L registered users reaches 800 thousand, and the operation model in Guangdong is copied to the other provinces in Southern China areas. The strategic cooperation with financial institutions is strengthened, user stickiness is enhanced and the corporate brand image is enhanced too;





(2) By June 2021, the number of users reaches 1 million, and reaches collaboration with more than 50 financial institutions. With the analysis of the advantages of the system, the company deepens the service content, to further provide intermediary communication, enterprise information management, loan guarantees and other services, bringing a quality experience for small and medium-sized enterprise users;

(3) The company takes a variety of strategies to enhance user stickiness, carrying out various forms of online activities, to form the interaction between the users and the enterprises and expand network. While the profits reach 500 thousand, with a profit growth rate remaining above

20%;

(4) The company tries to introduce consumer ports related to the enterprise, to expand the sources of funds, and explores innovative ways of business cooperation and business models.





4.1.2.4 Strategic planning

(1) Deepening core business development, forming regional strategic layout.

The core business of Smart P&L is to provide services of intermediary nature for the debt financing for small and medium sized enterprises and guarantee transaction between enterprises, promoting the reach of business between the enterprise to guarantee bank loans and business loans. In the second stage of development, on the one hand the company should set up a good reconstruction of business promotion team, increasing the number of financial institutions for cooperation, expanding the scale of business lending and broadening the financing space of small and medium sized enterprises; on the other hand, the company should build a marketing team for the construction of customer relationship management to improve user stickiness. As for the regional aspect, the company should focus on the strategic layout in Southern China area, making the Pearl River Delta as the center, to form a radiating network covering the Southern China area.

(2) Developing strategic cooperation and constructing competition barrier.

Because the platform gradually turns to “development - mature” stage of the life cycle of the products, in order to protect the advantages of our market position and for the consideration of the future development, this stage should make full use of the advanced technology, rich database resources and a vast user base, and gradually form a strategic partnership with banks and other financial institutions, creating synergies, to build strong barriers to competition.





(3) Deeply researching financial borrowing demand of SME.

Forming independent business group, doing further exploration of space for the future development of the company, and deeply learning the changing trend of the demand of financial services of small and medium-sized enterprises. Using the existing cooperation mechanisms with other financial institutions, the company should try to increase the consumer port, to expand lending sources of funding and perfect docking link of needs and services.

4.1.3 The third stage (after 2021)

In this stage, the development of the company has a certain size, business model, technology development, and the company management system are relatively mature, with a certain brand influence in the financial sector. In view of a single business unit development space limit, the company should follow the concentric diversification strategy, enterprise accumulated resources, develop diversified business, and enter other areas in addition to business borrowing abroad in the financial industry.

4.1.3.1 Business scope

SME financial lending business information dissemination and analysis; SME financial loan project recommendation; SME financing depth consulting; user database resources development and business applications.

4.1.3.2 Business level

Strategic partners with financial institutions; a full range of funds lending service center for SME users.





4.1.3.3 Strategic objective

- (1) By the end of 2022, the number of users of Smart P&L reaches 1.5 million, and the active users remain above 30%. The service network covers all major cities in China, and gradually develops business to the three tier cities;
- (2) Fit the investment and financing needs of small and medium enterprises in the new era, the company develops comprehensive finance service center for small and medium-sized enterprises, realizing Integration, quality and personalization of investment and financing of small and medium-sized enterprises, providing a full range of financial credit and one-stop service, and becoming influential financial service providers;
- (3) The consumer financing port system has entered a stage of improvement and development, highlighting financial services such as mutual aid and investment.

4.1.3.4 Strategic planning

- (1) Improving operation mechanism and accelerating diversification process.

Making use of business cooperation with strategic partners, gradually developing other financial areas in the financial lending business, such as the attempt of equity financing form except fund financing form, and accelerating the process of diversification of their own.

- (2) Building brand core advantage.

In order to achieve the company's rapid development, the company need to build the core strengths and core competitiveness of the brand, thereby enhancing customer loyalty, and designing higher access and imitation barriers for potential competitors in the industry.





- (3) Exploring the field of comprehensive innovation.

The company hopes to develop more time - bound technologies, so the R & D department needs to keep up with the times and is ready to explore a comprehensive field of innovation

4.2 Marketing strategy

In order to better put Smart P&L financing platform for small and medium sized enterprises to the market, we use STP theory and other marketing tools for Smart P&L to determine its target market, make a precise positioning, and design a feasible promotion plan.

4.2.1 Market positioning

On the basis of STP theory, we make a market positioning for Smart P&L. It is divided into three levels----- market segmentation, target market and market positioning. The following analysis will be conducted in these three levels.





4.2.1.1 Segmenting

Considering the platform type of Smart P&L, we focus more on the Internet financial lending products.

Lenders	Creditors	Types	Functions	Represented Products
Individuals	Individuals	P2P network lending platform	A financial model for individuals to provide small loans to other individuals through the third party platform (P2P)	借贷宝、拍拍贷
Enterprises	Enterprises & Financial institutions	B2C network lending platform	A platform for Banks and loan companies to provide individuals with funds	智慧投融、淘钱宝
	Individuals	P2B network lending platform	Financing platform for non-financial institutions, only for small and medium-sized enterprises, to finance from individuals	鑫合汇、PPmoney

According to the subject and the object of different platforms, we classify the main Internet financial lending products into the above three types. It is obvious that different types of products have differences in the main operators, target, products and purchase channels.

Enterprises generally choose to borrow from other enterprises and financial institutions to obtain funds, such as banks, investment companies, etc. At the same time, enterprises may borrow from other non-financial enterprises, which is more normal in the same supply chain.





4.2.1.2 Targeting

Smart P&L financing platform is mainly targeted at small and medium-sized enterprises with financing problems.

Because of small scale, small and medium-sized enterprise operate unstably, and have less fixed assets can be used as collateral. What's more, government rarely issue supporting policies to help small and medium-sized enterprises. There is lack of specialized financial institutions for the financing of small and medium-sized enterprises. Minor enterprises often face difficulties in financing problems, including narrow financing channels and high financing costs. That led to the huge gap of minor enterprise financing. SMEs have less channels to finance, less guarantees, less credit audit. Only when we solve these three problems, can we better alleviate the financing stress of SMEs, also create a great market opportunity for the third party platform.

4.2.1.3 Positioning - SMEs Internet investment and financing circle of friends

According to market segments and selected target markets, Smart P&L will be positioned as "SMEs Internet investment and financing circle of friends."

This platform associates affiliated enterprises to facilitate investment and financing information publication and mutual guarantee, using the construction of enterprise relationship network to achieve inter enterprise lending and guarantee business. What's more, it also use cutting-edge technology to control the moral hazard in small and medium-sized enterprises' loans, help them to take advantage in financing.

Smart P&L through unique "friend circle", strengthen the mutual supervision between lending enterprises, indicating great future development potential and high feasibility.





4.2.2 Promotion Method

According to the market positioning -----"small and medium-sized enterprise Internet investment and financing circle ", as a platform for docking loan and bond trading, the enterprise provides service to other enterprises. B2B services enterprises' target customers are more rational and focus more on the essence of service. Therefore, to better promote their products, B2B service enterprises' marketing strategy should emphasize "communication" and "interpretation", tell customers what our product is and why they need it.

The commercial value of a platform, in addition to its business function, also includes the user value. Therefore, when we are optimizing our product, we should also focus on the promotion of the platform, expand the user base and maintain the relationship with customers, so as to enhance the commercial value of the application. The main purpose of marketing strategy has two main aspects: one is using product strategy and channel strategy to exposure application, expand the user base; the other is using pricing strategy and promotion strategy, develop and maintain the good relations between different clients. We will use 4P marketing mix theory and design the marketing strategy of this platform.

4.2.2.1 SEM: increase visibility with search engines

Platform builds online real-time lending trading platform based on the Internet, perfect platform web construction is essential. The construction of the official website is conducive to the demonstration and promotion of product functions, and is also one of the effective channels for the externalization of platform services. The platform website is the direct physical evidence for customers to understand the platform, which needs the station optimization to improve search engine, as well as the site keywords ranking and product exposure. At the same time, put links in the major forums helps to improve platform exposure and conversion, expand user groups.





4.2.2.2 Accurately advertising

The target audience of the platform is the small and medium-sized enterprises facing financing problems. Therefore, the advertisement design of the platform should show the specialty of the platform more directly to the rational enterprise customers. In addition, the platform can place its advertisement on the advertising sites of industrial parks, office billboards, elevators and so on. At the same time, print the QR code of the platform and other information in the advertisement, to lead the customer from offline to online, guide the customer to study independently the function of the platform.

4.2.2.3 Develop content marketing online and offline

As a business oriented internet service company, Smart P&L needs to use tangible media to convey relevant content to customers, promote sales, and transfer valuable information to the user with reasonable content, in order to achieve the purpose of network marketing. Common content marketing tools, in addition to tangible evidence such as platforms, logo, websites, can also include white paper, online seminars and blogs. White papers and online seminars usually require a long process of development, which helps to collect and develop future enterprise databases. In the long run, these will help Smart P&L to establish long-term brand image and value. In addition, Smart P&L can make full use of word of mouth propaganda in terms of content, to deliver successful cases to customers.

At the same time, SMEs' circle is similar to human society, SMEs lending relates to social networking. By strengthening cooperation with the chamber of Commerce and industry associations, we can help the platform meet a large number of customers in need and keep in good touch with them. At the same time, the platform can contact different enterprises in the same supply chain through the chamber of Commerce, can have a general understanding of the region, and easily realize fixed-point promotion, while enhance the credibility of promotion, attract high-quality customers. The platform is supported by the chamber of commerce with a certain amount of promotion fees.





4.2.2.4 Based on big data, realize marketing automation

Marketing automation can greatly simplify the operation process and reduce work time of B2B enterprises in digital marketing. Mail automation marketing only needs simple design of a template, to send it according to the set trigger mechanism. In addition, automated mail is timelier, more personalized and more related to the recipient, so there will be higher click rates. This kind of marketing can achieve rapid and substantial return on investment.

With the advent of the mobile social era, WeChat, micro-blog and other social applications open rate has exceeded 50%. In addition to mail marketing automation, the platform will try to achieve cooperation with instant messaging platform, in order to realize fixed-point advertising to SMEs.

5. Profit model and financial analysis

5.1 Profit model

5.1.1 Matching advertisement

Matching advertising refers to the platform through the analysis of enterprise registration information, historical data and historical data to the lending business is registered on the platform of enterprise push to match the enterprises and financial institutions lending business information to the enterprises and financial institutions in cooperation with the promotion of advertising fee. Intelligent sorting and matching delivery methods will greatly enhance the efficiency and effectiveness of financial institutions lending business advertising, financial institutions through the platform and more loans matching supply and demand higher enterprises. Some financial institutions limited to regional visibility and whose business scope is limited to a certain regional scope can reach more suitable customers in different regions through the platform, and be understood by more and more SMEs. We expect to charge a fee of \$0.01 per visit to businesses and financial institutions that advertise on my platform.





With the development of the business, the number of enterprises in the platform has increased, the popularity of the platform has risen, the scope of the radiation has expanded, and the advertising fees have also shown an upward trend. In addition, advertisers can reach an agreement with the platform, put into a certain competitive ranking costs to improve advertising display sorting.

5.1.2 Official assessment fees for enterprise loans and guarantees

The assessment fee refers to the data collected by the platform audit during the registration of SMEs, and the expenses charged by the objective evaluation of the profitability and repayment ability of SMEs. Business platform with small and medium-sized enterprises registration information and continuously updated, objective assessment of corporate profitability and repayment ability, give a reliable loan amount and the guarantee amount, and charge the assessment of business costs. According to the "three step" business strategy in the first stage, cost assessment of new registered users free, in order to attract more users enter into the market quickly; in the second, third stage, each enterprise user is expected to receive 480 yuan per year of assessment fees.





5.1.3 Intermediary fee after the conclusion of the transaction

Intermediary costs refers to the small and medium-sized enterprises in partnership network or small and medium enterprises and financial institutions lending reached a cooperation, according to the loan amount according to the proportion of commission, this is our source of income constitutes the most direct and most widely. The comparison of network lending platform for financial intermediary costs, and according to the "three steps" strategy: in the first stage, as we expected by the user borrowing turnover of 0.3% charged, with the preferential fees to attract more users enter into the market quickly; in the second stage, the product development through the introduction period. Enter the period of development, the development of the company has a certain size, the intermediary fee is adjusted to slightly lower or flat with the industry level, according to the user loan amount for 0.8%; in the third stage, the number of registered users to enter new level, partner network platform to highlight the value of a certain market reputation. The platform will develop strategic partners for financial institutions and build a full range of capital lending services centres for small and medium enterprise users. At this stage, intermediary fees will be charged at 1% of the user's loan.

5.1.4 Charge of administration

Charge of administration refers to the cost about the settlement of enterprises and maintenance of the platform. After the small and medium-sized enterprises complete the registration, their own information about business development level and operating status will be synchronized at the platform, and they can establish a partnership network of business contacts and make business lending transactions with partner companies or financial institutions in the platform; the platform is responsible for the management of enterprise information, lending transactions and the daily maintenance of the platform. We charge annual fees and conservatively estimate an annual fee of 200 yuan per year for each user.





In conclusion, the profit model can be as follows:

Income item	2018	2019	2020	2021	2022
Advertisement fee(yuan per browse times)	0.01	0.012	0.014	0.0172	0.02073
Official assessment fees (yuan per year)	0	0	480	480	480
Intermediary fee ratio	0.3%	0.3%	0.8%	0.8%	1%
Charge of administration (yuan per year)	200	200	200	200	200

5.2 Major financial assumptions

- 1) The company is located in the University City Campus of Sun Yat-Sen University and meet the requirements of the high-tech enterprises, enterprises run after a year according to [National tax [2010]157], enjoy the "two exemptions and three tax incentives, that is exempt from enterprise income tax for two years, after three years of corporate income tax.
- 2) The office equipment of the company is depreciated by 5 years, and intangible assets are amortized in 5 years.
- 3) The company has no inventory, and does not consider the choice of valuation methods.
- 4) The company has no cross - income and interim spending.
- 5) The company is temporarily in the initial stage of entrepreneurship, high speed development stage, so it is not dividend.





6) According to the plan, the feasibility of reality based company ability and potential and business development and investment projects, through analysis and research the correct calculation method, based on realistic and sound principles, and follow our existing laws and regulations and system, consistent with the promulgation of major aspects of the Ministry of Finance and accounting system of enterprises and the revised accounting standards. All financial data below shall be reasonably estimated under the above assumptions.

7) The company's share capital structure is as follows:

Equity structure			
Source	Founding team		External investment
Amount (yuan	2800000 (Capital investment)	400000 (Technology investment)	2800000 (Capital investment)
Proportio n	50%	10%	40%





5.3 Initial project investment

Initial project investment totals 500 thousand yuan, mainly for product website development, the acquisition of fixed assets and market introduction period, publicity and publicity of public relations costs, specific details are as follows:

No.	Initial project investment	Amount (yuan)	Accounting treatment
1	Website development	100000	Capitalized into intangible assets
2	Acquisition of server	100000	Record in fixed assets
3	Acquisition of office equipment	50000	Record in fixed assets
4	Notarization fee of enterprise registration	40000	Record in start-up expenses
5	Training fee	10000	Record in start-up expenses
6	Initial PR fee	200000	Record in start-up expenses
	Total	500000	

5.4 Revenue and Expenditure Forecast

We follow the following assumptions in the revenue and expenditure prediction of the project:

- 1) The macro environment of the market is good, the demand is steady, and the macro factors are not affected.
- 2) The market is gradually recognized by the project, the scale of the project is gradually expanding.
- 3) Data forecast meets the industry standards, following the principle of caution.
- 4) The calculation of revenue and cost adopt the principle of consistency, ensuring the authenticity of the project benefit estimate.





5.4.1 Project Revenue Forecast

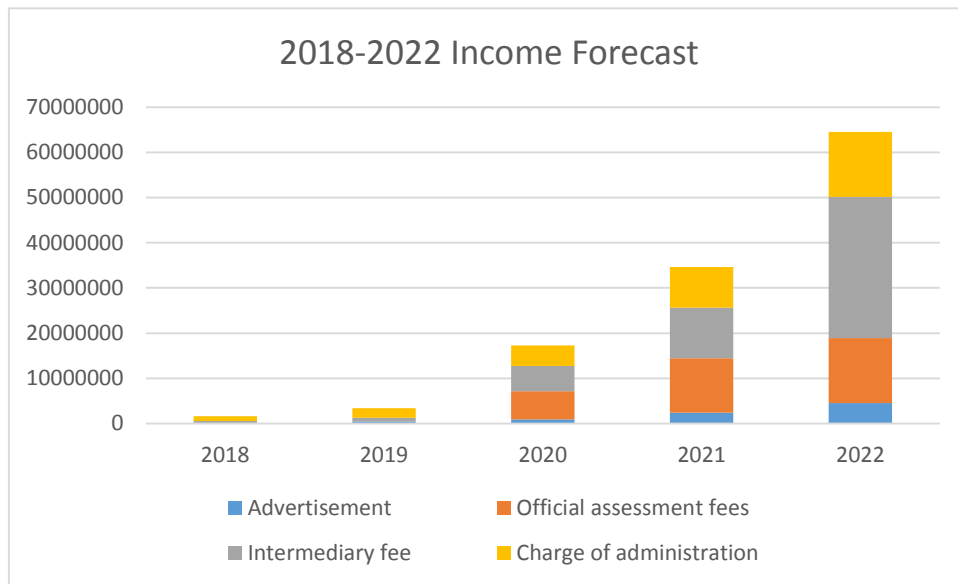
Through data collection and analysis, we know that small and medium-size enterprises are faced with lots of financing problems, and we have few competitors for the current domestic financing platforms are could not completely fixed with the problems due to complex information and ineffective process management.

According to the aforementioned "Three Steps Walk" strategy, we expect that the expected return of investors who use the platform will be greatly increased, and with the promotion and corporation with financial intermediaries, building outstanding fame in the industry, there will be more and more companies using the platform. Based on the forecast of reasonable growth rate, the following table is obtained:

	2018	2019	2020	2021	2022
Estimated number of users registered	6000	12000	25000	50000	80000
Estimated ratio of active users	80.00%	80.00%	70.00%	70.00%	65.00%
Estimated average amount of single loan	300000	300000	350000	450000	550000

Revenue	2018	2019	2020	2021	2022
Advertisement	105120	387192	935915.6625	2413102.55	4527571.347
Assessment fee	0	0	6240000	12000000	14400000
Intermediary fee	432000	864000	4900000	12600000	28600000
Charge of administration	1200000	2400000	5000000	10000000	16000000
Total	1737120	3651192	17075915.66	37013102.55	63527571.35





As we can see, the total income increases gradually every year, and the annual growth rate of second is close to 100%, which is more impressive. However, the annual revenue growth rate has been on the rise. In the first stage, due to the platform according to the development strategy of "three steps" to waive the assessment fee for rapid access to more users, quickly enter the market, so this stage no assessment fee income, at the same time, the platform is still in the initial phase, has not been well known and the influence in the formation of enterprises and institutions, customer acquisition speed is still small. And the platform to promote lending small amount, the main income for registered users of stock management based on cost. But in the second stage and later, with the promotion and performance accumulation to form word of mouth, the platform will work with more financial institutions to achieve cooperation and attract more users to use the platform. With the increasing number of users, the growth trend of the amount of single loan funds is more obvious, and the intermediary fees based on the total amount of loans are growing rapidly, becoming the main source of income. This is in line with our own positioning and goals, but also for the future development of the platform to lay a solid foundation for the development of a reliable basis for the development.





5.4.2 Project expenditure forecast

Expenditure on project expenditure forecast refers to the reduction of free cash flow caused by production activities or investment activities. The expenditure of this project is mainly operating expenses. To make more accurate estimates, we conducted a market survey of costs or expenses, based on the principle of robustness, and adopted methods to increase costs or costs.

5.4.2.1 Operating costs

- 1) Technical staff salary: During the operation to hire 3 software maintenance personnel, first years after a monthly salary of 8 thousand yuan, wages according to the rate of annual growth of 20%; the third year project, business expansion into the development period, year hire 3 software maintenance personnel.
- 2) Auditing fee: In accordance with the practice of the third party accountant, the substantive audit of the registration information of the newly registered enterprise has been completed and the basic cost is 550 yuan / enterprise, and the cost will be increased at a rate of 15% per year thereafter.
- 3) Depreciation of fixed assets: in accordance with the current accounting system, the depreciation of fixed assets in the project is calculated by the average straight-line depreciation method. The service life is 5 years, and the residual value is 0.

5.4.2.2 Selling expenses

- 1) Sales staff salaries: During the operation, we employ 3 sales staff, mainly responsible for promotion platform. First years after a monthly salary of 6 thousand yuan, wages according to the rate of annual growth of 20%, in addition, at the end of this year staffs will get bonus according to the increase of registered users; the third year, with the project business expansion into the development period, we will increase the employment of 5 sales staffs every year.





- 2) Travel expenses for sales personnel: In the first year, each salesperson has 6000 yuan travel allowance each year, and thereafter, as business develops, travel expenses increase at a rate of 20% per year.
- 3) Promotion expenses: Including the expenses necessary for advertising, promotion, cooperation and negotiation platform generated in the process of.

5.4.2.3 Administrative expenses

- 1) Executive salaries: 1 manager is employed during the operation. First years after a monthly salary of 10 thousand yuan, wages according to the rate of annual growth of 20%, in addition, at the end of the year, they will get bonus according to the annual new lending transaction amount; in the third year, with the project business expansion into the development period, we will increase the employment of 2 executives.
- 2) Travel expenses of managers: in the first year, each management has 10000 yuan travel allowance each year, and thereafter, as business develops, travel expenses increase at a rate of 30% per year
- 3) Office rental: the first phase of the annual rent of 100 thousand yuan, the price agreement signed 2 years; with the business development, company into the Development Zone, entering into the second stage, company relocation, annual rent of 150 thousand yuan, the price agreement signed 3 years.
- 4) Amortization of intangible asset: intangible assets for R & D investment in R & D period, amortization period of 5 years.
- 5) Amortization of start-up expenses: start-up expenses include the enterprise registration notarization fees, training fees and initial public relations fees arising from the preparation period of the company, and the amortization period is 5 years.





5.4.2.4 Sales taxes and surcharges

According to the provisions of the new change, the financial industry from the original business tax VAT, the tax rate is 6% and the deductible input tax, and city maintenance and construction tax, education surcharge, local education surcharge for the three tax is deductible after the VAT payable as the tax base, tax rates were 7% 3%, 2%. Because has not been on the banks and other financial sector credit project is clearly defined, so consider the most unfavorable situation, the input tax is zero, operating income is the value-added tax, value-added tax, together with 3 other tax revenue amounted to 6.72%

	2018	2019	2020	2021	2022
1. Costs of sales					
Technical staff salary	288000	345600	829440	1492992	2388787.2
Auditing fee	3600000	3960000	10315500	22813125	31482112.5
Depreciation of fixed assets	30000	30000	30000	30000	30000
Total	3918000	4335600	11174940	24336117	33900899.7
2. Selling expenses					
Sales staffs salaries	234000	286200	1231800	2428740	3885984
Travelling fee for sales staffs	18000	23400	60840	197730	342732
Promotion expenses	480000	576000	1622400	4056000	6327360
Total	732000	.	2915040	6682470	10556076
3. Administrative expenses					
Executive salaries	180000	204000	728400	892080	1076496
Travelling fee for executives	10000	13000	50700	65910	85683
Office allowance	10000	12000	18000	21600	25920
Office rental	100000	100000	150000	150000	150000
Water and electricity	2400	3360	4800	6720	9408
Training fee	10000	20000	50000	80000	100000
Employee welfare	5000	10000	30000	50000	80000
Amortization of intangible asset	20000	30000	30000	30000	30000
Amortization of start-up expenses	50000	50000	50000	50000	50000
Total	337400.00	392360.00	1061900.00	1296310.00	1557507.00
4. Sales tax and surcharge	116734.46	245360.10	1147501.53	2487280.50	4269052.80





5.5 Profit forecast

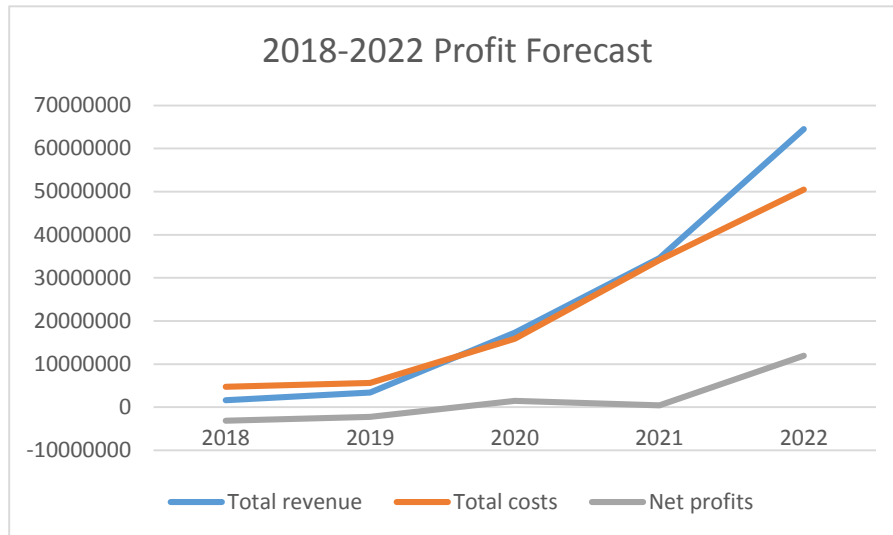
Estimate the profit for the next 5 years from income and expenditure:

	2018	2019	2020	2021	2022
1. Revenue	1737120.00	3651192.00	17075915.66	37013102.55	63527571.35
Less: operating costs	3918000	4335600	11174940	24336117	33900899.7
Selling expenses	732000	885600	2915040	6682470	10556076
Administrative expenses	337400.00	392360.00	1061900.00	1296310.00	1557507.00
Sales tax and surcharge	116734.46	245360.10	1147501.53	2487280.49	4269052.79
2. Operating profits	-3367014.46	-2207728.10	776534.13	2210925.06	13244035.85
Add: other operating income	0	0	0	0	0
Less: other operating expenses	0	0	0	0	0
3. Profits before tax	-3367014.46	-2207728.10	776534.13	2210925.06	13244035.85
Less: income tax	0	0	0	331638.76	1986605.38
4. Net profits	-3367014.46	-2207728.10	776534.13	2210925.06	13244035.85

Net profit shall be deducted from the operating profit after deducting the income after tax by 15%. The company is located in the Sun Yat-Sen University and meets the requirements of high-tech enterprises. The company will enjoy preferential tax policies after one year of operation, be exempted from enterprise income tax for two years and half exempted for three years.

After the project has been put into use, with the continuous expansion of the scale of operation, profitability has increased and the growth rate has accelerated. Through the platform to attract users to discount charges and strong investment funds for the introduction of a partner marketing platform, the development of financial institutions after the period of development, mature, profitability in third years, net profit growth rate of over 140%. The project has a good momentum of development and is in line with our strategic plan and objectives





5.6 Cash flow forecast

Assume that the project has no intertemporal income and intertemporal expenditure. After the adjustment of the net profit, the depreciation of the fixed assets, the amortization of the intangible assets and the amortization of the operating expenses, the cash flow of the project is as follows:

	2017	2018	2019	2020	2021	2022
Net cash flow	-50	-3267014.46	-2107728.10	876534.13	1979286.30	11357430.47
Present value of net cash flow	-50	-2970013.15	-1741924.05	658553.07	1351879.17	7052070.76

The present cash flow value of the project is positive when the discount rate is 10%, and a good upward trend is maintained.





5.7 Project investment income analysis

5.7.1 Net present value

Based on table above and the net present value formula

$$\sum_{t=1}^n \frac{NFC(t)}{(1+K)^t} - I$$

With 10% as the conversion rate, the total present value of cash flow in the next five years is 4350565.80 yuan, the initial investment of the project is 500000 yuan, and the total present value of the cash flow of the project in the next five years is calculated to be NPV=3850565. NPV is far more than zero, so this project is worth investing.

5.7.2 Payback period

	2017	2018	2019	2020	2021	2022
Net cash flow	-50	-3267014.46	-2107728.10	876534.13	1979286.30	11357430.47
Present value of net cash flow	-50	-2970013.15	-1741924.05	658553.07	1351879.17	7052070.76

1) Static payback period

Recovery period is estimated using annual net cash flow in the static recovery period.

According to the data on the table,

$$N=4+ (50+3267014.46+2107728.10 -876534.13 -1979286.30) /11357430.47=4.222$$

That is, the project is expected to recover the initial investment funds within 4 years and 3 months.

2) Dynamic payback period

Considering the time value of the funds, the present value of cash flow is used to estimate the payback period, and the conversion rate is also 10%.

Based on data in the table above,

$$N=4+ (50+2970013.15 +1741924.05-658553.07 -1351879.17) /7052070.76=4.383$$

That is, the project is expected to recover the initial investment funds within 4 years and 5 months.





Therefore, no matter the static payback period or the dynamic payback period, the recovery rate of the project is very fast, which indicates that the project investment is valuable.

5.7.3 Internal rate of return

Internal rate of return refers to the implementation of the project after the expected future after tax incremental cash flow present value and the initial investment is equal to the discount rate, even if the project's net present value equal to zero the discount rate.

According to the adjustment of cash flow statement and the calculation formula of the internal return rate:

$$0 = \sum CF_t / (1 + IRR)^t$$

Project internal revenue rate: IRR = 29.03%. Because the internal rate of return itself is not affected by the impact of project cost of capital, instead it depends on project, the incremental cash flow, which reflects the intrinsic properties of the inherent project, objectively reflects the actual profitability of the project itself. It can be seen that the project's internal rate of return is greater than the required rate of return, the project profitability is good.

5.8 Sensitivity analysis

Selecting cash inflow and outflow of cash as a sensitive factor analysis, we calculated the impact of positive and negative changes in the current forecast of 10% on the contents of the IRR and NPV, which is shown in the following table:

	-10%	1	+10%
NPV	3465509.22	3850565.80	4235622.38
IRR	26.13%	29.03%	31.93%





As is shown in the table, in the worst case NPV still can reach more than 3.4million and IRR is also more than the level of market requirements, indicating the profitability of the project to be guaranteed. Furthermore we do the financial analysis and prediction using the principle of prudence, the changes in the actual rate should be positive, namely to the good situation of development.

In summary, the financial forecast analysis shows that the project has a bright future and good profitability

6. Risk assessment of the project

6.1 Summary of the project risk

"Smart P&L" SME financing platform focuses on the financing and guarantee of small and medium-sized enterprises, providing loans and guarantee between enterprises, fast borrowing from financial institutions and other services. Through the enterprise partnership network, it can help SMEs to establish a normative inter enterprise loan and guarantee process, and promote the financing difficulties of SMEs, contributing to settle the difficulty of financing.

However, the platform can only provide another fast and convenient channel for the financing of small and medium-sized enterprises. The financing of SMEs are still faced with the market risk, credit risk, operational risk and other common risks. Therefore, it's of great significance to assess the risk of the project.

Risk matrix is a structural method of identifying the importance of risk in the process of project management, and it is also a methodology to evaluate the potential risk of project risk. Using the risk matrix to evaluate the venture capital project risk can clearly shows that what kind of risk identification is the key risk for the influence of the project, can evaluate and manage risks in the whole process of venture capital projects, and provide the basis for risk management measures and detailed historical records for further research. The risk assessment method system of venture capital project based on risk matrix is mainly composed of risk matrix design, risk factor importance ranking and overall risk level evaluation.





We will measure and identify the above risks and establish a risk identification matrix for analysis. Our analysis of the project is divided into the following parts: (1) risk identification based on risk matrix; (2) risk quantitative analysis based on risk matrix; (3) develop risk response plan based on risk matrix; (4) the conclusion of risk assessment based on risk matrix

6.2 Risk identification based on risk matrix

There are many kinds of risk factors in the project. According to the actual situation of SME financing platform, it can be summarized as market risk, credit risk, operational risk, policy and regulation risk, reputation risk

6.2.1 Market Risk

Market risk is a risk that the new products of the project do not match market demand. It is mainly displayed by uncertainty about accepting ability, length of accepting time, speed of products diffusion and so on. Concretely, in our project which is platform providing debt financing service oriented to small and medium enterprises, for one thing, in the early stage when products entering market, market risk is uncertainty about whether small and medium enterprises users meet the requirements of how they should submit their information to our platform. For another thing, market risk is uncertainty about whether financial institutions' results of credit evaluation of those small and medium enterprises that have the need to take out loans can connect with that of our platform seamlessly.

6.2.1.1 Risk that small and medium enterprises do not submit their operational information regularly.

Managing businesses such as publishing information about enterprise financing and mutual guarantee among enterprises, helping enterprises guarantee each other to take out loan from banks, assisting enterprises in taking out loans and so on, is based on building networks of partnership among enterprises, while networks of partnership are based on business contracts, bills of lading and other operation data provided by enterprises. As for small and medium enterprises users, limited by their scale and management level, they may complete production and operations management badly or manage finance arbitrarily. These facts will cause enterprises to submit unreal or incomplete operation information, or refuse to register on our platform, or just register.





In this case, these problems cause losing customers and the difficulty for our platform to expand the market to increase. It's possible that this kind of market risk occurs and it causes spending on the project and the project cycle to increase just a little. Besides, when it occurs, every indicators of the project is guaranteed. Therefore, this market risk is in low level.

6.2.2.2 Risk that the project can't connect with financial institutions on credit evaluation.

As for financial institutions users, relationship between our platform and those users is not only relationship between provider and users, but also partnership. Through the platform, financial institutions can evaluate credit of enterprises that apply for loans on the platform, and then simplify the process of lending. Also, financial institutions users can participate in the transactions on debt. As an intermediary platform, the platform connects enterprises that have needs of taking out loans and transactions on debt with financial institutions. In the early developing stages of the platform, the recognition of the platform is low and number of users is small, so it's difficult to cooperate with financial institutions. However, after the early stages, the platform will have information that enterprises users submit when registering, their operation data, history of lending and taking out loans and so on. These information and data will be a large amount and derives results of credit evaluation of enterprises. However, the results may be different from those from financial institutions, which has an influence not only on the platform's launching business cooperation, including assisting enterprises taking out loans, helping transactions on debt and so on, with financial institutions, but also on the whole development and market acceptance of the platform. It's also possible that this kind of market risk occurs. Once it occurs, spending on the project and the project lifestyle will increase by a small amount. However, in this case, some important requirements of the project can still be met. Therefore, this kind of market risk is in middle level.





6.2.2 Credit Risk

6.2.2.1 Credit Risk of SME Financing

Credit risk refers to the potential loss to the credit party when the party refuses or fails to pay the debt on time and in full. Loans and claims transactions and other activities require enterprises, financial institutions to sign the contract before the borrower to determine the level of credit, so as to determine the loan, transaction request acceptance, and credit lines. Due to the small size, low profitability and unstable operating conditions, small and medium-size enterprises have a lower level of credit. Additionally, they haven't established a relatively sound credit system. At the same time, because of the small and medium-sized enterprise default cost, especially in the current stage of development in China where the financial system is not effective, the moral risk caused by information asymmetry is severe. It is common that borrower does not take all consequences but chase for their own utility maximization, damaging the interests of the lender's, which increases financing of small and medium sized enterprises credit risk.

6.2.2.2 Credit risk based on the partnership network

Credit risk is asymmetric, transitive and its data is not available. The asymmetry is that lenders were more likely to recover the loan in the loan contract period and obtain the agreed revenue, but when the loan is default, the lender will suffer massive loss that is far greater than the expected loss of interest income, and the loan is increased with the deterioration of the operating performance of the borrower. Transitivity is in the process of financial transaction the credit risk will be transmitted and extended along with the increase of the trading parties, which will lead to an exponential increase in the total credit risk. Credit risk data is not as easy to obtain as market risk because of the poor liquidity of credit assets, the length of loan holding period and the low frequency of default events. Especially under the environment of the enterprise that China's credit system is not perfect and the credit system has not been established, the serious lack of historical breach default data has seriously affected the establishment of credit risk system. The platform based on trading contract, bill of lading, invoice and other operational data to establish enterprise partnership enterprise network; based on massive historical operational data, borrowing information for intelligent evaluation of enterprise credit, loan audit send claims information, to improve the authenticity and disclosure of data, reduce the credit risk of SMEs to a certain extent.





6.2.2.3 Credit risk of enterprise financing guarantee business

The platform relies on the enterprise partnership network to promote mutual guarantee between enterprises and loans to financial institutions. When enterprises with financing needs are not able to successfully obtain loans from financial institutions, enterprises can through partner circle of friends issues corporate guarantee request, gain guarantee with certain fee from payment the partnership enterprise network, to obtain loans.

Although the loan guarantee enhance enterprises credit, improve the possibility and credit limit to obtain loans from financial institutions, because of the credit enhancement guarantee function, the credit risk often through leveraged amplification, amplifies the power to influence its net assets, and has great influence on the whole economic relationships, which makes individual project guarantee loss will need to be covered by more guarantee business. What's more, there is a transfer of credit risk between partners, between the upstream and downstream of the industry chain and the industry. If one of the companies has a risk, credit risk will ripple between the related subjects, and the risk of individual project may affect a number of subjects, even lead to more losses directly. What's worse, guarantee corporation undertakes joint and several guarantee liability, once the losses occurs, guarantee corporation will unconditionally subrogate, directly expressed as monetary fund loss.

To sum up, the credit risk is the risk that has a certain probability to happen, and once the risk occurs, will lead to increase funding in general, while the project cycle is greatly extended, produce a bad influence. It has a greater impact on the project target, so the credit risk is the key risk project.

6.2.3 Operational Risk

Operational Risk refers to the incomplete or failed internal processes, or the risk of loss due to human or system, and the risk also includes the risk of loss caused by external events.

Operational risks that the project "Smart p&l" faces mainly come from technical risk, risk of the security of enterprises' data, risk of credit evaluation of enterprises and risk of information tracking on the platform.





6.2.3.1 Technical Risk

Technical risk refers to risk of uncertainty about development of new products and new technology in development process of a project. It comes from many aspects and mainly comes from uncertainty about technical success, technology landscape and technical effect.

In the development of project "Smart p&l", technical risk is small compared with other kinds of risks. The project can be divided into several parts, including recording and auditing information from enterprises, building database, applying financial models and presenting matching of relative businesses on the platform. Through specific and clearly defined roles, we find good solutions of these problems. Data will mainly come from information provided by enterprises users and all their transactions on the platform, and will be sent to back end by the front end; then those data will be applied in some financial models to match relative businesses; finally, results are shown on the platform.

To obtain data, the platform will be regularly updated according to audited information about enterprises and their history transactions on the platform, so that credit level of enterprises can be updated continuously. Therefore, technical effects are relatively guaranteed. And uncertainty about technology landscape is mainly shown in how to implement the process from publishing businesses to getting matching results, and the later integrated process where they communicate with each other. This implementation requires multi-technology automation and is involved with cooperation with back end handling businesses. The multi-technology automation has some risks, and that is the uncertainty about technology landscape. For another thing, with development of small and medium enterprises, situation about loans and loans guarantees is changing all the time and that will become a unpredictable challenge to technical implement because financial models also need to develop and become more and more complex with this kind of development. In general, the technical risks that the whole project faces are relatively in low level.

6.2.3.2 Risk of the security of enterprises' data

The platform may be attacked by hackers for technical or system reasons, which will cause information leakage or dropout, or even cause enterprises and financial institutions enormous losses. Once this kind of accident happens, it will cause users' distrust and leaving, and even cause a large loss of users, increasing much difficulty for the platform to run normally and to be maintained. Last but not least, flaws existing in internal management may also make it possible for insiders to reveal information about users for profit.





6.2.3.3 Risk of credit evaluation of enterprises

Risk of credit evaluation of enterprises refers to the results of credit evaluation may be incorrect for some reasons, increasing risks of loans among enterprises and financial institutions, which has a bad influence on profit and reputation of the platform. This kind of risk results from two aspects.

Firstly, if internal control is faulty, then it will become easier for insiders to alter information provided by enterprises users, like information about asset, operation situation, credit record on the platform, etc. Such behavior interferes with audit process and increases risk of loan default, leading bad effects on the platform. In general, faulty and loose internal management will increase risk of this kind since it doesn't well guide behaviors of insiders. Secondly, this kind of risk also comes from some difficulty to ensure the authenticity of information provided by enterprises. If the platform receives fake information that has not been recognized and uses it in the process of credit evaluation, then the results are probably unreliable, decreasing the validity of results and increasing risk of loan default further.

6.2.3.4 Risk of information tracking on the platform

Since the platform has some difficulty to track actual offline situation all the time, information the platform obtains may not accord with facts. For example, in order to reduce charge when taking out a loan, enterprises users can tell the platform a smaller amount of money than how the amount of loan they get with the help of the platform. Obviously, this problem decreases profit of the platform.

6.2.4 Risk of policy and regulation

On the borrowing business between enterprises, according to the Supreme People's Court promulgated in 1991, "on the people's court to consider a number of cases of borrowing cases" on the private loan is limited to at least one party is a citizen (natural person), and between enterprises and enterprises Borrowing, in accordance with the Central Bank promulgated in 1996

"General Principles of Loans" and the Supreme People's Court of the relevant judicial interpretation of the provisions of the general violation of national financial supervision was identified as invalid, which in a very long time limit the development of inter-enterprise lending.





Although the judicial interpretation of the Supreme Court in September 2015 began to recognize the legal and effective inter-enterprise private lending, but in the inter-enterprise lending rates and other factors still lack a clear provision. At the same time, although the country has encouraged the development of the private lending business, which has included the inter-enterprise private lending since 2010, the local government has held a wait-and-see attitude for the signing of an inter-firm loan contract for some time thereafter. In addition, the platform for the way of mutual assurance between enterprises business, is still a lack of precedent, with the policy and regulations relatively uncertain.

6.2.5 Reputation risk

Reputation risk is a derivative of other risks. This risk is mainly reflected in the financial institution customer relationships. As the financial business reputation and business of operating performance and financing costs are closely linked, so although this measure of risk is very suffering, it gained more and more attention.

Reputation is one of the core competences of the platform "Smart p&l". When the platform has a huge reputation, other users will be more willing to use the platform and furthermore, a virtuous circle is formed because of agglomerate effect. However, if a good reputation can't be formed in the early developing stages, then it will be a large influence on the enterprise.

Commonly reputation risk is measure through some agent index, for example, the proportion of high-risk account is a commonly used indicator. If the financial institution to absorb a lot of detailed information, including accounts of beneficiaries unable to obtain, or between trading accounts are often not appropriate accounts pools, it may reflect the financial enterprise has a high reputation risk. Some other possible risk indicators include regulatory compliance indicators, customer relationship indicators (such as the number of legal disputes and seriousness, customer complaints, etc.), internal governance indicators (such as various accidents, cooperative disputes, internal disputes and work image, etc.). Measuring reputation risks related to consider the impact of changes in risk factors, and to consider the effect of various risk mitigation tools.





Reputation risk is difficult to make accurate quantitative analysis, it should focus on the management of reputation risk in terms of internal governance, related methods include establishing robust client risk contour file. It is important to establish clear and secure customer complaint handling procedures, improve risk management responsibilities and roles. In an ideal risk management environment, financial institutions should establish effective mechanisms, using a variety of qualitative and quantitative risk measurement and analysis, development of a variety of reasonable management system and rules for reputation risk.

6.2.6 Overall risk identification of project

According to the above 5 major aspects of analysis, we combine risk matrix model for analysis.

The original form of the risk matrix is as follows:

Table 1. Risk matrix model

Risks(R)	Impacts(I)	Risk Probability (RP)	Risk Rating(RR)

Among them, the risk column (Risks) describes the specific risk factors; the influence column (Impacts) to assess the impact of risk on the project, generally Risk rating is divided into five levels; the risk probability column (Risk Probability) estimates the risk occurrence probability; the risk grade column (Risk Rating) is shared by the impact column and the risk probability column

Table 2. Definitions of risk impact levels

Risk impact level	Definition
Critical	Once the risk occurs, the target of the whole module fails
Serious	once the risk occurs, will lead to a serious decline in the target module targets
Moderate	once the risk occurs, the corresponding module goals are moderately affected, but it can partially meet the requirements
Minor	once the risk occurs, the corresponding module targets are less affected, the project still can meet the requirements
Negligible	the corresponding module target is not affected, and the project still can be fully achieved





Table 3. Explanation on the probability of occurrence of risk

Range of risk probability	Explanation
0-10%	Very unlikely to happen
11-40%	Unlikely to happen
41-60%	may be expected to occur in the project
61-90%	may happen
91-100%	most likely to happen

Table 4. Risk Rating

Impacts \ Risk probability	Negligible	Minor	Moderate	Serious	Critical
0-10%	Low	Low	Low	Medium	Medium
11-40%	Low	Low	Medium	Medium	High
41-60%	Low	Medium	Medium	Medium	High
61-90%	Medium	Medium	Medium	Medium	High
91-100%	Medium	High	High	High	High

Therefore, based on the previous analysis of the risks in all aspects of the project, we can see that the overall risk identification of the project can be implemented through the following table.

Table 5. Overall risk identification of project

Risks(R)	Impacts(I)	Risk Probability (RP)	Risk Rating(RR)
Market risk	Critical	41-60%	High
Credit risk	Serious	61-90%	High
Operational risk	Minor	11-40%	Low
Risk of policy and regulation	Minor	11-40%	Low
Reputation risk	Serious	61-90%	Medium





6.3 Risk measurement based on risk matrix

6.3.1 To determine the risk weight

After having the risk grade (RR), it is also necessary to subdivide the impact of each risk on the project and introduce quantitative methods to determine the risk of the project as a whole. There are three initial risk levels: high, medium, and low. In order to identify the most critical risks from these risks and to provide more specific and accurate guidance for the development of risk management plans, the Borda sequencing method is used. Specific algorithms are as follows:

Let N be the total number of risk factors, I for a particular risk, and K as a criterion. There are two criteria for risk matrix: the risk is affected by $k=1$, and $k=2$ is the risk probability RP . RI . If the r_{ik} represents the risk level of the risk I under the standard k , then the Borda value of the risk I can be given by the following:

$$b_i = \sum (N - r_{ik})$$

After calculating the Borda value of each risk factor, the risk weight (Risk Weightiness) is used to describe the weight of each risk factor. The value of the risk weight RW is determined by the Borda value and the risk grade, and the sum of the weights of all risks is 1.

Table 6. System project risk weighting

Risks(R)	Impacts(I)	Risk Probability (RP)	Risk Rating(RR)	Borda	Risk Weightiness (RW)
Market risk	Critical	41-60%	High	1	0.24
Credit risk	Serious	61-90%	High	0	0.3
Operational risk	Minor	11-40%	Low	2	0.2
Risk of policy and regulation	Minor	11-40%	Low	4	0.1
Reputation risk	Serious	61-90%	Medium	3	0.16

According to the Borda in the table, the results of the risk ranking of the venture capital are as follows: credit risk, market risk, operational risk, reputation risk, risk of policy and regulation.





6.3.2 The overall risk of the project

After quantifying the risk grade RR of the risk matrix, we then multiply the risk weights in each risk to get the overall risk level of the project RT:

The overall risk level of the project is $RT=0.686$, and the overall risk is at a moderate level.

Risk rating(RR)	Quantization standard
High	1
Medium	0.6
Low	0.2

6.3.3 Countermeasures for risk control

Aiming at above risks, we take countermeasures below for risk control.

1. To deal with market risks

We found that the level of market risk second high, and once it happens, it will make our SME information standardization greatly reduced and make our platform highlights completely disappear. Therefore, we should take all measures to guard against market risks. Before applying into the market, we will make effective and effective communication, adjust according to the market and industry evaluation, and ensure that the information of the enterprise is true and effective on the registration side. At the same time, through repeated communication with the cooperative financial institutions, the credit verification system of the platform is continuously improved and the lending process of the financial institutions is effectively helped.

2. To deal with credit risk

We found that credit risk ranks the first and its impact on our platform is of great significance. Therefore, we need to strengthen the process of standardizing the information of enterprises, and give full play to the characteristics of mutual understanding among partners in the "partnership network" to carry out risk control. In cooperation with the relevant financial institutions, repeated communication, absorb financial institutions credit audit requirements, in accordance with the requirements of financial institutions to provide the most intuitive, detailed and effective enterprise platform credit information. At the same time, enterprises will constantly adjust their registration information, update them regularly and cooperate with the third party credit bureaus, so as to keep the integrity and effectiveness of the credit information. In addition, the platform will also provide a standardized online intention to sign process, using the credit score linked way to stop the credit risk of enterprise default.





3. To deal with operational risk

The threat of technical risk to our consultation system is still very important. Though the risk is small, but it should not be underestimated. There should be relevant prevention strategies. In the aspect of enterprise information audit and enterprise information security, we will be in strict accordance with the corresponding information can only be seen in enterprise network "principle for further development, and strengthen the training and management platform of employees, reduce the occurrence of operational risk.

4. To deal with the risk of policy and regulation

Although there is a trend that the government encourage private lending and the expected policy for the long-term development of the platform is favorable, we cannot belittle its importance. We therefore urge urged countries to accelerate the implementation of enterprise and improve the security and reduce consumer lending, scruples, also called on enterprises to establish the perfect credit rating system for third party development credit agencies and security agencies.

5. To deal with reputation risk

As the industry's first entrants will quickly get the leader position, so the platform can develop and maintain a good reputation in the early stage of entrepreneurship, and it is very important to complete the successful promotion. In this context, the platform in the prophase of the promotion process, increase promotional efforts, improve the visibility and influence through various forms of advertising, and through the management fees and waive the value-added services and quickly occupied the market, let the small and medium-sized enterprises fast receiving and recognition, so as to establish a good reputation.



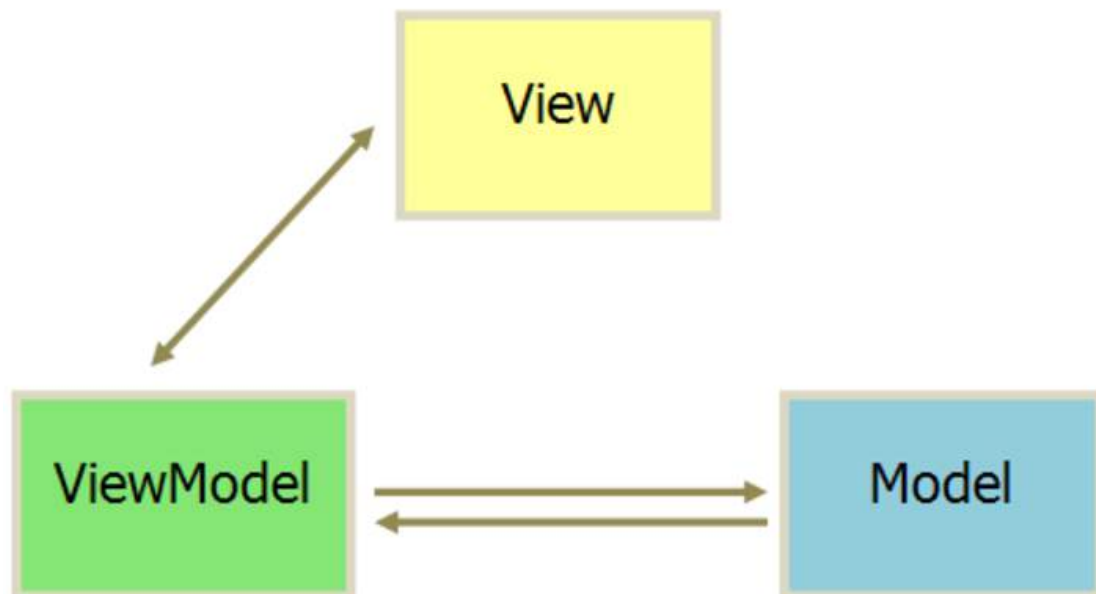


7. Details about Technical Implementation

7.1 Front end framework and back end framework selection

7.1.1 For the front end framework, we use vue.js

For the front end framework, we use vue.js which uses the MVVM(Model-view-viewmodel) pattern. The MVVM pattern separates a software into three tiers, including Model layer, ViewModel layer and View layer. The changes of data in the Model layer drive the ViewModel layer and the changes of View layer further. Moreover, we implement the bidirectional data binding between the View layer and the ViewModel layer, so that conversely the changes of the View layer will cause the ViewModel layer to change. Details about this structure are showed in the picture below.



We choose Vue.js using the MVVM pattern based on several advantages below.

1. Low coupling.

The View layer can be independent of the changes and modifications of the Model layer. This assures that a ViewModel layer can be bound to different View layers; Model layers don't have to change when View layers change and neither do View layers when Model layers change.





2. Reusability.

Vue.js provides a flexible component system that enables componentization to be multiplexed in different places by componentizing the application.

3. Independent development.

Developers can concentrate on the development of service logic and data (ViewModel) and designers can focus on the design of interface (View).

4. Testability.

Thanks to the property of low coupling among the three logical layers, it becomes easier to test a single layer.

5. Lightweight properties and flexibility.

There are just a few rules to obey and it's easy to work with other libraries.

7.1.2 For the back end framework, we use Express.js

In back-end development, what we use is Node.js, which has become popular in recent years. Node.js, a JavaScript run-time environment based on the Chrome V8 Javascript engine, has an event-driven architecture capable of asynchronous I/O, making it lightweight as well as efficient. Meanwhile, the package manager of Node.js, npm, is the greatest digital ecosystem of open-source libraries.





What we use for the server framework is Express.js, a popular back-end framework. It provides Router-middleware model, divides and simplifies the service logic with the help of middleware. Then each request will be distributed to different middleware by the router and be sent to users in response after being processed by a series of middleware, which can divide and simplify a complex request process into a set of middleware each specializing in a small part of the process so that development becomes much simpler. Since our project is complicated and is based on a series of processes, with the help of Express.js, the logic of handling performed by the backstage of the project is going to be clearer and briefer.

Besides, for database, we use Mongodb, a no-SQL database, which has more flexible ways to store data and performs better compared with the traditional one, MySQL.

7.2 Development Tools Selection

During our development process, our team take Webstorm, VSCode and Atom for development environment, ESLint for code checking to ensure a good quality and a unified style of code, Postman for testing server-end APIs, Robomongo for the visual tool of database, Gulp and Webpack for the auto build tool, and nodemon for the tool that checks code changes and restarts the project automatically.

As for version control, our team use Git, an excellent version control system for tracking changes in computer files and coordinating work on those files among multiple people. This version control can not only keep a history of a set of files, but also trace back to another state(state of history), where we could open different files or another version of a file. In a distributed version control system, every member of a team can keep a complete copy of source codes, including all the history of codes, and has the right to access files on the local. Taking GitHub for source code management makes it convenient for a team to store a project and communicate with each other. Besides, it supports team coding so that developers can communicate with each other at the same time.





7.3 Process Management of Complex Business

The project needs to manage different kinds of business, including finding loan guarantees, managing the loan made by non-financial institutions and assisting non-financial institutions in borrowing from financial institutions. According to some financial models, there are matching relation among relative businesses, and each business may need a complex process to handle.

However, in our development, we take advantage of the Router-middleware model of provided by Express.js to divide and simplify a complex request process into a series of middleware that each focus on a small part of the process. Therefore, every business on the project can be well refined so that situations where some business are not properly processed occur as rarely as possible on our project. When relative businesses are being matched, with the help of the middleware that handle those businesses, the project returns the result to front end according to the information in the database.

8. Team Management

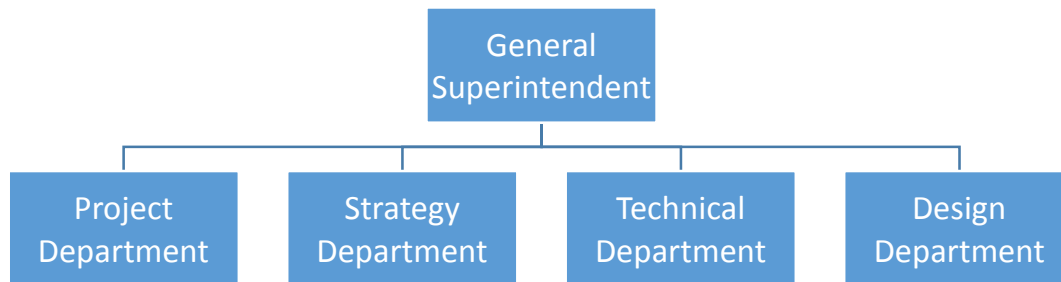
8.1 Company Organization

The company adopts flat management, reducing the level of management in the form of a shortest chain of command, to achieve the communication link simplified and efficient feedback. It is good to increase the range of management and improve the work efficiency, and it is appropriate for a start-up company.





8.2 Current Team Structure



Early organizational chart of the company

The above is the early company organization chart, a team is mainly responsible for product development, technical support and market development, the following is a detailed introduction to the various departments.

8.2.1 Project Department

It is also called organization of project management, an organization for the completion of the project management objectives and management. According to the needs of the team strategy and business development, it organizes the coordination and implementation of project ,aimed at optimizing the allocation of production factors and dynamic management of the project, and promotes the whole process of team production and management activities of quality management, constantly establishing and improving the project management system, so as to realize the overall coordination and scheduling company team project.





8.2.2 Strategy Department

Dedicated to the analysis of industry trends and competition situation, it makes immediate and efficient judgment based on market dynamics, to adjust the team strategy. Based on adequate market research, combined with market expectations and analysis of advantages and disadvantages of the team, it makes the project position clear, draws up the plan of business development, provides suggestions for the strategic analysis team of high-level decision-making and develops a series of strategies for the team, such as competitive solutions, marketing strategy and so on.

8.2.3 Technical Department

It analyzes needs of users, designs software development project, and achieves the project ideas. Committed to the development of a software system, it uses a robust method of system development to make development plan and test plan, design the user operation process, user interface, database and provide completed software system specifications, including a summary of the design specification, detailed design documentation, system requirements specification and user manual. It also does a series of tests on the software system.

8.2.4 Design Department

It is responsible for the design of project and the logo of team as well as the visual system. According to the principle of enhancing the user experience and the project itself, it draws up the style and designs interactive interface software style as well as promotional materials. Using a unified and beautiful color scheme, it expresses a positive spirit of the team on the users.





8.3 Introduction of Team

1 Team introduction

We focus on providing a more convenient and reliable financial lending platform for enterprises, so that the majority of enterprises could expand the relationship in the business circle as well as get a convenient and safe access for funds on business development and management. We have organized and standardized management, not only in the pursuit of independent innovation, but to improve the level of technology and software development. We also attaches great importance to the user experience, to meet the demands of customers for financial services.

2 Team members:11

3 Team concept

In accordance with a work principle of integrity, standard and efficiency, the company wins the market with innovative, making credit risk prevention and control to gain credit. It provides the majority of enterprises with excellent, efficient and fast service. For the future, adhering to independent innovation.

4.Team goal

Letting the enterprise have more convenient and secure financing channels, making financial institutions have more reliable sources of enterprise information.

5.Team property

To provide a platform for communication and financing exchanges of enterprises connected by transactions.

