7 Economic Section

## 7.1 Cost of the project

Actually to create a prototype of the whole project will not cost so much. This project is not fully realized. For example, to publish mobile application in AppStore, I need to pay for this $ 100 every year. Moreover, if the project will grow, it means that I will not be able to physically do all the part of the project. Therefore, I will hire more employees, who will do this job. However, for them I will have to pay salaries. Also, I should provide job conditions like office, Internet, mobile communication and other infrastructure. I hope that I future this project could to grow to a company. However, I need to start from something and here are the expenses (all numbers are in tenge):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| # | Expenses: |  | 30% | 70% |
| **1** | **Capital** | *Cost (mln tenge)* | *Equity* | *Liabilities* |
|  | Computers | 1 997 200 | 599 160 | 1 398 040 |
|  | Licenses | 67 557 | 20 267 | 47 289,67 |
|  | Office equipment | 135 920 | 40 776 | 95 144 |
|  | Total (Capital): | **2 200 677** | 660 203 | 1 540 474 |
| **2** | **Operating** |  |  |  |
|  | Rent | 1 440 000 | 432 000 | 1 008 000 |
|  | Communal payments | 72 000 | 21 600 | 50 400 |
|  | Expenses for programs | 18 000 |  |  |
|  | Other expenses | 320 760 | 96 228 | 224 532 |
|  | Project salaries | 7 560 000 | 2 268 000 | 5 292 000 |
|  | Salaries (administration) | 1 620 000 | 486 000 | 1 134 000 |
|  | Total (Operating): | **11 030 760** | 3 303 828 | 7 726 932 |
|  | Total | ***13 231 437*** | 3 964 031 | 9 267 406 |

The total amount of expenses is about 13.2 mln tenge, which in dollars is equal to $ 40 200. Additionally, it is important to mention that this number is only for one year. Actually, Capital expenses, or CAPEX is the money that company pay for buying, maintaining or improving their fixed assets such as computers, land and other equipment. An operating expense, or OPEX is a cost for producing a product or running a business. That’s why there is no need to pay this amount every year, because there both capital and operational expenses.

## 7.2 OPEX

Going deep into Operating expenses, the table below represents the data (operating expenses for one month):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| # | Name | Quantity | Units | Cost (tenge) |
| 1 | Rent | 60 | M.sq. | 240 000 |
| 2 | Project salary | 6 | People | 1 260 000 |
| 3 | Administration salary | 2 | People | 270 000 |
| 4 | Communal payments | 5 | % | 12 000 |
| 5 | Programs cost | 1 |  | 3 000 |
| 6 | Other expenses | 3 | % | 53 460 |
|  | Total |  |  | **1 838 460** |

This table is expenses for one month and there are inputs for 1 unit of expense:

Cost of rent for 1 meter square = 4000

Programmer (hourly) = 1200

Designer (hourly) = 1500

Lawyer (monthly) = 120000

Accountant (monthly) = 150000

Github team package = 3000.

## 7.3 CAPEX

Additionally, there is a table for Capital expenses:

|  |  |  |  |
| --- | --- | --- | --- |
| # | Name | Quantity | Cost |
| 1 | Computer | 10 | 1 997 200 |
| 2 | Licenses | 1 | 67 557 |
| 3 | Office equipment | 2 | 135 920 |

I estimated these costs by taking 3 different distributors and look for their prices. From these 3 different prices for products, I calculated the average cost. Actually computer includes mouse, keyboard, system unit, headphone and monitor. The distributors are Sulpak, Alser and Technodom. For licenses and office equipment is estimate in the same way.