

FeePay Payment Gateway

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Entrepreneurship for Engineers(SOS412)

Business Plan and Business Model

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**Business Model for FeePay payment gateway**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Key Partners   * Ethswitch * Banks * merchants | Key Activity   * Transfer money * Send money * Deposit money * Withdraw money * Use an API | Value Production   * Less cost * More security * High performance * User experienced user interface | Customer relationship | Customer Segment   * Stake holders * Everyone * Paying for goods |
| **Key resource**   * Peoples * Peoples who use internet * Servers * Internet | **Channels**   * Websites * Social medias * E-commerce |
| Cost Structure   * Rent expense * Advertising * Server cost * Internet cost | | **Revenue Streams**   * For every transaction * Per API used * Currently 5% * We will get 0.5% per transaction | | |

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# 1.**Executive Summary**

## **1.1 Problem Summary**

Besides the need for more payment gateways in our country, there are also problems with the existing ones. This project focuses on solving the following problems:

* Charges a lot per transaction.
* Security issue.
* Can’t pay online.
* High downtime.
* Rolling back transactions.
* Process transaction till the end and notify the user as it is done successfully while it already fails

## **1.2 Solution Summary**

The general objective of our project is to design and develop a web-based payment gateway. That can withdraw and deposit to/from the bank and make it easier for customers to pay online and make it easy for merchants to accept payment

## **1.3 why Us**

When a person uses our service, they will benefit more like

* Saves time for the user: users will no longer wait in long queues to withdraw money from banks.
* Secured customer data.
* Quick payment method.
* Increase the convenience of making payments by enabling them to be made swiftly and remotely from various devices connected to networks
* Credibility for the merchants: The merchant receives the money without any fear of losing money or cheque bounce.
* Increase payment efficiency by reducing transaction costs

# **2.ENVIRONMENTAL AND INDUSTRY ANALYSIS**

## **2.1 Analysis of competitors**

In our country, there are some online payment methods, but most of them are provided by the banks for their customers. For instance, CBE allows customers to pay their different bills online. But this kind of service is only provided by a single bank. Even if there is a specialized financial service provider as a separate service unlike the banks, for instance, companies like yenepay charge very high transaction fees. There is also Telebirr which charge a low transaction fee but customers cannot deposit to their account directly, plus there have been numerous bug report on their mobile app (according to Telebirr users' comment on the official Telebirr Google play page).

After mentioning the current competitors we will create a complete web-based payment gateway service. Unlike yenepay we will charge a very low transaction fee and also when a customer uses our payment gateway service they will directly deposit and withdraw money to/from our payment system.

## **2.2 Market segmentation**

When it comes to market segmentation our payment gateway is used by everyone who has internet access

Out of the box we have two types of users customers and third-party service providers(merchants)

**Customers**

A customer is a regular user who uses our payment system to send, receive, transfer, withdraw and deposit.

**Merchant**

Merchant users manage their customer’s payments through our payment gateway. For this service, we provide an API(Application program interface)

# **3 DESCRIPTIONS OF VENTURE**

## **3.1 Business Goals**

### **3.1.1 Main objective**

For our company to operate we have the main objective

* Design and implement a payment gateway system.
* Advertise our payment system through social media
* Provide an API for third-party service providers (for example merchants)
* Enable users to pay online for their services using our system.

# **3.1.2 Financial goal**

**1st year**

**Net Sales** 1,200,000

**Operating Expenses**

Labor 480,000

Utilities(Internet, power etc) 72,000

Advertising 100,000

Miscellaneous 10,000

**Total expenses**  662,000

**Net income Before Taxes**  538,000

**Taxes**  80,700

**Net income after taxes**  457,300

**Assumptions**

An average of 333,333 birr transferred through our payment gateway to the merchant every day

**2nd year**

**Net Sales**  8,700,000

**Operating Expenses**

Labor 800,000

Utilities(Internet, power etc) 72,000

Advertising 200,000

Miscellaneous 50,000

**Total expenses** 1,122,000

**Net income Before Taxes**  7,578,000

**Taxes**  1,136,700

**Net income after taxes** 6,441,300

**Assumptions**

An average of 2,416,666 birrs are transferred through our payment gateway to the merchant every day

**3rd year**

**Net Sales**  25,000,000

**Operating Expenses**

Labor 800,000

Utilities(Internet, power etc) 148,000

Advertising 500,000

Miscellaneous 200,000

**Total expenses**  1,648,000

**Net income Before Taxes**  23,352,000

**Taxes**  3,502,800

**Net income after taxes**  19,849,200

**Assumptions**

An average of 6,944,444 birrs is transferred through our payment gateway to the merchant every day

## **3.2 Company summary**

Our payment gateway is given service to customers and third-party companies like e-commerce. Using our services customers can send, receive, transfer and also withdraw/deposit to/from banks.

# **4 ORGANIZATIONAL PLAN & MANAGEMENT SUMMARIES**

This company is built by a team of members who have the same goals and have an agreement on how they own and how much the percent they own.

|  |  |  |
| --- | --- | --- |
| Days | service | Availability |
| Monday- Saturday | Office service | 8am-5pm |
| Monday-Sunday | Payment gateway service | 24/7 |

Working hours

# 5. **DESCRIPTION OF THE SERVICE**

We provide an easy and user-experience (UX) way to the user. Once the user gets into our service, we offer multiple services like:

* The customer can easily deposit his money from different banks to our payment gateway system and also, they can withdraw from our payment system to different banks.
* An easy way to integrate third-party companies into our payment gateway to easily accept payments
* Low fee cost for every transaction
* It is a web-based system so anyone who has internet access can use even if its desktop or mobile
* High-security layers, we encrypt our data with the AES256 algorithm

# **6. PRODUCTION PLAN**

When we are going to the production level there are several things we required. First of all, we have to rent a VPS (virtual private servers) from service providers like Amazon web services digital oceans and other service providers or we can build our servers from the ground up, this may take much more money and require a lot of expertise.

When we see how much money we have to spend on all of them the virtual private server is the best way to deploy and to start our production phase.

There is also another thing we need like office and other materials. To rent an office we have to set our head office to Addis Abeba because it’s the capital city of our country. We can get much more customers in Addis than in any other city in Ethiopia.

As we mention in the above article, we offer much more services than the current companies give. We don’t get much more transaction fees than the yanePay. Much more simple way and a user-experienced way to give our services to our customers. And we implement the best security standards to protect our transactions from fraud and other threats.

When we come to our customers, customers need to be protected and need fast and reliable services from their service providers. As we mention in the above article we provide all of these services to our customers.

# **7 MARKETING PLAN**

When starting our business our business is unique and not implemented in our country. If we see Telebirr we can’t directly deposit from the bank to their system also we can’t pay directly. Yanepay also has a great problem when it comes to its usability they have more downtimes, they charge too much fee per transaction. After mentioning those points we will have a great opportunity to get into the customers.

**Pricing**

We do not charge for every service we offer like: -

* Deposit from the bank
* Withdraw to bank
* Transfer to other customers

Services like merchants use like receiving payment from their customers will charge them. Every transaction a merchant user does charges them with 1% of the transferred money. If a merchant receives 10,000 birrs using our API (application program interface) will cost him 100 birrs so they will receive 9900 birrs.

A payment service like yanepay charge a lot around 5% for every transaction they make. Telebirr is charge 0.1% for every transaction they make, but this is because they are a government organization and for other reasons.

**Promotion**

To promote our companies and services to be used by our customers we will promote using advertising like

* Social media
* Public places
* At event places.
* Banners

**Place**

To operate our company easily and smoothly we are going to set at Addis Abeba. Because it’s the capital city of our country. We can get much more customers in Addis than in any other city in Ethiopia.

# **8. FINANCIAL PLAN**

To start our Feepay payment gateway we require not much money. We only need not more than 500,000 birrs. That money was contributed by the founder of the company.

These funds are used for multiple purposes

|  |  |  |
| --- | --- | --- |
| Activity | Description | Amount |
| Hosting | For hosting on aws for 1 year | 50,000 |
| Office rent | Renting office for our head office in Addis Abeba for 1 year | 180,000 |
| For furniture | Furniture used in our office | 100,000 |
| Promotion | To advertise our company | 10,000 |

## **8.1 Projected Profit or Loss**

We expect to be profitable in the first year of operations, with profits increasing over the next four years, as we establish and increase our customer base.

**Risk analysis**

Our management is in charge of assessing risks regularly and taking remedial action to ensure adequate risk prevention, control, and reserves. We've discovered several dangers related to our business venture. Risks can be classified in a variety of ways, but for our plan, we've decided to group them as follows:

**External risk**

* Competition
* Technology
* Government policy change

**Internal risk**

* Personnel
* Management
* Business Continuity
* Cash Flow deficiency