



# Rai Web Solutions - Business Plan



**By – Dhruv Rai**

**Student Number: X12115665,**

**MSc in Web Technologies,**

**Date: April 2013,**

# **Rai Web Solutions: Business Plan.**

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## SECTION 1: EXECUTIVE SUMMARY

**Company Name:** RAI Web Solutions Ltd,  
**Address:** Business Park,  
IFSC,  
Dublin 2.  
**Telephone:** 01- 560 0000  
**Fax:** 01- 560 0001  
**Co. Registration No:** XXXXXXXX  
**V.A.T. No:** IE 200000000E  
**Accountants:** Joe Accountant, ACCA  
Business Park,  
Dublin 2.  
**Bank:** AIB,  
Bank Centre,

Rai Web Solutions is a Company recently formed by the two promoters – Dhruv Rai and MC Wachter- to fulfil an identified market for the development, support and supply of software/Web products to SME of Irish IT sector.

The company's objectives into the future are:

- To achieve net profit more than €50,000 by year 2.

- To achieve net profit more than €100,000 by year 3.
- Medium Term - to buy its own premises in the Dublin area.
- Medium Term - to setup an office in India

This Business Plan is produced with a view to securing the necessary investment from:

Bank:

Term Loan	€50,000
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## SECTION 2: INTRODUCTION

Rai Web Solutions is a small start-up firm located in the business park of Dublin. We offer Software solutions and Web-related services to small businesses like local shops and SME in Dublin. The services we offer include website development and design, software design, development and testing services. We will outsource our projects to India to reduce our product cost.

Our expertise and experience in new cloud and Web-technologies, we will offer unique and superior service to small business owners and SME sector at a reasonable price.

The growth rate of small businesses and SME sector in Ireland is at an all-time boom. Moreover current companies are moving to cloud to make more profit, so there is a huge demand for cloud and Web/Software development services, and show no sign of slowing anytime soon. Even more astonishing is the fact that Ireland is the European head of the major IT Multi-National Companies, so there is always a scarcity of IT man power and support.

The highest margins in Software development and Web Development today are in providing services to large and medium size enterprises, with the use of new technologies and young IT experts we can complete our project in lesser time and cost.

This business plan will highlight many aspects of our system and our business. It will detail market growth and demand, and it will outline our projected cash flow and profit margins over the next three years.

## SECTION 3: MARKET

### 3.1 Overview

The indigenous software industry today comprises over 500 companies, employing over 10,000 people, with combined sales of €1.4 billion, the vast majority of which is exported. There is a strong entrepreneurial culture which typically sees the emergence of over 30 high-potential start-up companies every year. [Source: Enterprise Ireland]

### 3.2 Trend

An important market trend right now is the one toward aggressive online and website marketing. Online and website marketing is the aggressive way of doing worldwide business nowadays. This trend will be followed because sellers can reach more customers and customers can find the right product at a very less time.

Although many small businesses are still waiting to gain an Internet presence, those who already have are beginning to look for more options along the lines of improving their existing efforts. We believe that in the upcoming years, small companies especially, will start to look for more ways to increase the traffic to their websites.

Another important trend is the major use of CRM tools and other major enterprise tools to manage their employees and clients. They are used to handle interoffice tasks; we are sure that in upcoming years smaller companies will begin to realize the time and money saving advantages to this strategy.

### **3.3 Size and potential**

#### **Highlights - Annual Business Review (ABR): Breakdown by sector and Geography Sectors of significant growth (Irish Market)**

Sector	Exports 2011 €m	Exports 2012 €m	Change 11/12 €m%	
Software & Public Procurement	€865	€1,028	€163	+19%

#### **Geographical markets showing significant growth**

Territory	2011 (€m)	2012 (€m)	Change 11/12%
Latin America	111	138	24%
USA/Canada	1,481	1,782	20%
Asia Pacific	875	1,022	17%

[Source: Department Of Jobs, Enterprise and Innovation]

Enterprise Ireland client companies achieved record exports in 2012 breaking the €16bn for the first time, up from €15.2bn in 2011. Greatest wins came from sectors such as Engineering, Software, Internationally Traded Services and Medical Devices, while the outstanding geographical performance came from USA, Asia Pacific and South America.

Over the past thirty years, Ireland has built an international reputation as a centre of software excellence. The Irish software industry is recognised internationally as being highly innovative, technically expert, and commercially adept.

So the size and potential of software market is very broad. Moreover the start-up companies, local stores and local businesses are increasing at a very high



rate, they all need websites and software's to manage their customers and clients.

### **3.4 Competition**

- 1.) **ServiceFrame**, winner of the Emerging Software Business award, is an evidence-based governance tool for outsourced and shared services. Having identified a new market opportunity that is currently underserved with an alternative SaaS-based business model, ServiceFrame offers a compelling capability at a price point significantly below competitors.

Founded in 2003, AdaptiveMobile, winner of this year Sales Achievement award, is an Irish company that has achieved a 300% increase in sales and a 70% increase in its customer base over the past 12 months. With offices in North America, Europe, Africa, Middle East, India and Asia Pacific, the company works with many of the world's biggest operators and protects upwards of 600 million mobile subscribers each day, from an ever-growing list of mobile security threats.

- 2.) **DataHug**, winner of the Technical Software Start-Up award, was founded in 2009 by software consultants Connor Murphy and Ray Smith to solve a problem they faced every day for seven years, creating a Google page-rank of enterprise relationships that help clients answer the questions of 'who knows who' and 'how well do they know them' to enhance business prospects.

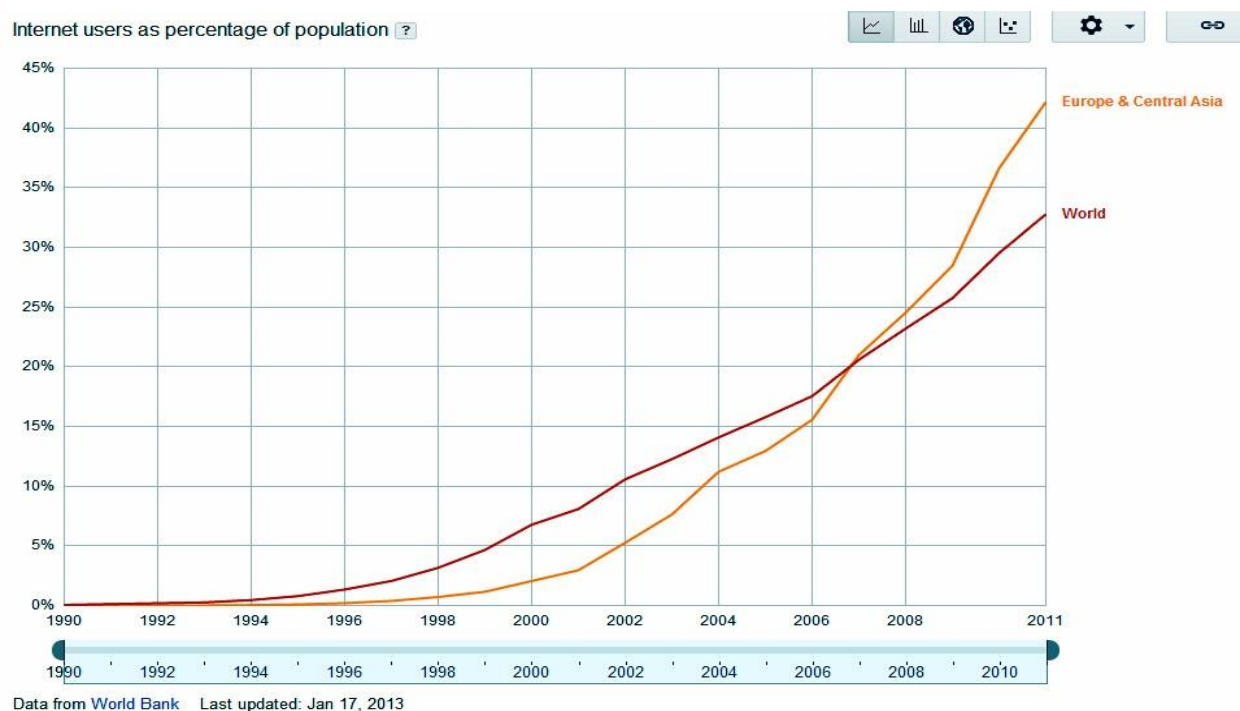
3.) **Twelve Horses**, winner of the Academic Collaboration of the Year award, partnered with the Institute of Art, Design and Technology (IADT) and University College Dublin with the support of the National Digital Research Centre (NDRC) to create an online data visualisation platform targeted at enterprise business users.

[Source: finfacts.ie]

### 3.5 Customers

Our target market has been growing and expanding toward Internet and Web usage at an astonishing rate. In addition, Internet usage by our clients' customers has been growing exponentially. Below are supporting facts on our target market growth:

[Source: <http://www.worldbank.org/>]



### **3.6 S.W.O.T. Analysis**

#### **Strengths**

- 1.) ***Stable Macroeconomic Environment.*** Ireland has benefited from double-digit economic growth since the early 1990s, largely attributed to its investment in and dividends from the ICT industry. The Irish Government forecasts a continuation of positive progress and stability trends in such matters as income convergence, employment creation and improving public finances.
- 2.) ***Foreign Direct Investment (FDI).*** Like much of Europe and other developed countries, ICT has been the engine of growth and Ireland has benefited substantially to this end. Remarkably, Ireland has been successful both in attracting FDI in the technology sector through attractive incentives and in developing a select number of global companies indigenous to Ireland
- 3.) ***Home Market Size.*** The limited size of the domestic Irish market has forced Irish software companies to adopt an export-oriented, product-focused approach. This approach has mitigated the risk and reliance on domestic revenues and has enabled several companies to achieve significant success in foreign markets, particularly in the U.S.

#### **Weaknesses**

- 1.) ***Geographical Location.*** Ireland's geographic location in being remote from the main European population is a major disadvantage to many businesses, thus limiting their market scale.

- 2.) ***Dependence on Overseas Firms.*** Ireland's success in attracting overseas firms could be mitigated in the event of a serious decline in international trade, thus having an exacerbating effect on the domestic economy.
- 3.) ***Dublin Growth.*** In light of the fact that a disproportionate share of the growth in the economy over the last decade has taken place in the greater Dublin area, the metropolitan infrastructure, most noticeably in terms of transport and housing, is now under serious and growing strain. Implications of this strain are higher housing and rental costs and more congested infrastructure.

[Source: [www.1.american.edu](http://www.1.american.edu)]

## **OPPORTUNITIES**

While the immediate plan to achieve targets as identified is confined to the Ireland region for the first two years of operation it is intended to expand into the whole Europe after our establishment in the marketplace.

## **THREATS**

The first greatest threat to the company is that of opportunity loss in terms of the extent of business being lost due to our current non-trading. This results in projects being lost to smaller competitors who are being afforded the business, thereby becoming larger and greater competition. The second threat is running out of required funds during the first year of projected loss.

## SECTION 4: MARKET STRATEGY

In order to achieve our Sales Target as per the enclosed projections the following strategy has been devised:

### 4.1 Objectives

- To achieve net profit more than €50,000 by year 2.
- To achieve net profit more than €100,000 by year 3.
- Medium Term - to buy its own premises in the Dublin area.
- Medium Term - to setup an office in India

### 4.2 Product

**Mid-Level Website Package:** Information based websites with a large amount of content with hosting and domain. Popular with companies that have large services/products list and/or want to implement more of their business into the Web.

**E-commerce Website Package:** Usually reserved for product-oriented websites that are e-commerce enabled with hosting and domain. Popular with companies that have a desire to market heavily on the Internet or sell their products/services directly from the Web.

**Website Maintenance Package:** Usually for E-commerce websites, to change or add more products, two year subscription program.

**Software Solutions:** Creating, testing, debugging enterprise level applications.

### **4.3 Price**

**Mid-Level Website Package:** €500 with 1 Year Hosting and domain.

**E-commerce Website Package:** €1000 with 1 Year Hosting and domain.

**Website Maintenance Package:** €500 for two years.

**Software Solutions:** €10,000 (Cost can be raised according to requirements)

### **4.4 Place**

Selling is carried out on companies website where the potential customer will buy the package then our promoters will contact the customer and take requirements, if needed we will directly meet with the customer to take requirements in a more efficient manner.

### **4.5 Promotion.**

The following is a summary of our marketing programs:

- 1.) Radio advertising.
- 2.) Ad placement in local trade publications (Irish Times).
- 3.) Billboard Ads to promote wide-spread name recognition.
- 4.) Google AdSense

## SECTION 5: ORGANISATION/ MANAGEMENT

### **5.1 The Organisation**

Rai Web Solutions Limited is a private limited company with all the shares owned in equal measure by the two primary promoters.

A copy of the Certificate of Incorporation is appended and a copy of the Memorandum and Articles of Association will be made available to the Bank in the normal course.

### **5.2 Management Overview**

#### **Key Staff and their role.**

The combined expertise of the primary promoters has allowed for a 'natural' division of responsibilities as detailed hereunder:

#### **Mr.Dhruv Rai, Director**

#### **Role: Technical and outsourcing manager**

- 5 Years of IT experience.
- Outsourcer.
- Quality Control.
- Resource allocation.
- Project Manager

**Ms. MC Wachter, CEO****Role: Marketing and management head**

- 20years experience in IT Sales.
- MBA in Business Management from Harvard University.
- Full Curricula Vitae for the promoters are included in the Appendices.

**Staff Requirement.**

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Directors</b>	2	2	2
<b>Developers</b>	2	4	5
<b>Interns</b>	4	6	6
<b>Project Manager</b>	0	0	1
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<b>Total :</b>	<b>8</b>	<b>12</b>	<b>14</b>



**Summary:**

For first three years Mr. Rai will manage the project, outsourcing to India and recruiting of developers in India. We will hire a project manager in Year 3.

For first three years Ms. Wachter will manage the staff, marketing and will make the promotion strategy.

First Year we will start with 2 developers and 4 interns.

Second year we will hire 2 more developers and 2 more interns

Third year we will hire 1 developer and 1 project manager.

## SECTION 6: PRODUCTION AND OPERATIONS

### **6.1 Premises:**

Rai Web Solutions, will setup office in the Business Park, IFSC Dublin.

IFSC is the premium location for all the IT companies and trade.

This location comprising 200 sq. ft. has sufficient capacity to cater for the plans as detailed in this document and will be sufficient for the foreseeable future.

A medium term goal of the Company is (3 yrs.) to buy larger more modern premises in the Swords area.

The existing office requires some capital improvement in terms of additional lighting, office and canteen accommodation. Given the company's ambition to own their own premises in the medium term,

The capital expenditure requirement is included in the financial projections appended.

### **6.2 Insurances**

The promoters have taken advice on insurance provisions as required. Items such as Employer liability, Public Liability, Fire and All Perils insurance etc. have been costed and are covered in the projected fina statements appended.

### **6.3 Production/Operations**

The sequence of events leading to an order closely follows that which is practised in many 'software development' industries and would take the following steps:

A **Requirement Specifications**, usually in the form of drawings and technical specification of the application or web page, is received and an **Estimate time** is calculated on the basis of requirements. A detailed **Quotation** is prepared and submitted to the customer.

Upon receipt of an **Order** the project is **scheduled** for development through the workshop.

The software and website is tested with use cases and usability check is been done to provide the best quality solutions.

The software and website is then given/published to the user with full documentation.

## SECTION 7: COSTINGS / FINANCE

### 7.1 Assumptions to the Financial Projections.

Full sets of financial projections for the first three years of operation are contained in the Appendices.



#### Summary of Profit And Loss – 3 Years (€)

##### ❖ Year 1

- Total Expenses: 51,000
- Net Profit: -14,750
- Gross Profit: 60,000

##### ❖ Year 2

- Total Expenses: 52,000
- Net Profit: 57,300

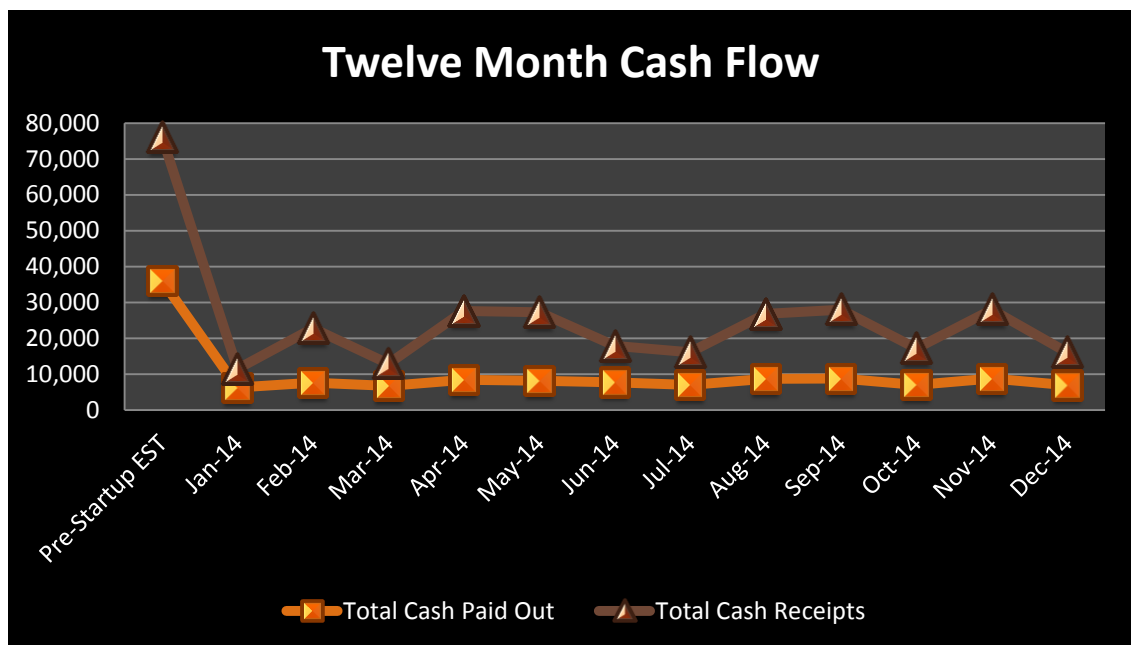
➤ Gross Profit: 161,500

❖ Year 3

➤ Total Expenses: 53,000

➤ Net Profit: 188,860

➤ Gross Profit: 326,500



Summary of 12 Month Cash Flow (€)

## 7.2 Sales

The sales as projected for the first year, based on direct primary research of our potential customers, are set at:

Year 1: Loss of more than €14000.

Year 2: Net profit of more than €50000.

Year 2: Net profit of more than €100000.

Company will suffer loss during the first year but company will hold good reputation which will attract more customers.

During the 2<sup>nd</sup> and 3<sup>rd</sup> year company will start making profit.

### **7.3 Expenses**

Full schedule of expenses is contained in the appended projections. The expenses as calculated are realistic and based on current prices.

#### **Wages**

We will hire developers from India, where the basic salary for a skilled labour is €2000 per annum.

Web/Software developers are paid highly, considering that we will hire the best and experienced software/web developer's team and will pay them €12,000 per annum each.

Interns will be paid at the rate of €500 per month.

Project Managers will be paid €35,000 per annum.

Promoters can divide 80% of the net profit in equal partitions.

20% profit will be kept in the companies account for future use.

During the loss, promoters will not be paid anything from the company during the first year of loss.

Promoters will not be dependent on company to manage their living cost for the first year.

## Detailed Job Costing Overview

Full analysis of the Cost Rate build-up are given in the Appendices and the Unit Sales / average job costing make up is as follows:

### 1.) Unit Pricing per Website Project

Labour	€100
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Hosting	€100
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Total Direct costs:	€200
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Market Selling Price	€500
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Profit of €300 per website.

### 2.) Unit Pricing per Ecommerce Website Project

Labour	€300
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Hosting	€100
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Total Direct costs:	€400
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Market Selling Price	€1000
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 Profit of €600 per E-commerce website.

### 3.) Unit Pricing per Software Project

Labour	€6000
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Hosting	€0
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Total Direct costs:	€6000
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Market Selling Price	€10000
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 Profit of €4000 per software.

## **7.4 Funding:**

It is intended to fund the proposed project as follows:

### **Source of Funds:**

Promoters' funds	€ 10,000
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Bank Term Loan	€ 50,000
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<b>Total:</b>	<b>€ 60,000</b>
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## APPENDICES

### Financial Projections – 3 Years

#### Cash Flow – 12 Months

## Twelve-month cash flow

	RAI Web Solutions Ltd												Fiscal Year Begins:	Jan-14
	Pre-Startup EST	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Total Item EST
<b>Cash &amp; Bank on Hand</b> (beginning of month)	10,000	14,000	12,903	20,456	19,934	30,687	41,740	44,218	46,421	55,899	66,252	69,431	79,784	79,784

CASH RECEIPTS														
Cash Sales	0	1,000	11,000	2,000	15,000	15,000	6,000	5,000	14,000	15,000	6,000	15,000	5,000	110,000
Collections fm CR accounts	0	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167
Loan/ other cash inj.	40,000	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL CASH RECEIPTS</b>	40,000	5,167	15,167	6,167	19,167	19,167	10,167	9,167	18,167	19,167	10,167	19,167	9,167	114,167
<b>Total Cash Available</b> (before cash out)	50,000	19,167	28,070	26,623	39,101	49,854	51,907	53,385	64,588	75,066	76,419	88,598	88,951	193,951

CASH PAID OUT														
Advertising	0	830	830	830	830	830	830	830	830	830	830	830	830	9,960
Website Hosting and domain	0	200	300	500	600	300	1,000	400	1,000	1,000	300	1,000	300	6,900
Technological Licenses	10,000	0	0	0	0	0	0	0	0	0	0	0	0	10,000
Patents	10,000	0	0	0	0	0	0	0	0	0	0	0	0	10,000
Office Furniture	2,000	0	0	0	0	0	0	0	0	0	0	0	0	2,000
Computer	3,000	0	0	0	0	0	0	0	0	0	0	0	0	3,000

Supplies (office & oper.)	0	166	166	166	166	166	166	166	166	166	166	166	166	166	1,992
Meals and entertainment		416	416	416	416	416	416	416	416	416	416	416	416	416	4,992
Rent	4,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	28,000
Telephone		416	416	416	416	416	416	416	416	416	416	416	416	416	4,992
Utilities		500	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Insurance	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0	5,000
Repair and maintenance	1,000	90	90	90	90	90	90	90	90	90	90	90	90	90	2,080
Taxes	0	646	1,896	771	2,396	2,396	1,271	1,146	2,271	2,396	1,270	2,396	1,146	2,396	20,001
<b>SUBTOTAL</b>	35,000	5,264	6,614	5,689	7,414	7,114	6,689	5,964	7,689	7,814	5,988	7,814	5,864	7,814	114,917
Loan principal payment	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	13,000
Capital purchase (specify)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other startup costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL CASH PAID OUT</b>	36,000	6,264	7,614	6,689	8,414	8,114	7,689	6,964	8,689	8,814	6,988	8,814	6,864	8,814	127,917
<b>Cash &amp; Bank Position (end of month)</b>	14,000	12,903	20,456	19,934	30,687	41,740	44,218	46,421	55,899	66,252	69,431	79,784	82,087	82,087	66,034

#### ESSENTIAL OPERATING DATA (non cash flow information)

Sales Volume (euros)		1,000	11,000	2,000	15,000	15,000	6,000	5,000	14,000	15,000	6,000	15,000	5,000	110,000
Accounts Payable (eom)	14,000	12,603	19,956	19,434	30,287	41,140	44,118	46,221	56,199	67,052	70,031	80,884	82,987	584,912
Bad Debt (end of month)	39,000	38,000	37,000	36,000	35,000	34,000	33,000	32,000	31,000	30,000	29,000	28,000	27,000	429,000

### Profit and Loss – 3 Years

## Profit and Loss Statement

### RAI Web Solutions

For the 2014 ending 2017

Stated in 000s

<b>Gross margin [L/J]</b>	<b>71.0%</b>
<b>Return on sales [T/J]</b>	<b>41.1%</b>

Year 1	Year 2	Year 3	Current Period as % of Sales	% Change from Prior Period	% Change from Budget
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**Sales Revenue**

Website Development	70,000	160,000	260,000	56.5%	271.4%	62.5%
Software Development	40,000	100,000	200,000	43.5%	400.0%	100.0%
<b>Total Sales Revenue [J]</b>	<b>110,000</b>	<b>260,000</b>	<b>460,000</b>	<b>100.0%</b>	<b>318.2%</b>	<b>76.9%</b>

**Cost of Sales**

Website Development	25,000	49,250	66,750	14.5%	167.0%	35.5%
Software Development	25,000	49,250	66,750	14.5%	167.0%	35.5%
<b>Total Cost of Sales [K]</b>	<b>50,000</b>	<b>98,500</b>	<b>133,500</b>	<b>29.0%</b>	<b>167.0%</b>	<b>35.5%</b>

**Gross Profit [L=J-K]**

<b>60,000</b>	<b>161,500</b>	<b>326,500</b>	<b>71.0%</b>	<b>444.2%</b>	<b>102.2%</b>
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**Expenses**

Advertising	12,000	12,000	15,000	3.3%	25.0%	25.0%
Website Hosting and domain	6,900	10,000	15,000	3.3%	117.4%	50.0%
Technology licenses	10,000	12,000	14,000	3.0%	40.0%	16.7%
Patents	10,000	10,000	10,000	2.2%	0.0%	0.0%
Office Furniture	2,000	0	0	0.0%	-	-
Computers	3,000	0	0	0.0%	-	-
Wages and salaries	0	0	0	0.0%	-	-
Supplies	2,000	4,000	4,000	0.9%	100.0%	0.0%
Meals and entertainment	5,000	6,000	6,000	1.3%	20.0%	0.0%
Rent	26,000	24,000	24,000	5.2%	-7.7%	0.0%
Telephone	5,000	5,000	5,000	1.1%	0.0%	0.0%
Utilities	6,000	6,000	6,000	1.3%	0.0%	0.0%
Insurance	5,000	5,000	5,000	1.1%	0.0%	0.0%
Repairs and maintenance	2,000	2,000	3,000	0.7%	50.0%	50.0%
<b>Total Expenses [M]</b>	<b>51,000</b>	<b>52,000</b>	<b>53,000</b>	<b>11.5%</b>	<b>3.9%</b>	<b>1.9%</b>

**Income from Operations [N=L-M]**

<b>9,000</b>	<b>109,500</b>	<b>273,500</b>	<b>59.5%</b>	<b>2938.9%</b>	<b>149.8%</b>
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**Other Income [R]**

<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>
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**Taxes**

Income taxes	10,000	19,700	27,140	5.9%	171.4%	37.8%
Corporation taxes	13,750	32,500	57,500	12.5%	318.2%	76.9%
<b>Total Taxes [S]</b>	<b>23,750</b>	<b>52,200</b>	<b>84,640</b>	<b>18.4%</b>	<b>256.4%</b>	<b>62.1%</b>

**Net Profit [T=N+R-S]**

<b>-14,750</b>	<b>57,300</b>	<b>188,860</b>	<b>41.1%</b>	<b>1380.4%</b>	<b>229.6%</b>
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