

Relief Inc.

Expansion Analysis





Relief: Overcoming drug addiction

2.5 years since the launch of AAA, Relief Inc. has achieved remarkable results

3.4
million

No. of people cured by
AAA

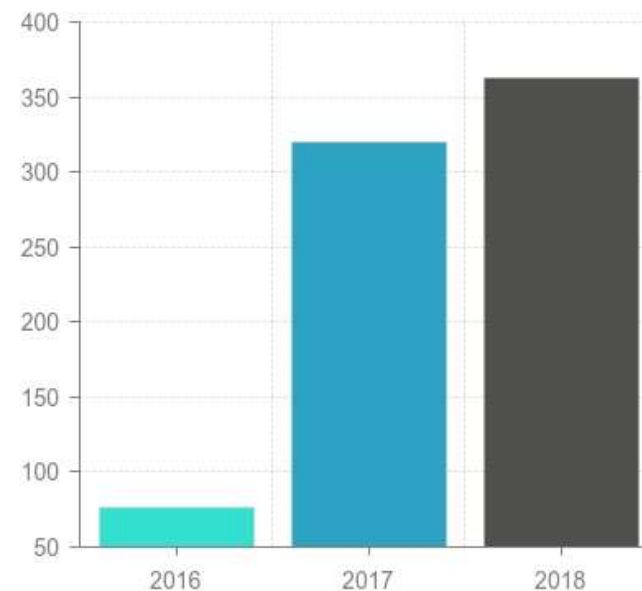
3x

No. of times revenue
multiplied over 3 years

+376%

Increase in revenue
over 2016-2018

Revenue of Relief Inc.
(Mn MU)

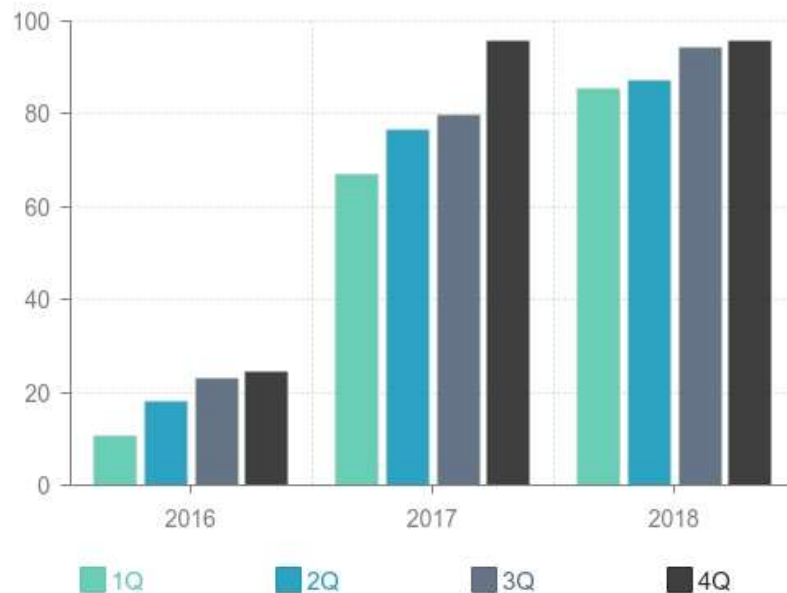




Reasons for Expansion

Relief Inc now faces challenges which pose a threat to its business model

Sales of Relief Inc.
(Mn MU)



Proposed Business Model

The model enables scaling but decreases efficiency



Target markets reaching saturation level

Decelerating revenue observed as saturation occurs



Achieving higher social impact

Expansion to another country to heal more patients



Increased COGS

To generate more revenue to counter the increased COGS





AGENDA



Selection of an ideal country for expansion

On the basis of net profit, maximum social impact and estimated PnLs



Building a Expansion Strategy

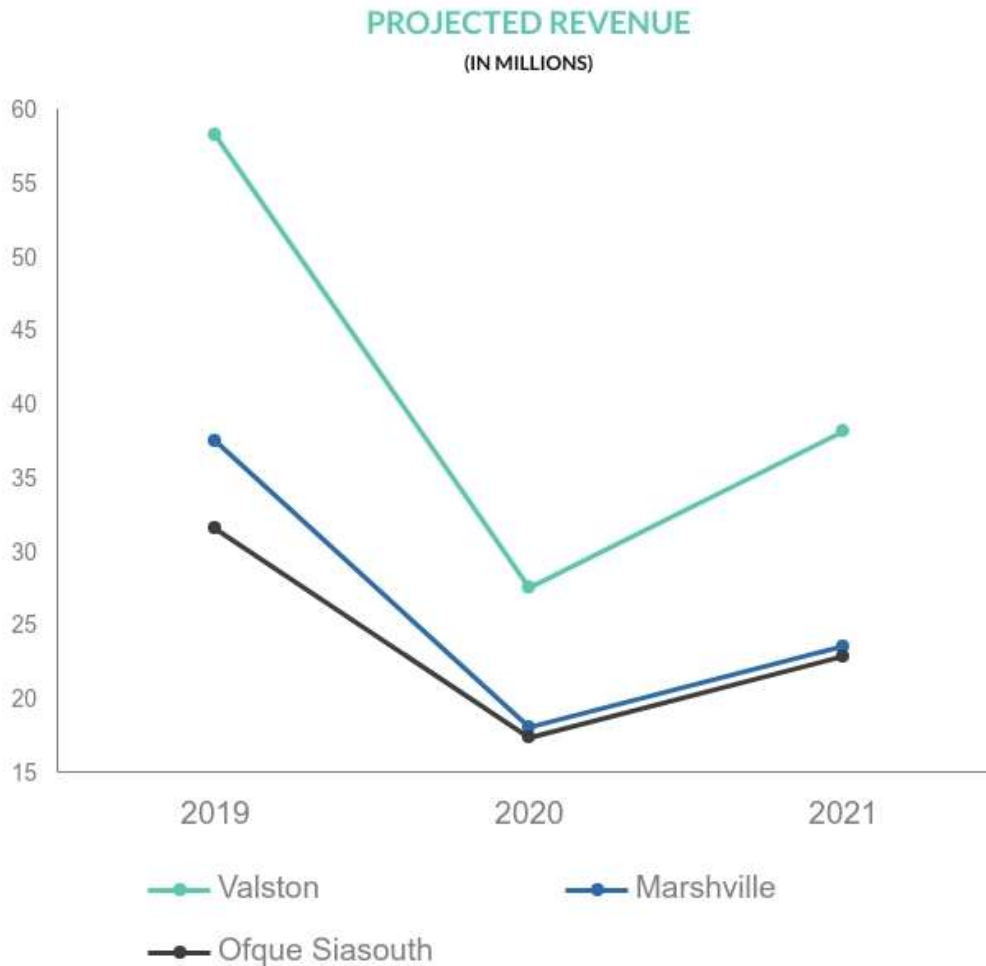
Emphasizing on maximizing sales and increasing trust among locals



Proposal of timeline for increasing social impact

Optimizing the distribution of time and resources for our purposes

PROJECTED REVENUE



Drop-in Revenue

A drop in revenue in the year 2020. is observed for all the expansion options. This is due to market exhaustion as explained in the next slide



Valston Shines

Valston outperforms other countries in terms of revenue generated in the first year of expansion owing to its large consumer base.

Revenue exceeds Ofque Siasouth by

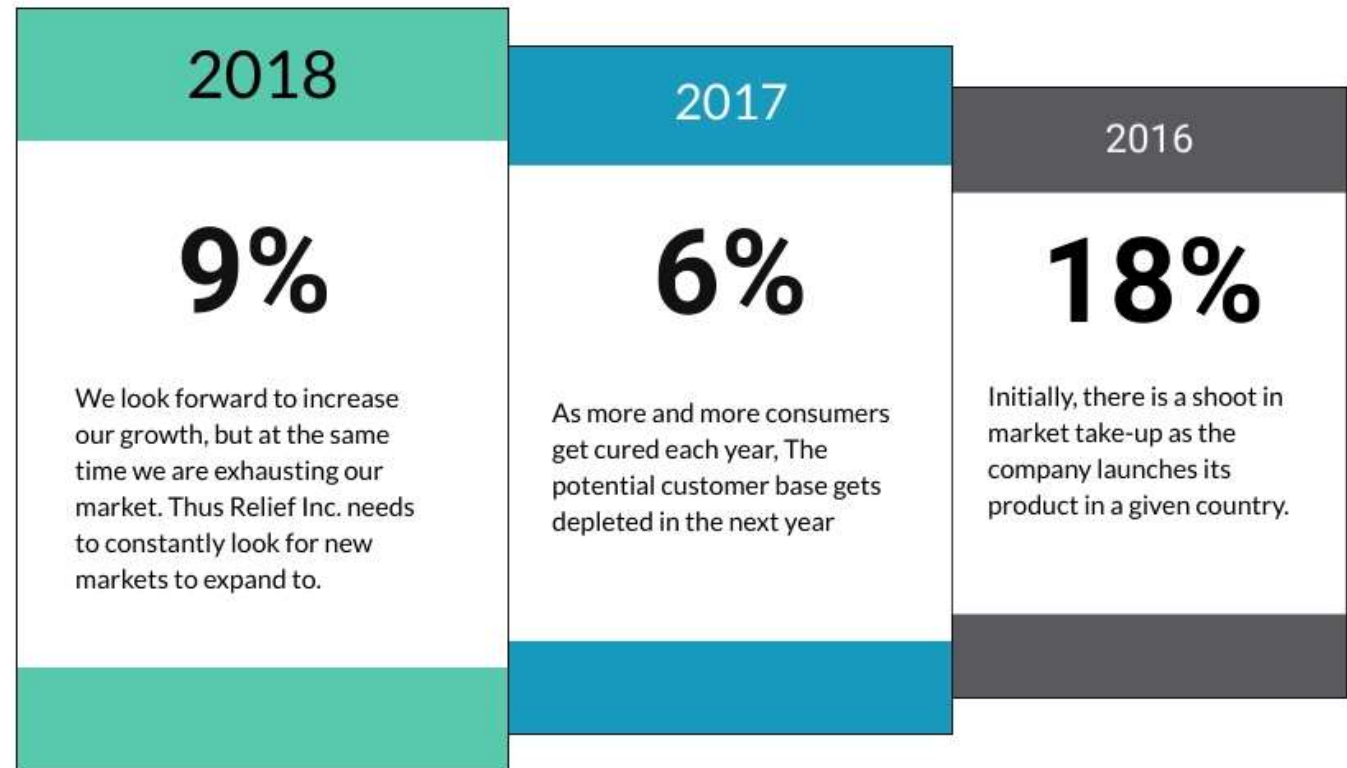
46%



Revenue exceeds Marshville by

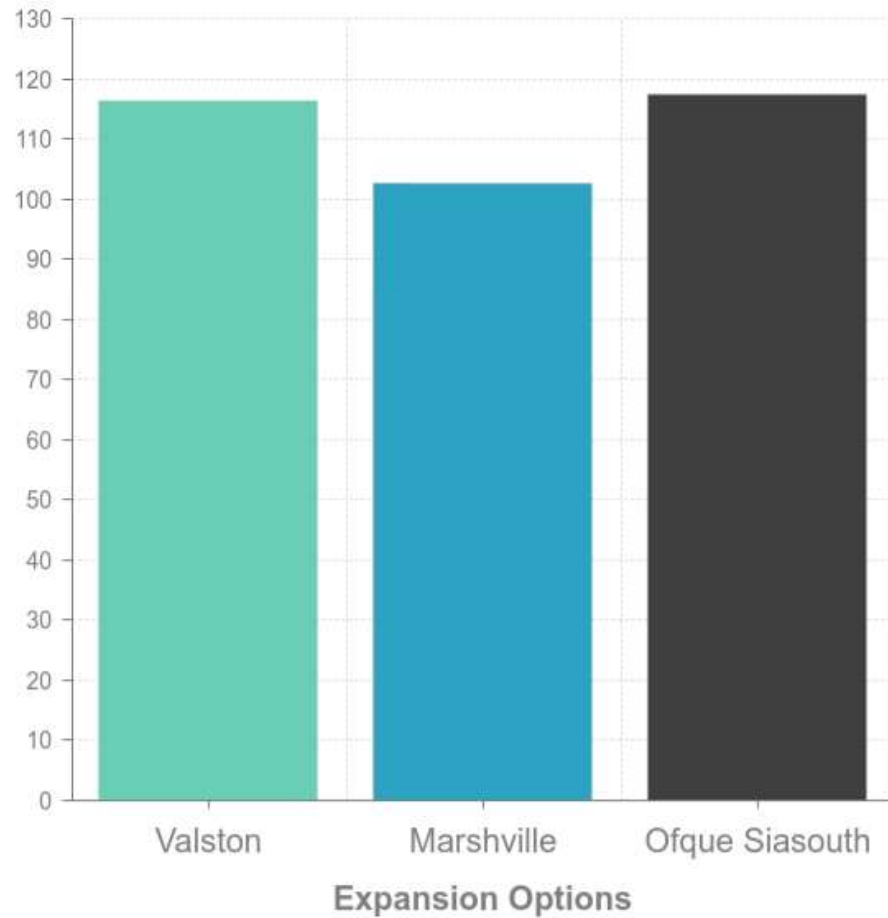
36%

INCREASE IN MARKET TAKE-UP

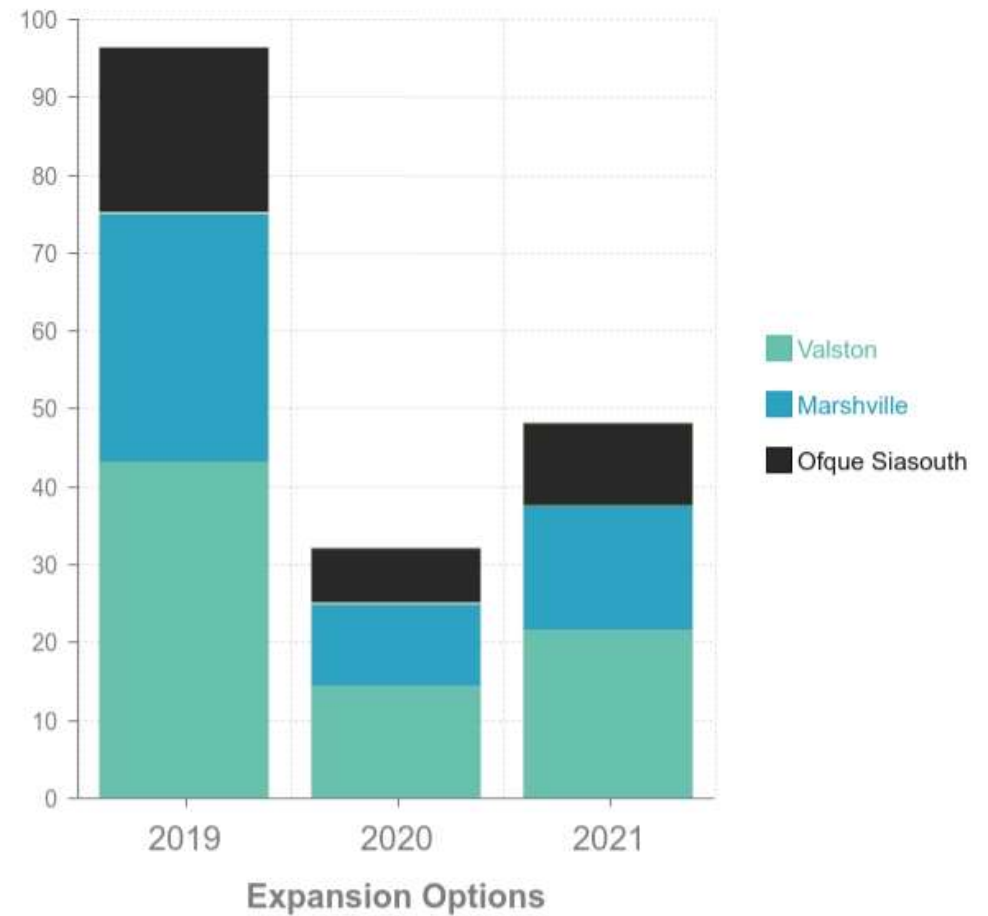


This explains the initial dip in the company's projected revenue in the year 2020

Cummaltive Profit
(In Millions)

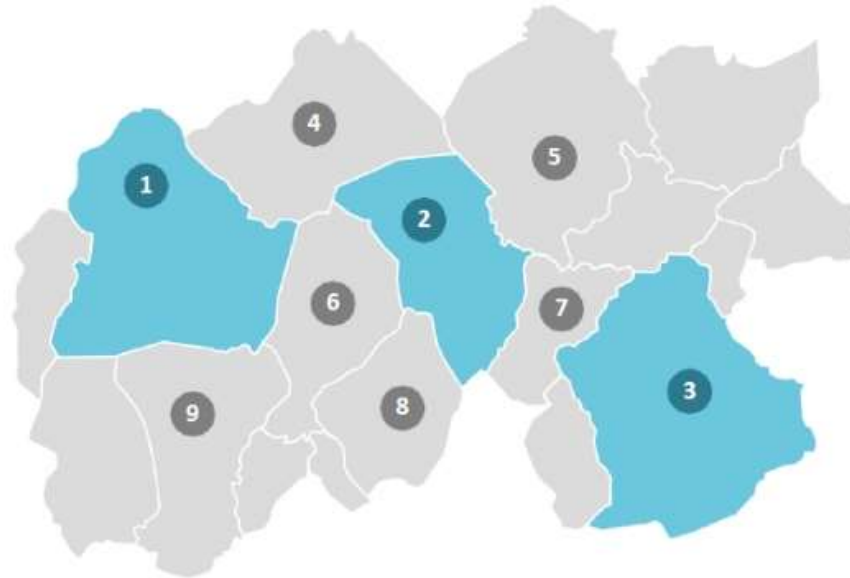


No. of Potential Customers
(In Millions)





WHICH COUNTRY?



Valston

Profit and Loss Statement

P&L	UNITS	2019			2020			2021		
Country : Valston		Current Market	Valston	Total	Current Market	Valston	Total	Current Market	Valston	Total
Medications sold	pcs.	28,271,150	4,323,513	32,594,663	28,271,150	1,441,171	29,712,321	28,271,150	2,161,756	30,432,906
incl. Frankfurt facilities	pcs.	14,000,000	2,000,000	16,000,000	14,000,000	1,441,171	15,441,171	14,000,000	2,000,000	16,000,000
incl. Hanoi facilities	pcs.	14,271,150	2,323,513	16,594,663	14,271,150	-	14,271,150	14,271,150	161,756	14,432,906
Revenue	MU	362,846,237	58,191,568	421,037,805	391,873,936	27,490,429	419,364,365	423,223,851	38,091,190	461,315,041
COGS	MU	235,129,200	35,073,222	270,202,422	253,939,536	12,829,253	266,768,789	274,254,699	20,737,625	294,992,324
incl. Frankfurt facilities	MU	120,960,000	16,485,120	137,445,120	130,636,800	12,829,253	143,466,053	141,087,744	19,228,244	160,315,988
incl. Hanoi facilities	MU	114,169,200	18,588,102	132,757,302	123,302,736	-	123,302,736	133,166,955	1,509,381	134,676,336
Other expenses	MU	89,142,300	17,299,190	106,441,490	93,777,684	11,912,134	105,689,818	98,783,899	13,544,447	112,328,345
Shipping	MU	57,942,300	7,899,190	65,841,490	62,577,684	2,512,134	65,089,818	67,583,899	4,144,447	71,728,345
Fixed	MU	19,000,000	5,500,000	24,500,000	19,000,000	5,500,000	24,500,000	19,000,000	5,500,000	24,500,000
R&D costs	MU	12,200,000	3,900,000	16,100,000	12,200,000	3,900,000	16,100,000	12,200,000	3,900,000	16,100,000
EBITDA	MU	38,574,737	5,819,157	44,393,894	44,156,716	2,749,043	46,905,759	50,185,253	3,809,119	53,994,372
Interest payments	MU	-	-	-	-	-	-	-	-	-
EBT	MU	38,574,737	5,819,157	44,393,894	44,156,716	2,749,043	46,905,759	50,185,253	3,809,119	53,994,372
Income taxes	MU	7,714,947	1,163,831.37	8,878,778	8,831,343	549,808.59	9,381,152	10,037,051	761,823.81	10,798,874
Net profit	MU	30,859,790	4,655,325	35,515,115	35,325,373	2,199,234	37,524,607	40,148,203	3,047,295	43,195,498
Total Profit over the period										116,235,220

Profit and Loss Statement

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Ofque Siasouth

Profit and Loss Statement

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WHY VALSTON?



Profits

The profit margin of Valston is second only to Siasouth and behind by

1.13%



Consumer Base

The consumer base of Valston is the highest and exceeds Siasouth by

51.12%

How to Build Trust?



Replacing bad reputed Local Distributors

Conduct surveys of Pharmacies and introduce a grading system to eliminate bad local distributors



Introducing Shippers

Cutting down the local distributors by partnering with shipping companies who deliver our product directly to the pharmacies, thus increasing trust



Government Tie-Ups

Sell product to the government to be distributed in government medicine shops at a subsidized rate



Social initiatives

Goodwill branding by investing in social projects like rehabilitation centers, child education, tree plantation drives, and other similar campaigns.



DISTRIBUTOR GRADING SYSTEM

Low performing local distributors (having low DG) will be replaced either by new local distributors or by paid shippers.



What is DG?

DG stands for Distributors' Grade that quantifies the distributor's efficiency



Role of Region

Each distributor supplies to pharmacies in a particular region. So we know the number of potential drug addicts that can be consumers in that region.

$$DG = \frac{\text{Drugs sold in the region}}{\text{Addict Population in region}} \quad (\text{Per Month})$$



Ranking

Using DG values, we can rank all our distributors, and then replace them one by one with new Distributors.



Why DG?

As the sales increase in a region the DG value increases but to compare different distributors, we need drugs sold per number of potential customers per month.

Direct Shippers instead of low DG Distributor.

01 Getting back the Trust

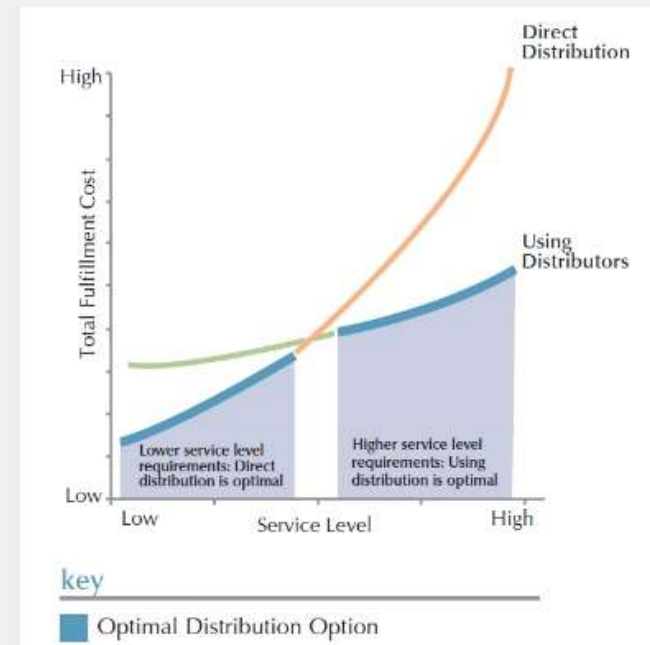
1/4th of drug-addicted people who had trust issues and were once potential customers will be gained as a customer base.

03 Better control over the market

Direct Distribution helps to monitor the goods that are being sold to the customers.

02 More Economical

By removing bad local distributors we fall in the low service level and low fulfillment level where usually direct distribution is much more profitable and efficient.



Source: The Role of Distributors by Booz Allen Hamilton



Govt. Tie-ups and Social Reforms

01

Mining the Population

Valston is an Agro based country with maximum population in agriculture and addicted to Opium

Targeted customer base through government subsidies

Strata D & E

37%

02

Creating a sense of connection

Drug addiction treatment is a sensitive issue and the customer base can only increase by having an emotional connection which can be achieved by social reforms

03

Creating awareness

In Valston govt have setup info. centers and drug treatment centers but due to poor leadership did not work out, hence Relief.co can tie up and provide various facilities

04

Subsidised Medical Rates

As the majority of the population who are drug addicts are in strata D & E where many cannot afford AAA, Relief can tie up with Govt and provide medicines which in return can increase the customer base multiple folds

21.2 Mn

Maximum expected increase in customer base

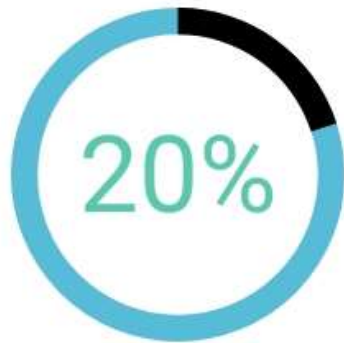
TIMELINE

For increasing social impact



Budget Allocation and its Financial Feasibility

BUDGET : 100K MU



Social Campaigning

- Flash Mobs to target densely populated areas of Northern provinces
- Anti Drug abuse Awareness drives and information campaigns for adolescents



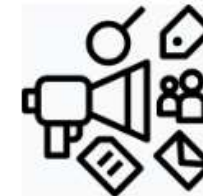
NECC-Team_Invictus.pdf Shippers

- According to a study by Booz Allen Hamilton , full replacement of distributors would take 11.6 % of company's total revenue. However, we plan a partial replacement of 10% which is 1.16% of total revenue.
- Note that this a temporary cost only for 2 years till shippers are further replaced by new local distributors.



Mass Media Marketing

- Radios to reach the agricultural-based population at the root level.
- Social media ads to target the youth of the nation



Note: Implementing DG System and conducting surveys would not incur significant capital

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Thank You!

It has been a **great learning** experience.