

Startup Sim Gazette

World 2019-2021

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Q1

CHIP PLANTS AVAILABLE

IN SPECIAL INDUSTRIAL PARKS



For quarter 1 exclusively, and *only* in the EU and US, ready-made chip plants are available in so-called industrial parks. These plants will be able to produce in Q1. However, specific expenses, including special training of the local personnel, imply a one-time expense of \$280K in the US and €280K in EU payable in Q1 (charged as a Service Payment). Interested companies can only order one plant per area.

Orders have to be placed via a "S2 Form". Plant and extra cost will be charged in the Area(s) in which you buy the plant (s). To get chips produced in Q1 in these plants, companies need to order production of the required volume via the area F2 form.

As production in *Qt* invariably goes to the inventory of the producer in that same quarter, chipmakers will not be able to ship these chips to any buyers (e.g. PC producers) until Q2. Besides those chips will only be available Q2 to customers (for B2C sales or PC production) if transferred by air.

No PC plants are available in the industrial parks.

TRANSFER STARTING CAPITAL TO AREA(S)



You should transfer the adequate amount of starting capital from Home Office (HO) to the areas for local expenses such as: plants you build in your operating Area(s) or buy "ready-made", variable manufacturing cost (cash part), any methods improvement, advertising, the cash part of any goods bought from Nippon (see below), plus any other expenses incurred in the Area. Advice: do not count on any sales revenue in Q1 – let it be the desirable "cushion."

NIPPON ELECTRONICS SPECIALS



Nippon offers exciting special B2B deals in Q1. X0 or Y0 only. **Any company can buy from Nippon. Note: you can only order the lots (units) specified at the posted prices. No bargaining is possible as same conditions apply to all Startup Sim teams.**

Units are in 000s. Prices are stated in local currency per unit, payable in local A/P routine.

"Sea Fare"

	US		EU		BRAZIL	
	UNITS	PRICE	UNITS	PRICE	UNITS	PRICE
CHIPS X0	12	22	8	28	5	135
CHIPS X0	18	18	16	25	8	112
PC Y0	17	91	18	102	10	640
PC Y0	35	84	36	98	18	580

"Air Fare"

	US		EU		BRAZIL	
	UNITS	PRICE	UNITS	PRICE	UNITS	PRICE
CHIPS X0	12	30	8	40	5	165
CHIPS X0	18	25	16	34	8	145
PC Y0	17	110	18	142	10	880
PC Y0	35	105	36	136	18	860

Only one quantity per Product is possible.

Remember that in your first Quarter of sales you will not reach your market potential immediately as you are a newcomer in the market. On the other hand, if you set your price too low, you will sell out – and miss out on a point of the demand curve. Also, stock outs bring goodwill loss in the following Q.

DE BIG News Over-the-Counter Test Marketing

Arthur De Big, the leading industry consulting group, is the source of unique marketing information to Startup Sim companies.

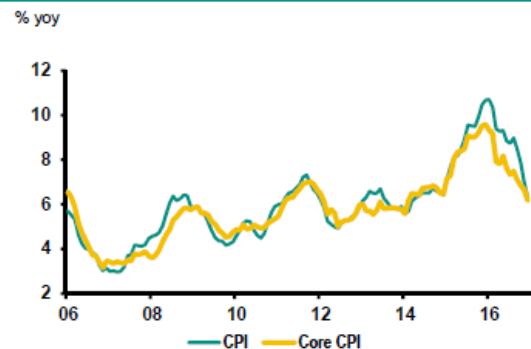
During any decision session, A. De Big grants

immediate delivery of Marketing Research items 31-69 to its clients. Because of the cost of processing orders, computer operator overtime, etc., prices for this special service are double the standard rates (listed in the online H1 Form).

Note that De Big has prototype dummies on X1-X9 as well as Y1-Y9 and is therefore able to give you firm estimates on these high-grade products demand and cost for any quarter.

LOWER INFLATION IN BRAZIL

Sharp fall in inflation



Source: Thomson Reuters Datastream

Is Brazil's textbook reputation for inflation about to become a stereotype? The government of Brazil, helped by solid growth in Latin America's solid growth, and generous tax income, has nowadays given up its long-held tradition of abundant money supply. As a result, the nation currency, the Brazilian Real, is gaining credibility.

Likewise, markets for chips and PCs, although not as large as Europe and the USA, are growing briskly and attracting increasing attention to producers from around the world.

There is however in Brazil some inflation that result in factory acquisition cost and variable manufacturing cost increasing regularly. Transfer and selling costs as well as local interest rates are moving upwards less steadily. But the appreciation of the Brazilian Real is

somewhat reducing this impact for local producers.

DOLLAR GETTING WEAKERS



The strong support to the US economy by the Federal Reserve Board is having paying off in terms of growth in the world's still largest economy, but the dollar may suffer from this dynamic monetary policy in the coming quarters to the benefit of a stronger Euro.

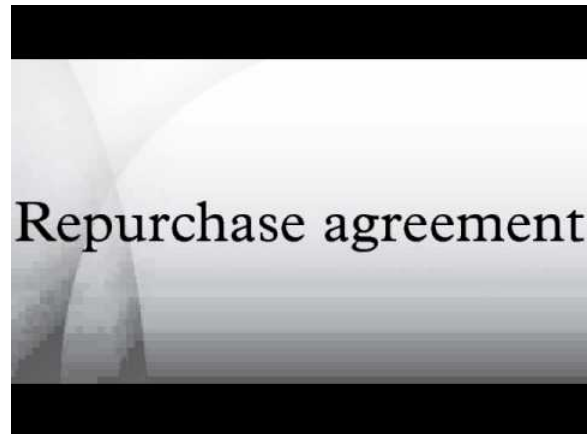
NIPPON AGGRESSIVE PRICING POLICY GOES ON



Nippon maintains its aggressive pricing policy, pushing its basic X0 and Y0 products at low prices, and with no advertising. Prices in each area in local currency are posted as follows.

	US	EU	REAL
X0	46	65	220
Y0	156	192	1150

PLANT BUY-BACK



Nippon is conscious that there is a substantial risk for entrepreneurs to invest in chips and PC plants. These plants cannot be converted to other products. To avoid facing customers with “cold feet”, the board of Nippon has approved a plan to buy-back (no questions asked) at book value in Quarters 1, 2 and 3. In subsequent quarters, the price for buy-back will be based on the formula explained (see explanations on Form W2).

Q1 Exchange Rates

The rates of exchange are displayed in the table below. It reads vertically: 1 US\$ is worth 1 euro, 3,003 Real, and 2 CHF.

	Currencies			
From / To	\$	€	RL	CHF
\$	1.000	1.000	0.333	0.500
€	1.000	1.000	0.333	0.500
RL	3.003	3.003	1.000	1.502
CHF	2.000	2.000	0.666	1.000

FINANCIAL INFORMATION CORNER

INTEREST RATES AND SWITCHOVER AMOUNTS IN EACH AREA

Loans & Investment	Q1
Loans	
US	3,00
EU	3,50
BRAZIL	6,00
CHF (base)	3,00
Securities	
US	1,50
EU	2,00
BRAZIL	4,50

Securities in Switzerland in

CHF	2,00
US\$	2,00
EURO	2,00
REAL	3,00

Supplier credit	Q1
US	
Below switchover	7,50
Switchover amount ('000)	1200,00
Above switchover	8,50
EU	
Below switchover	8,75
Switchover amount ('000)	1500,00
Above switchover	9,75
BRAZIL	
Below switchover	15,00
Switchover amount ('000)	5000,00
Above switchover	16,00
Switzerland	
Below switchover	7,50
Switchover amount ('000)	2500,00
Above switchover	8,50

Interests on currency overdraft (negative balance)

USA	Q1
Below switchover	3,50
Switchover amount ('000)	1200,00
Above switchover	7,00
Foreign currency >0 balance	0,75
Foreign currency <0 balance	8,00
EU	
Below switchover	3,55
Switchover amount ('000)	1500,00
Above switchover	7,10
Foreign currency >0 balance	0,75
Foreign currency <0 balance	8,10
BRAZIL	
Below switchover	6,50
Switchover amount ('000)	5000,00
Above switchover	13,00
Foreign currency >0 balance	2,25
Foreign currency <0 balance	14,00
	Switzerland
Below switchover	3,50
Switchover amount ('000)	2500,00
Above switchover	7,00

Negative balance on Foreign currency in Switzerland*

Below switchover

US\$, EU€, REAL	4,50
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* Switchover amount are according to the

Table of overdraft in local areas (i.e. \$1200 K for the USD)

Above switchover

US\$, EU€, REAL	9,00
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Positive currency balances in Switzerland

SWISS	0,40
US	0,60
EU	0,60
BRAZIL	0,90