

# **BUSINESS PLAN 2020**



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## Table of Contents

Executive summary.....	3
Description .....	3
Company overview.....	4
Business structure.....	4
Nature of the business .....	5
Industry.....	5
Background information .....	6
Business objectives.....	6
Our Vision.....	6
Our Mission .....	6
Team .....	7
Market analysis .....	7
Market size .....	7
SWOT analysis .....	7
Market Trends .....	9
Our Target Market.....	9
Competitive analysis .....	9
Products and services.....	10
Customer segmentation .....	10
Market Segmentation .....	10
Marketing plan.....	12
Price .....	12
Product .....	12
Promotion .....	12
Place .....	12
Logistics and operations plan .....	13
Suppliers .....	13
Production .....	13
Facilities .....	14
Equipment .....	14
Shipping and fulfilment.....	14
Inventory.....	14
Financial plan .....	15

## **Executive summary**

### Description

Established in 2020, DigiMart Computer Solutions has strived to be one of the leading retailers for branded & customizable computers and related products in today's market. Our many years of experience has provided us with the expertise to cater you. our valued customers with the latest technology, while providing an excellent service that would culminate in providing you the best available products. DigiMart Computer Solutions has always been the stable backdrop for many PC enthusiasts in the face of rising enthusiasm for high-end computer gaming and custom-built PCs. Thus, enabling the dreams of making one's own computer that would fit all of one's needs come true.

We believe in your passion, as fellow PC enthusiasts, we would be more than glad to provide you with any assistance when you're looking for branded computer solutions. If you visit our store, it would be possible for you to see for yourself the latest products that we have in our showroom, sourced from the international market. We specialize in making available the latest technology as soon as it is released worldwide. In fact, you would be able to observe that most products on our shelves are less than 30 days old! It is this quality and the service that has earned DigiMart Computer Solutions the untarnished reputation that it has had throughout the years.

Whether you're building your own gaming PC or hoping to upgrade the computer you have for your desired purpose, DigiMart Computer Solutions has the ability to offer you the ideal solution that will meet your expectations. The premium hardware that we offer would be of outstanding quality and the brands that we choose would speak for themselves. We give you not only the ability to be exposed to such high-end hardware, but also ensure that we offer them at reasonable prices. It is our thought that every individual who has the passion for high-end computers deserves to experience great high-end hardware. With the latest computer products brought from the top-grade brands all over the world, we promise you on delivering the best available options for your dream gaming rig.

We have understood what it means to be trusted by thousands of customers, and we intend on keeping that trust by continuing to provide you with the best products for affordable prices. We make it our responsibility to attend to your requirements of structuring the ideal PC for you. The personalized experience that you can have at DigiMart as a customer is unparalleled. The business owners are also actively involved in providing advice to choose and customize your ideal computer. Our fervent hope would be to let you have the best product for the budget at your hand, and we know that our direct involvement in letting you have a wider understanding on the products would contribute to this greatly.

Technology today plays a significant role in evolving the world. We at DigiMart Computer Solutions always execute our promises keeping you as our top most priority, and we believe that adapting to the tech scene in the world on par with the international scale has given us the opportunity to be who we are today; a pioneer in the field of computer products in the country.

## **Company overview**

### **Business structure**

DigiMart Company that intend starting small in Gamudawa, Kamburupitiya, but hopes to grow big in order to compete with leading computer sales and services companies in Sri Lanka.

We are aware of the importance of building a solid business structure that can support the picture of the kind of world class business we want to own. Therefore, we are committed to only hire the best hands within our area of operations.

DigiMart Center, we will ensure that we hire people that are qualified, hardworking, creative, customer centric and are ready to work to help us build a prosperous business that will benefit all the stake holders.

As a matter of fact, profit-sharing arrangement will be made available to all our senior management staff and it will be based on their performance for a period of five years or more as agreed by the board of trustees of the company. In view of the above, we have decided to hire qualified and competent hands to occupy the following positions;

- Chief Executive Officer
- Store Manager
- Head, Technical Services

- Human Resources and Admin Manager
- Sales and Marketing Executive
- Accountant
- Computer Repair and Maintenance Engineers and Technicians (10)

### Nature of the business

DigiMart Center will engage in the sales all forms of computers such as desktops, laptops, palmtops and software, Gaming Workstations, as well as accessories like printers, scanners, printer, keyboards, Processors, Motherboards, Memory(RAM),Graphic Card, Power supply UPS & Surge protectors, Cooling and lighting, Storage, Casing, Optical Drivers, Monitors, Speakers & Headphones, Mice & Gamepads, Gaming Chairs, RGB strips, cables & connectors, external storage, Software, Expansion card & networking, Desktop workstation. Customers can customize the computer at their discretion and view the price after customization. We provide services to the customer after selling products.

### Industry

The computer sales and servicing industry includes operators that mainly sell, and service all forms of computers such as desktops, laptops, notebooks, palmtops and software, as well as accessories like printers, scanners and keyboards. These goods are generally purchased from domestic and international manufacturers and wholesalers and then sold to end consumers, including households and businesses.

If you are conversant with happenings in the Computer Sales and Services industry, you will notice that computers are rapidly becoming indispensable household and personal products. In spite of the growing ubiquity of these products, retailers of computers, peripherals and consumer electronics have experienced some time-consuming challenges over the past five years.

Swift technological change, increased production efficiency and a highly globalized supply chain have lowered computer retail prices, hampering the industry's revenue potential.

In addition, the increasing adoption of e-commerce has reduced customer traffic in computer stores, further limiting revenue. More consumers are now taking advantage of online shopping, which facilitates product and price comparisons. Going forward, industry revenue is expected to decrease.

Computer sales account for an estimated 44.0 percent of industry revenue in 2017. Products in this segment include desktops and laptops, with laptop sales outpacing that of desktops. While desktops were historically the most commonly purchased computer product, the falling price of computers and computer components over the past five years reduced the premium that laptops once commanded over desktops.

A majority of consumers' favor laptops for their portability, augmented by the increasingly wireless data infrastructure. However, desktops still maintain advantages in niche market, particularly with gaming

enthusiasts and computer power users who prefer a desktop computer's superior upgrade potential, ease of repair and customizability.

No doubt everybody will quite agree that the computer sales and services industry has come to stay and of course it is one industry that plays key roles not only in the business world, but also in almost all aspects of what goes around in our world today as long as computers are involved.

Over and above, the Computer Sales and Services industry is an open industry hence a low level of market share concentration. Even though large multiservice agencies operate in the industry, revenue is also spread among thousands of small computer stores and repair centers.

### Background information

Computers in modern society are rapidly becoming essential household and personal products. For that reason, we plan to sell computers and parts. Customers can customize the computer at their discretion and view the price after customization and we provide services to the customer side of the computer.

### Business objectives

- To provide Warranty assured for related products.
- Customize the orders in order to customer requirements.
- Provide the home delivery service to customer.
- To provide the best service available to the community at an affordable price.
- To develop computer customization in next years.
- Constant growth in sales from start up through year three.
- To generate customer satisfaction so that at least 40% of our customer base is repeat business.
- Provide Long term services.

### Our Vision

Our vision is to establish a one stop computer & computer parts sales center whose services and brand will not only be accepted in Gamudawa but also in other cities in Sri Lanka.

### Our Mission

- Provide best-of-breed software products to enable organizations to run their businesses and operations better
- Deliver effective IT solutions and quality services to enhance the competitive advantages of our clients
- Maintain a sustainable social environment and be a socially responsible corporate citizen

## Team

There are mainly six members and employees in the business. We provide online facilities to Customers, so there are two shifts. Two members administer the morning shift while two members administer the night shift. The other two members manage the entire business and other employees. We are planning to invest the money as 17% (four members) & 16% (two members) and share profit according to number of shares.

## **Market analysis**

### Market size

Sri Lanka's IT and IT industry, which includes computer hardware, has been on the rise in recent years. The marketable computer hardware market in Sri Lanka is estimated to be US \$ 265 million in 2011 and is expected to reach US \$ 489 million by 2015. There is potential for further growth in the North and East, with greater emphasis on basic infrastructure development. The IT market in Sri Lanka is dominated by hardware and in 2010 it was estimated that 70% of Sri Lanka's IT spending (US \$ 227 million). There is considerable growth potential in today's low computing with personal computers (PC). The penetration is estimated to be less than 5 percent.

Research by DigiMart Sales Center reveals that in 2011, Sri Lankans spent more than US \$ 265 million on their computer hardware, and the global PC hardware market is expected to reach \$ 370.33 billion by 2022 and expect. That's why Harry and Barry's computer and PC parts center fits the market.

### SWOT analysis

#### **Strength:**

Our core strength lies in the power of our workforce. We have a team of trained and certified computer repair engineers and technicians. With the exception of harmony in our carefully selected workforce, our services are guided by industry best practices and we will ensure that we have all brands and types of computers and computer parts in our store per time.



Other than that,

- Potential for a global customer base
- Products and Product Specialties
- Understanding of emerging technologies
- Understanding of the target market
- Competitive product pricing
- Exceptional quality and customer service
- Implement cost saving measures

**Weakness:**

It will take some time for our organization to break into the market and gain acceptance especially from top profile clients in the already highly competitive computer sales industry, which can be our main weakness. Another downside is that we don't have enough money to promote our business the way we want it.

Other than that,

- This business is a new startup company and for that reason this business has no history.
- Small Startup Customer Base and no strong relationships with customers.
- New staff
- Lack of stimulation with new relationships
- Limited startup cost.
- High transportation cost.
- Limited flexibility in price

**Opportunities:**

The opportunities in the computer sales industry are huge, considering the number of people and businesses that own computers. Also, the introduction of new tablets will enable consumers to test and compare products. As a computer sales company, we are ready to take advantage of any opportunity in the industry. We offer a new feature for customers called Computer Customization. This is lacking in another computer sales company. For that reason, our business can attract large number of customers.

**Threat:**

One of the major threats is competitors have strong brand names and strong relationships with customers. Another potential threat is we face is the economic downturn and the arrival of a new computer sales center to the same location where our target market is located and those who want to adopt a business model like us.

## Market Trends

The extent to which the Internet and the computer have taken over our world is a clear sign that every computer literate needs his or her computer in the event of a computer repairman - hardware or software.

The nature of the computer sales industry, coupled with its extraordinary technological growth, creates a constant need for talented businesses to update and advise customers on computer-related issues.

Since every person is equipped with a computer and virtually all the valuable information in our daily lives is stored on the computer, the business of selling computers is growing rapidly and with this invention there is a need for repair.

Everyone who has a computer knows when the hard disk is in danger and for business people that moment of panic usually happens when they don't see it in time. The need for computer doctors is growing day by day and more and more people are entering the industry making it a competitive and focused industry.

Finally, the computer sales industry will continue to evolve due to computer technology design and other advancements.

## Our Target Market

Prior to starting our computer sales business, we conducted a market survey and feasibility study, and are confident that there are a wide range of corporate and individual clients who cannot run their businesses without computers. So, the target market is online customers. We provide online facilities for our products to customers.

## Competitive analysis

To live in the business world as a computer sales company requires more than just your specialization and to learn how to network with important people.

Competition in the computer sales industry means that not only do you expect to provide a reliable computer supply, but you must be able to meet the goals. No one will need to continue to buy your products if the project completion target date is not always met.

Our competitive advantage lies in our ability to control the stock at hand, our experienced workforce and proximity to key markets. We have a team of equally certified, highly trained and experienced computer repair engineers and technicians, with excellent qualifications and experience in many areas of the computer sales industry. Except for the coexistence in our carefully selected workforce, our services are guided by industry best practices.

Finally, all our employees are well taken care of and their welfare package is among the best in our category of industry. They are willing to build our business with us and help us meet our goals and achieve all our business goals and objectives.

## **Products and services**

DigiMart is established with the aim of maximizing profits in the computer industry. We want to compete favorably with companies in Sri Lanka which is why we have put in place a competent quality assurance team that will ensure that every service rendered meets and even surpasses our customers' expectations.

We will work hard to ensure that DigiMart is not just accepted in Gamudawa but also in other cities in Sri Lanka. Our products and services are listed below;

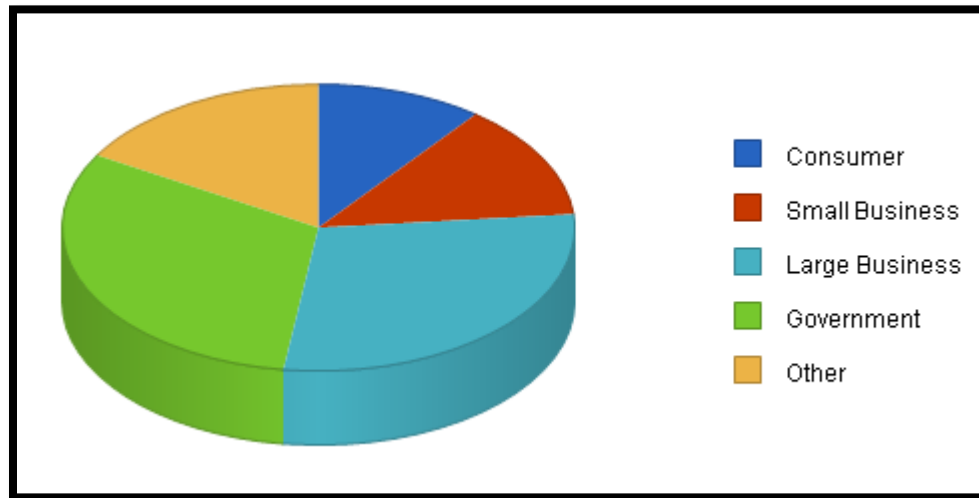
- Sales of all sort of computers
- Sales of computer peripherals (e.g. printers, monitors, keyboards, mouse and speakers)
- Computer customization
- Computer upgrading
- We provide services after selling

## **Customer segmentation**

### Market Segmentation

The segmentation allows some room for estimates and nonspecific definitions. We focus on a small-medium level of small business, and it is hard to find information to make an exact classification. Our target companies are large enough to need the high-quality information technology management we offer, but too small to have a separate computer management staff such as an MIS department. We say that our target market has 10-50 employees, and needs 5-20 workstations tied together in a local area network, the definition is flexible.

Defining the high-end home office is even more difficult. We generally know the characteristics of our target market, but we can't find easy classifications that fit into available demographics. The high-end home office business is a business, not a hobby. It generates enough money to merit the owner's paying real attention to the quality of information technology management, meaning that there is both budget and concerns that warrant working with our level of quality service and support. We can assume that we aren't talking about home offices used only part-time by people who work elsewhere during the day, and that our target market home office wants to have powerful technology and a lot of links between computing, telecommunications, and video.



MARKET ANALYSIS							
		1996	1997	1998	1999	2000	
<b>Potential Customers</b>	Growth						CAGR
<b>Consumer</b>	2%	12,000	12,240	12,485	12,735	12,990	2.00%
<b>Small Business</b>	5%	15,000	15,750	16,538	17,365	18,233	5.00%
<b>Large Business</b>	8%	33,000	35,640	38,491	41,570	44,896	8.00%
<b>Government</b>	-2%	36,000	35,280	34,574	33,883	33,205	-2.00%
<b>Other</b>	0%	19,000	19,000	19,000	19,000	19,000	0.00%
<b>Total</b>	2.78%	115,000	117,910	121,088	124,553	128,324	2.78%

## **Marketing plan**

DigiMart Center's ideal customer, here's an overview of the marketing plan.

### Price

We must charge appropriately for the high-end, high-quality service and support that we provide our customers. Our revenue structure has to match our cost structure, so the salaries we pay to assure good service and support can be balanced by the revenue we charge.

At DigiMart Center, we will keep the prices of our products below the average market rate by keeping our overhead low and by collecting payment in advance from corporate organizations who would purchase our products. In addition, we will also offer special discounted rates to all our customers at regular intervals.

We are aware that there are some one – off jobs or government contracts like computer supply which are always lucrative, we will ensure that we abide by the pricing model that is expected from contractors or organizations that bid for such contracts.

### Product

DigiMart provide computer products that are beneficial to customers. In terminals, accessories, and other hardware, software updates we carry a complete line of items, from cables to models to mouse pads.

### Promotion

We plan to create a sales-driven promotion plan that we can measure. This may include using coupons, offering an online discount. We use social media and website promotions that allow us to see where our visitors are coming from. Include Facebook Like, Google Plus, and Twitter buttons on our website pages to generate customer referrals. We measure benchmarks that allow us to compare the promotional costs we maintain with the profit we earn from these promotions to calculate the return we invest.

For the next 12 months, promotion will require approximately Rs 22,000. Much of this cost will come from ongoing sales revenues, however DigiMart is seeking part of this money to begin its market thrust. On an ongoing basis beyond that period, we will budget our advertising investment as 5% to 10% of total sales.

### Place

Given the nature of computers and computing components, DigiMart Center operates as a physical and online store. The physical store is located in Gamudawa. Customers can place their

orders online at DigiMart and their orders will be available at their home after the relevant shipping windows.

## **Logistics and operations plan**

A critical differentiator for DigiMart's product creation, reselling and shipping logistics business.

### Suppliers

DigiMart has several suppliers for supply computers and computer parts.

- Samsung
- Intel
- NVIDIA
- Windows
- AMD
- Dell, HP, Acer, ASUS

### Production

We must remain on top of emerging technologies because this is our bread and butter. For selling and service parts or components in business, we need to provide better knowledge of cross-platform technologies. We are also under pressure to improve our understanding of the direct-connect Internet and related communications. Finally, although we have a good command of desktop publishing, we are concerned about improving update technology into the computer system and there are the production in our business accessories like printers, scanners, printer, keyboards, Processors, Motherboards, Memory(RAM), Graphic Card, Power supply UPS & Surge protectors, Cooling and lighting, Storage, Casing, Optical Drivers, Monitors, Speakers & Headphones, Mice & Gamepads, Gaming Chairs, RGB strips, cables & connectors, external storage, Software, Expansion card & networking, Desktop workstation.

There are two types of products.

- Pre-defined Product – Within five days customer can deliver the order.
- Customize Product – According to customer requirements, whatever we hope to deliver the product within one month to customer.

### Facilities

DigiMart has an office in Gamudawa. All partners and workers works in that office. This office has online facilities for 24 hours.

### Equipment

While DigiMart already owns the required machines to reassemble the computer parts for customization, machines will maintain using standard procedure. In the case of a breakdown, machines would need to be replaced immediately. Office has Wi-Fi router for get connection. If connection breakdown, it also will maintain.

### Shipping and fulfilment

When after completing customer order, Computers and parts will be drop-shipped directly customers.

### Inventory

Given the custom nature of the business, DigiMart does not hold inventory. We have feature of computer customization, so all orders are created as they come in.

## Financial plan

From our market survey and feasibility studies, we have been able to come up with a detailed budget on achieving our aim of establishing a standard and highly competitive computer sales business in Gamudawa and here are the key areas where we will spend our startup capital;

Key Areas	Amount (Rs.)
Registering the business	10,000
Marketing promotion expenses for the grand opening of DigiMart Center	80,000
Hiring business consultant	75,000
Insurance (general liability, workers' compensation and property casualty) coverage at a total premium	60,000
Cost for payment of rent for 12 months	100,000
Cost for shop remodeling (construction of racks and shelves)	50,000
Other start-up expenses including stationery	10,000
Phone and utility deposits	5,000
Operational cost for the first 3 months (salaries of employees, payments of bills)	100,000
The cost for startup inventory (stocking with a wide range of computers such as desktops, notebook computers and software, as well as accessories like printers, scanners and keyboards. et al from different manufacturing brands)	300,000
Cost of launching a website	10,000
Miscellaneous	20,000
Cost for the purchase of office furniture and gadgets (Computers, Printers, Telephone, tables and chairs)	30,000
<b>Total</b>	<b>850,000</b>

- We would need an estimate of eight hundred thousand rupees (Rs.850,000) to successfully set up our computer sales in Gamudawa.



**Source of funds**

The business has six owners and each owner invest one hundred thousand rupees to the business. That way we can get six hundred thousand rupees. We are planning to get a bank loan to find another two hundred and fifty thousand rupees and the loan will be returned back after five years at the current time interest rate.