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Internationalization to Poland

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Executive summary

The present Business Plan analyzes the Polish market and determines how PME.BOX wants to expand its business to this market, in order to internationalize the firm and increase its business network, expand sales, diversify sources of sales and take advantage of market opportunities, hoping its business to grow and generate higher profit.

The intention of PME.BOX is not to become a very big and focused company in one place, instead, the company's way of doing business is using partnerships and having joint ventures with other companies in different countries. For this reason, the right partnerships are crucial for the company to succeed in a new market.

PME.BOX is a holding company composed by 4 shareholders and has one main product called pme.box, a cloud based business solution specially designed for micro, small and medium sized companies. It is a low cost solution with all the features needed for companies to manage their business in an efficient manner with quick access to business information. With pme.box, companies can manage their entire business from accounting to creating a website.

Poland arises today as one of the Central and Eastern Europe countries with a higher economical development and, as well as in all modern countries, is crucially created by national small and medium sized enterprises, which have a significant share in the process of economic growth creation in the country.

With the number of registered SMEs in Poland growing every year, PMEBOX intends to achieve 1% of the SMEs market, reaching revenues of 28.7M €, within the next 5 years.

With the lack of integrated business solutions at competitive prices in the market, the Polish market arises now as a valuable strategic move for PME.BOX to expand its business to the Central and Eastern Europe.

1. Introduction

The following business plan provides an internal analysis of PME.BOX business model, a detailed analysis of the Polish Enterprise Application Software (EAS) industry and all the steps the company should follow in order to succeed.

2. Business description

2.1. Business idea

PME.BOX is a Portuguese well established organization, which resulted from a spinoff of Buglos. It is a start up created in 2010 and constituted by four shareholders[1] that develops and provides the best business integrated solutions for micro, small and medium sized companies.

The idea of Dr.José Carlos Graça, CEO of the company, was to create a product that would give the chance to its users of managing a business anywhere at any time, as long as there is an internet connection and a hardware device. Focused on helping micro/small and medium companies, the company developed a low cost product called pme.box, a cloud based business solution provided under a pay per use method, developed to work on any hardware device (tablet, smart phones or personal computers).

[1] For a description of the shareholders and their capabilities please check exhibit 1 on the Appendices.

2.2. Opportunity

The current economic and financial crisis brought major consequences for companies, such as higher costs (borrowing costs go up), reduced revenues (low prices and reduced consumer spending) and low prospects of innovation (reduction in R&D)[2]. Nowadays, companies struggle to reduce costs and increase productivity. Taking into account this lack of financial resources of the companies, pme.box is surely a great business solution, as it presents itself as a low cost product.

In today's environment, large organizations are not the only ones to take advantage of globalization. SMEs and new ventures can find important opportunities in the global scene[3]. These managers are required to have as much mobility as they can, opening this way a big opportunity for pme.box software. The opportunity for PME.BOX gets even more attractive when "more than 99% of all European businesses are, in fact, SMEs"[4], the company's target segment.

Further studies from the company revealed five main needs of small and medium companies: mobility, time reduction, networking, integrated solutions into one application only and availability of real-time information. These needs are all covered with the cloud based business solution offered by PME.BOX. Since it can be accessed anywhere at any time from any hardware device, as long as there exists an internet connection, the solution provided by PME.BOX covers the mobility need of SMEs. Additionally, using this

[2] Data gathered from "Strategic development processes during economic and financial crisis".
[3] Data gathered from "The impact of globalization on legitimacy signals - The case of organizations in transition environments".
[4] Data gathered from http://ec.europa.eu/.

software, customers will have the possibility to work at one single web-based platform, having access to all data, always, providing its workers to network and have access to information on real-time. This way, and because the software updates data by the second, its users are also released from the hassles of paper that usually needs to be print. Furthermore, the networking provided by this software, allows other entities like for example suppliers or customers, to network with the company, on restricted areas of the software, turning the communication between the company and other entities quicker. Finally, the fact that this software bundles a fully integrated marketing, management and internet solution, avoids data repetitions and fills a last identified need of SMEs.

2.3. Mission and Vision

Mission

To provide a cloud based business solution at low cost for small and medium companies who want to manage their business in an efficient and quick manner.

Vision

PME.BOX wants to close partnerships and/or joint ventures over the world to become a global player gaining a minority share of less than 3%, over the next three to five years.

2.4. Strategic objectives

PME.BOX wants to grow fast on a global scale in order to take advantage of time-to-market. The way of doing business is using partnerships and having also joint ventures with other companies in other countries. The main strategic objectives of the company are:

- Expand the business globally, obtaining less than 3% market share in each market.

- This expansion needs to be closed in the next three to five years in order to take advantage of time-to-market.
- Create brand awareness[5] in each country.

2.5. Products & services

Pme.box is a cloud business solution for all type of micro, small and medium sized companies who need to manage their business in an efficient manner by quick access to business information. Pme.box provides an enhanced touch screen interface and can be managed from anywhere using a browser and a device, whether it is a pc, laptop, palmtop or smart phone. With this business management software users are able to run business in different areas such as Management, Marketing and Internet:

Management – is divided in the three major processes of Operations, Financial and Human Resources. Includes features such as: Enterprise Resource Planning (ERP), Accounting, Project Management, Stock Management, Staff Management, among others;

Marketing – allows the user to manage an unlimited number of Business Contacts (customers, suppliers, etc.), Customer Relationship Management (CRM), Telemarketing, E-mail marketing, Mobile marketing, Social Media marketing;

Internet – intends to communicate/share information and perform commercial transactions with customers, suppliers and partners, using a portal, website or e-commerce online shop.

[5] In the consumer behaviour literature, brand is defined as a symbol which distinguishes a branded entity from others. In this case, a brand is simply a name, term, symbol, design or a combination of them (Schiffman et al., 2005). The ability to recall brand is termed "brand awareness", defined as a preliminary level of attitude-processing.

The product can be easily acquired: on the company's website www.pme-box.com, where upon registration, the user receives a soft card with a security code to access the software; through one of the company's certified partners; or at any sales point, where the user will receive a hard card with his security code.

3. Business model analysis

3.1. Environmental context

3.1.1. Environmental context and Market analysis

Poland arises today as one of the Central and Eastern Europe countries with a higher economical development and foreign direct investment, particularly with EU origin. During the economical crisis, Poland became even more attractive because the country has continued to provide strong indicators of economic stability. Between 2006 and 2010, Poland achieved an average GDP[6] growth rate per year of 4.1%, against a 0.9% of the EU 27 and a 0.8% of the Euro zone. The local currency is the *Zloty*, and despite Poland was expected to join the euro zone in 2012, due to the current crisis, Poland will stay out of the euro zone until the situation improves. However, this remains a strategic goal for Poland.

The Polish economy, as well as in all modern countries, is crucially created by national small and medium sized enterprises, which have also significant share in process of economic growth creation in the country. National economy in Poland consists of 99% SMEs and they contributed about 47.7% toward national GDP. Furthermore, the SME sector contributes 69% employment and nearly 60% turnover in the Polish economy.

[6] The value of the GDP in 2010 amounted to EUR 354.3 bn, which made Poland seventh economy among the EU countries (while in 2003 Poland was tenth).

However, this sector remains week, a majority of SMEs have problems with management quality and two thirds are focused on survival. SMEs in Poland often lack the resources or willingness to invest in new technology[7].

The main key drivers for PME.BOX to succeed in the Polish market are: continuous innovation at a low cost – in order to stay ahead of its competitors, the company has to improve the product offer continuously, offering strong competitive prices as an incentive to companies and create brand awareness; Partnerships – it is essential for the company to close partnerships with the right companies in order to create brand awareness and have access to distribution channels; Customer support – PME.BOX should be ready to answer any kind of problems or doubts any customer might have, regarding the product.

With a population of 38M and 1.8M of active SMEs, Poland represents an attractive market to PME.BOX.

3.1.2. Market dimension

The overall number of active micro/small and medium sized enterprises in Poland is 1.8M, representing 99.8% of the total number of companies in this economy[8][9]. Based on the average price of PME.BOX products and a market share of 1% reached within the next 5 years, Poland represents an estimated market value of 23M € for 2016, and has a market value potential of over 248M €.

[7] Data gathered from "SMEs and Entrepreneurship Poland 2010 – Key issues and policies; OECD Studies on SMEs and Entrepreneurship".
[8] Data gathered from "SMEs and Entrepreneurship Poland 2010 – Key issues and policies; OECD Studies on SMEs and Entrepreneurship".
[9] In 2008, the SMEs sector growth amounted 8.4%. Data gathered from "Report on the condition of small and medium-sized enterprise sector in Poland in the years 2008-2009".

3.2. Value proposition

3.2.1. Target segment

PME.BOX is a B2B company that provides specially designed products to micro, small and medium sized enterprises[10].

3.2.2. Products & Services

PME.BOX offers the company's main product pme.box, which was previously described, and other complementary products, like PME.BOX web pro – a custom service for the user; PME.BOX web commerce – custom online shop; PME.SocialMedia – creation and management of social network accounts; PME.Leads – collect online qualified leads.

3.2.3. Revenue process

The revenue process of PME.BOX is based on three relevant sources of revenues and their respective weights: licenses (25%), complementary services (50%) and commissions for selling partners' products (25%). PME.BOX. offers free use of its software. Upon registration, the user gets a security code and instant access to 20 hours free training. Additionally, on the first day of each month the user gets 5 hours free software use. Unused time will be transferred to the next month. Furthermore, the user gets 250MB of storage capacity, which can be increased in the future if needed (10 € per 250MB). In case the user's business starts to grow and more regular use is needed, the user can charge the account with a bundle of 100 hours, for 49,00€ (VAT not included), or sign a loyalty contract for 12 months with the cost of 39,00€ per month (VAT not included).

[10] PME.BOX products are already validated among SMEs in the Portuguese market.

3.3. Operating model

3.3.1. Value chain analysis[11]

PME.BOX is a B2B company. Its value chain is to be split it two different ones, depending on whether the distribution of the products is made by the company itself (direct selling) or by the company's partners' distribution channels (selling through partners). The company achieves a profit margin of 45% handling the distribution of the products itself and a profit margin of 25% when the distribution of the products is handled through partners. This variation is mainly related to the distribution costs associated with partnerships, like for example commissions PME.BOX pays to partners each time they sell a product.

Marketing and sales are crucial areas for gaining recognition in the Polish market. Therefore it is essential for PME.BOX to find a partner willing invest on marketing and sales activities (0.5 Million €).

Primary activities of PME.BOX value chain like Project analysis & evaluation, Software development, Prototyping & testing and Validation are supplied by PMEBOX itself. The local joint venture or certified agent will be granted the exclusive rights to distribute pme.box software in a given region, in exchange of a 10% royalty over total licensing sales.

3.3.2. Cost model

The company's cost model is based on three types of costs: sunk costs, fixed costs and variable costs.

[11] For an overview of the value chain, please check exhibit 2 on the Appendices.

- Sunk costs – the company made a significant initial investment for the development of this product, which may represent a big barrier for new entrants.
- Fixed costs – the company has few fixed costs. These will represent 1% of total costs by 2016.
- Variable costs – depend strongly on the number of users. As the number of users increases, so do the costs associated with them (fees paid to partners, royalties).

3.3.3. Organization[12] & Partnerships[13]

PME.BOX is a holding company that intends to apply the same strategy implemented in Portugal, with PME.BOX S.A, to Poland, making a joint venture with a local company or setting up a local certified agent. Afterwards, potential partners for the joint venture/local certified agent are identified through several criteria: customer base, distribution network, level of credibility in the market, and if it is SME-oriented; and partnerships are created.

The table below shows potential partners in Poland, on several sectors:

Sectors	PME.BOX S.A. (Portugal)	Joint Venture Poland
Public sector agencies	IAPMEI	PARP
Telecommunications	Optimus	Telekomunikacja Polska
Banking	Banco Popular	PBP Bank S.A.
Insurance	Liberty	PZU
Hardware	HP	HP
Consultancy	Patris Seguros	APAX
Retail	FNAC	Empik

[12] For an overview of the organization structure please check exhibit 3 on the Appendices.
[13] For an overview of potential investors operating in Poland please check exhibit 4 on the Appendices.

3.4. Competitive Advantages

According to Michael Porter, the basis of above-average performance within an industry is sustainable competitive advantage. He identified two basic types of competitive advantage: cost leadership (low cost) and differentiation.

- Cost leadership – PME.BOX is a small and flat organization that implies low costs in terms of human resources. Furthermore, the company's presence in India, through Buglos, allows the company to achieve low costs in R&D as well;
- Differentiation – pme.box differentiate itself from others by being a fully integrated Marketing, Management and Internet solution software, with an enhanced touch screen interface, turning it into a very comfortable and easy to use product.

In order to analyse the sustainability of the firm's competitive advantages, both innovation and partnerships were submitted on the following VRIO framework:

Competitive Advantages	Valuable	Rare	Costly to imitate	Organized	Competitive Implications
	NO	NO	NO	NO	Disadvantage
	Yes	NO	NO	NO	Parity
Partnerships	Yes	Yes	NO	NO	Temporary advantage
Innovation	Yes	Yes	Yes	Yes	Sustainable advantage

The most sustainable advantage of the company is based on its human capital resources, the team's capability of innovating and creating, in order to be always ahead of its competitors. Innovation capability is a sustainable advantage, since it exploits an internal strength of the enterprise, responding to environmental opportunities, such as the need of mobility for SMEs managers, or the lack of a fully integrated Marketing, Management and Web solution software in the market. Another competitive advantage of the company is linked with the partnerships the company is able to create. However, this is to be considered as a temporary advantage.

Overall, the firm applies a hybrid strategy centred on the combination of two competitive advantages (cost + innovation).

4. Market specifics

4.1. Market segmentation

In Poland, SMEs represent around 99% of the National economy, 1.8M active SMEs. According to the Polish Statistical Classification of Economic Activities, 32% of these enterprises operated in the commerce sector, 17% on the service sector, 11% on the construction sector and 10% on the industrial sector. The remaining 30% are divided over other sectors such as transport, health and social care, financial service, hotels, education and others. Pme.box is a management solution capable of helping any company in any sector.

Wide regional differences are apparent in the distribution of SMEs, SMEs revenues and SMEs investment outlays across Poland's regions. Warsaw, the capital city of Poland, lies in east-central Poland in the Mazovia region. The Mazovia Province has the highest share of SMEs (17%), generates the highest SME revenue (25%) and investment outlays (23%) among all Poland's regions. The other two main regions that concentrate the highest share of SMEs are the Silesian and the Wielkopolskie Provinces, with 11% and 10% respectively.[14]

[14] Data gathered from http://regiony.poland.gov.pl/

4.2. Industry map analysis

The industry map gives a detailed overview of all the agents that are involved within the business model of PME.BOX in Poland, and which the company has to be aware of.

- **Buglos –** holding company of PME.BOX that allows mutual sharing of knowledge and services between both;
- **Outsourced services** – strategic partnerships with big companies that can provide services or supplementary products to PME.BOX;
- **Regulators and policy makers –** laws and regulations, that have an impact over the business;
- **Investors** – Venture capitalists, business angels and other companies interested on making a joint venture with PME.BOX;
- **Partnerships –** strategic local companies, very important to PME.BOX's business model, since the company will use their distribution channels;
- **Competitors**[15] – companies that offer similar or substitute products and services to the same target-market (e.g.: SAP, SAGE, Batchbook, Vtiger, Redmine, etc.);
- **Customers –** micro, small and medium enterprises.

4.3. Porter's Five Forces analysis

The Porter's Five Forces model helps to understand better the industry context in which PME.BOX will operate and seeks also to develop a better implementation strategy, aware over rival firms.

[15] For an overview of the Polish market for integrated Enterprise Application Software (EAS), please check exhibit 5 on the Appendices.

Threat of New Entrants – HIGH

Although the global financial crisis has reached the Eastern-European countries, including Poland, the polish economy was the only EU economy to avoid recession in 2009[16] and is expected to be one of the best performers in the next years. The way Poland managed the crisis made the economy gain a very favorable reputation among investors.

Regarding the EAS sector, there are already several IT companies present in the market and the investment in this sector is expected to keep growing up to 2015. Even though this sector has significant initial capital requirements, the product PME.BOX is providing is not hard for other IT companies to copy. Furthermore, the sector has low entry barriers, mostly to companies inside the EU and is therefore very attractive to other already established companies, like PME.BOX, who want to internationalize their business to Poland.

Bargaining Power of Suppliers – LOW

PME.BOX has no suppliers. The company sells an own product and service. However, it has strategic partnerships with big enterprises, which can provide services or supplementary products to the company.

Bargaining Power of Buyers – MEDIUM

Due to the economic crisis, buyers are becoming very price sensitive, which represents a great opportunity for PME.BOX, since it sells a low cost product. On the other hand, the

[16] Data gathered from “Polish Real Estate Market Recovery after Financial Crisis”.

fact that several companies are present in the market, offering a large range of products, gives the buyers some bargaining power back.

Threat of Substitutes – MEDIUM

Substitutes are offline management software solutions or specialized software in areas such as accounting, e-commerce, etc., for companies who have no need of having integrated business solutions, as the one PME.BOX offers, and rather prefer a more specific one, offering different set of features. The offer for substitute products in the market is high and switching costs for customers who have software solutions provided by big companies, like SAP or HANSAWORLD, are high. These products are usually very expensive. However, PME.BOX is priced much lower and has therefore a competitive advantage.

Industry Rivalry – HIGH

The Poland Enterprise Application Software market growth in the last years was higher than expected. It is made of a large list of companies that offer a wide range of products, including products targeted to small and medium companies.

4.4. Competitive Assessment[17]

There are already several companies present in the EAS market in Poland: big players like SAP or SAGE, that offer expensive solutions for SMEs; and smaller companies offering cheaper solutions, like Batchbook for small business or even cheaper ones like Vtiger or

[17] For an overview of a comparison between PME.BOX and present market players based on price, target and product features please check exhibit 6 on the Appendices.

Redmine. However, these low cost solutions offer a limited amount of features and are not integrated business solutions, giving PMEBOX a competitive advantage in the market.

4.5. SWOT & TOWS analysis

The present SOWT analysis provides helpful information in matching the company's resources and capabilities to the competitive environment of Poland.

Environmental scan			
Internal analysis		External analysis	
Strengths	Weaknesses	Opportunities	Threats
• Innovation capability • Knowledge of the software industry • Competitive final price • Presence in India	• Weak brand name • Lack of service recognition in the market • Lack of partnerships • No marketing campaigns	• Growing number of registered SMEs in Poland • SMEs have short financial resources and need low cost solutions • Need of mobility for SMEs managers	• strong competition • new entrants • lack of investors

The SWOT analysis shows important key points to take into account. In order to identify strategies that will use the company's internal strengths to maximize the external opportunities and avoid external threats, also minimize internal weaknesses taking advantage of external opportunities and avoid external threats, the following TOWS analysis is highly recommendable to be applied:

External opportunities	External threats
1. Growing number of registered SMEs in Poland 2. SMEs have short financial resources and need low cost solutions 3. Need of mobility for SMEs managers	1. Strong competition 2. New entrants 3. Lack of investors

Internal strengths	1. Innovation capability 2. Knowledge of the software industry 3. Competitive final price 4. Presence in India	1. Continuous investment in R&D (S1/O1/O3) 2. Keep offering competitive prices (S3/S3/O2)	1. Offer innovative and creative products which allow the company to be ahead of competitors (S1/S2/T1/T2) 2. Gain strong strategic partners (S2/T3)
Internal weaknesses	1. Week brand name 2. Lack of service recognition in the market 3. Lack of partnerships 4. No marketing campaigns	1. Create effective marketing campaigns to gain brand awareness (W1/W2/W4/O1)	1. Benchmark with strong market players (W1/W2/W4/T1) 2. Find prestigious, local partners (W1/W3/T3)

Through the TOWS analysis, some strategies are identified. Since one of the company's strongest capabilities is its innovation and creativity, the company will keep investing on R&D in order to assure its competitive advantage. Furthermore, it is mandatory for the company to carry out marketing campaigns, in order to create brand awareness in this new market. Finally, finding the right partnerships is crucial for this business to succeed.

5. Marketing and sales strategy

5.1. Marketing mix

Product

Pme.box is a fully integrated Marketing, Management and Internet cloud based business solution, with an enhanced touch screen interface, that allows access through several devices like a laptop, a tablet or a smart phone.

Price

Practicing a social entrepreneurship policy, the company makes the use of the software available for micro

companies for free. Bigger companies can buy 100 hours or select a 12 months contract for 39€[18] per month. The figure shows the pricing structure.

Place

Pme.box can be easily acquired through the company's website: www.pme-box.com; through one of the company's certified partners; or at any sales point.

PME.BOX intends to close partnerships with one agent per channel. In Portugal, the company has already established partnerships in four main sectors: telecommunications, insurance, banking and hardware; and continues to look for partners in other sectors.

Promotion

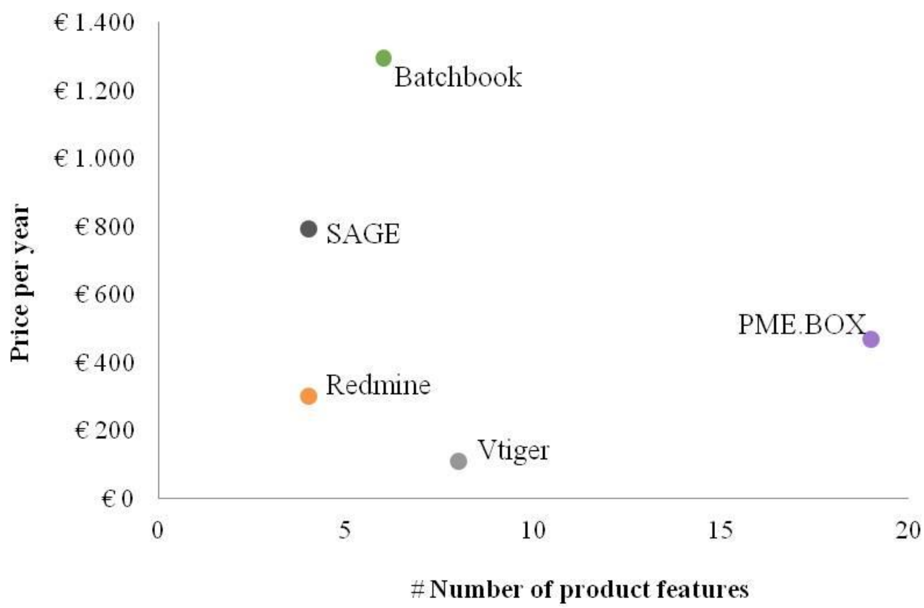
PME.BOX intends to participate on fairs and events of interest for SMEs' managers and use advertisement in specialized press like business magazines and newspapers, in order to introduce itself to the market. Additionally PME.BOX wants to place flyers available on partners' physical space. These flyers contain a brief explanation of the product. Further advertisement is made online, through online banners on key web pages, with the intention of bringing potential users to PME.BOX web page, through Google adwords on the polish Google web page, or through social networks like facebook.

The above mentioned measures are all very important to create awareness for the company and turn one of the weaknesses of PME.BOX into an internal strength. Furthermore, after gaining some recognition in the market, the company will start to benefit from one of the strongest forms of marketing, the traditional worth-of-mouth.

[18] This price is a strategic decision of the company based on the prices of the competition and how the company wants to be perceived by the customers.

5.2. Product & Service positioning

Perceptual map



The perceptual map above shows how PME.BOX stands among an example of present competitors in the Polish market, in terms of price and service provided. PME.BOX stands as a low cost integrated enterprise application solution that offers more features than its competitors.[19]

5.3. Sales strategy

According to the promotion strategy, selling through partners is expected to represent 50% of distributed licenses. Commissions paid to partners work as incentives for them to promote and sell PME.BOX software.

[19] For an overview of a comparison between PME.BOX and present market players based on price, target and product features please check exhibit 6 on the Appendices.

The company's sales' tactic is based on the payment structure the company offers. It starts by offering a free license up to 5 hours per month for customers to get to know and experience the product. However, these initial conditions are limited and eventually the users will need to buy more hours to access the software. At this stage PME.BOX starts to profit. The company's goal is to reach a large amount of potential customers to at least try pme.box software increasing the chances of becoming paying customers.

6. Management structure[20]

The team working in Poland consists of 7 staff members including the board:

Board – one member from the holding and one member from the local partner;

Sales – responsible for sales, promotion and management of PME.BOX products;

Marketing – responsible for social media, communications and market opportunities;

Training and Quality assurance – certifications, training and quality control of certified partners and staff;

Contact centre – department responsible for telemarketing and helpdesk;

Accounting – department responsible for invoicing, credit control and payments.

7. Risk analysis

Financial

The financial risk associated with this internationalization process is the investment needed and the low estimated revenues for the first period, since the company is not yet recognized in the market.

[20] For an overview of the human resources frame please check exhibit 7 on the Appendices.

Partnerships

Since selling through partners is expected to represent 50% of distributed licenses, the company will be quite vulnerable to its partners' distribution channels performance. It is therefore very important to choose partners wisely or otherwise the company may compromise its success over the distribution of the product.

Technological

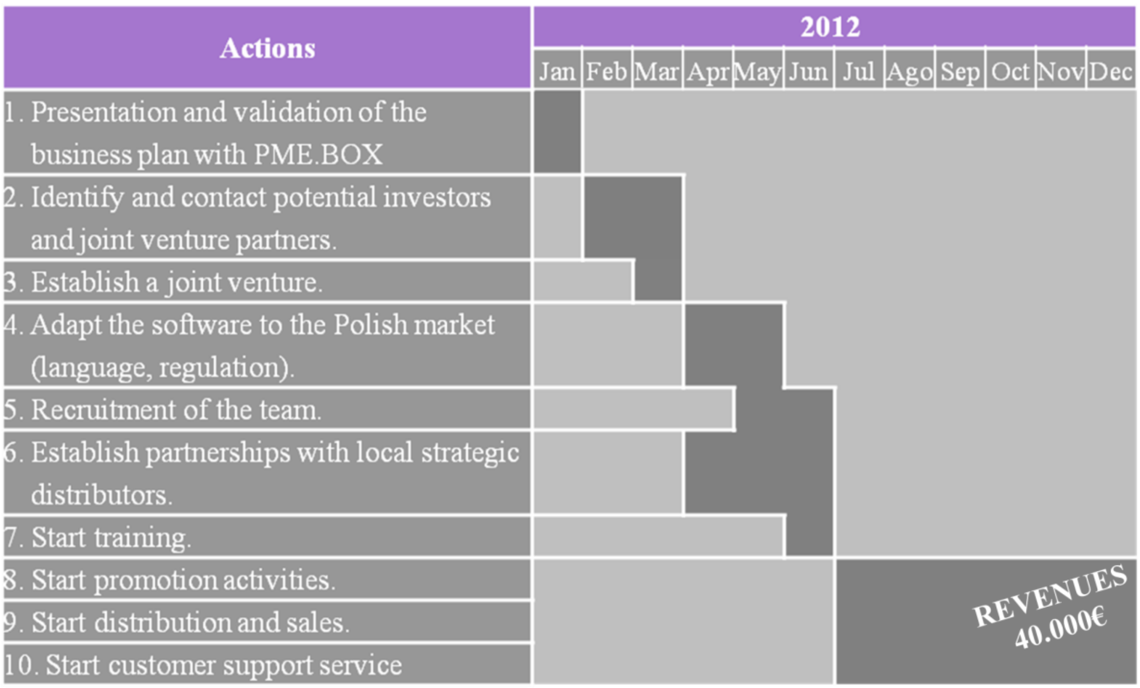
Being in the IT sector, the company has a constant need of being aware of new technologies, and to innovate constantly its products in order to be ahead of its competitors. Otherwise PME.BOX is jeopardising its advantages over the competition and may lose customers to them.

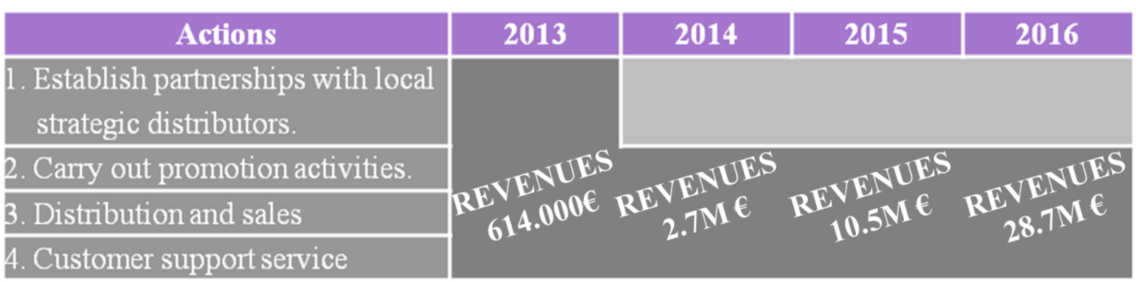
8. Mode of entry & Collaborative arrangements

In the process of exporting development, firms tend to move through three main phases. In the internationalization process to Poland, PME.BOX stands on the pre engagement phase, since the firm is not yet doing business in this market. The export process of the company can be characterized as a *third-party intermediaries'* process, since PME.BOX is counting on local firms to become partners, facilitating the company's international transactions with Poland. PME.BOX is looking for local or foreign partners, willing to invest on the company's strategy, which is setting up a joint venture in Poland and start selling pme.box software in the Polish market.

9. Implementation plan

Aligning the strategies identified in the previous TOWS analysis follows the following implementation plan and respective actions:





10. Financial analysis[21]

PMEBOX					*Un: Euros*
Income Statement	**2012**	**2013**	**2014**	**2015**	**2016**
Outsourced Supplies and Services	42.165	210.218	814.094	3.077.998	8.404.160
Labour costs	106.074	110.317	114.730	118.172	123.031
Other Costs	154.394	249.650	580.932	1.990.927	5.352.491
Costs	302.633	570.184	1.509.756	5.187.096	13.879.682
Revenues	39.995	613.877	2.681.921	10.442.014	28.701.224
Sales of Products	39.995	613.877	2.681.921	10.442.014	28.701.224
EBIT	-262.638	53.942	1.447.117	6.487.553	18.298.200
NET PROFIT	-262.638	43.693	1.172.165	5.254.918	14.821.542

Investment Plan	**2012**	**2013**	**2014**	**2015**	**2016**
Tangible fixed assets	27.100	0	2.600	0	22.600
Intangible assets	182.500	180.000	120.000	120.000	120.000
Total investment	209.600	180.000	122.600	120.000	142.600

Project Profitability Analysis					
Capital opportunity cost (rate)			15%		
Net present value			13.432.164		
Internal Profitability (Rate)			283%		
Payback Period	Nº Years:	2		Nº Months:	3

[21] For an overview of relevant financial data please check exhibit 8 on the Appendices.

11. Conclusions and Recommendations

Poland provides strong indicators of economic stability and the country's economy is mainly created by national small and medium sized enterprises (99%), with an estimated market value of 23M € for 2016 and a market value potential over 248M €.

As a short term recommendation, and in order to fight the financial risk associated to the lack of recognition of pme.box software in the market, the company should invest a higher amount in Marketing and Public relations for the first 12 months in order to gain brand awareness in the Polish market, being recognized for its integrated business solution at a low cost. PMEBOX may reduce its Marketing investment to half, on the following periods, after winning the recognition from the market.

For the company to succeed, local partnerships are crucial, since half of the products sold by PME.BOX are expected to be through the company's partners. Therefore, it is important to establish partnerships in several strategic sectors like telecommunication, banking, insurance, hardware, consultancy and retail, to assure a large distribution network, diversifying the risk associated to partnerships.

To survive and succeed in this highly competitive market, PME.BOX should keep providing innovative and creative features on the medium/long term, at competitive final prices, holding the company's hybrid competitive advantage.

Concluding, given the Polish EAS market and the SMEs' context, the internationalization to Poland now is a wise move from PME.BOX to start its expansion on the Central and Eastern Europe.

12. References

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Appendices

Exhibit 1 – PME.BOX S.A. shareholders' description

José Carlos Fernandes Da Graça - CEO

José Carlos was born in Lisbon Portugal, migrated to Holland with three years of age and was raised in a multi cultural environment. Attended two type of education at the same time, Portuguese and Dutch. Specialized himself in Business Management, Financials and Economy. He is a very creative thinker and has been a serial entrepreneur for more than 20 years. Spent the last five years analyzing SME business needs and developed creative software solutions for SME in Cloud and SaaS. His talent can be found under www.buglos.com and www.pme-box.com. He has also been very active as a business angel since 1994 and was founder and leader of MADAN Capital which he left recently to lead the pme.box project. He has a MBA in Economy and is fluent in six languages. He is fully focused on expanding www.pme-box.com over the globe.

Tiago Vaz Serra - CFO

Experienced CFO which has investments in several enterprises. From 2006 to 2009 he was founder and partner of a Madrid-domiciled fund management company Siitnedif, SGIIC, SA, focused on Iberian equity investments. Formerly he was the division investment manager, portfolio manager and corporate finance analyst at Banco Privado Português. He was also equity research analyst at Central Banco de Investimento.

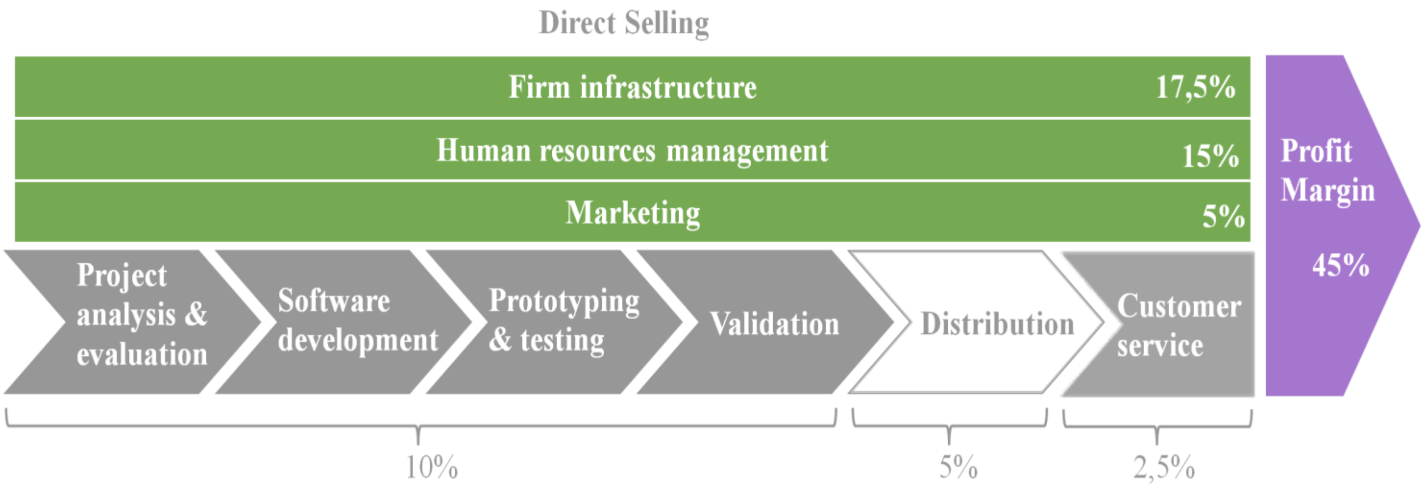
João Carlos Henriques - COO

Extensive experience in the commercial area, mainly in the telecommunication sector. He has an MBA in Business Administration. Active entrepreneur, owns several companies, amongst them are TELECELULAR, CONNECT Negócios, TELETRADE and RIBATEL CONNECT.

Bruno Judas Nunes - CSO

Experienced entrepreneur in different areas, ranging from management, commercial and finnances. Business partner at IMPORVETE (1997), at SIMBOLO PERFEITO (2009), at SEGURANÇA E PREVENÇÃO (SKINSHIELD), and at PME.BOX. Three years of experience supporting development projects of web-based management applications.

Exhibit 2 – PMEBOX Value chain



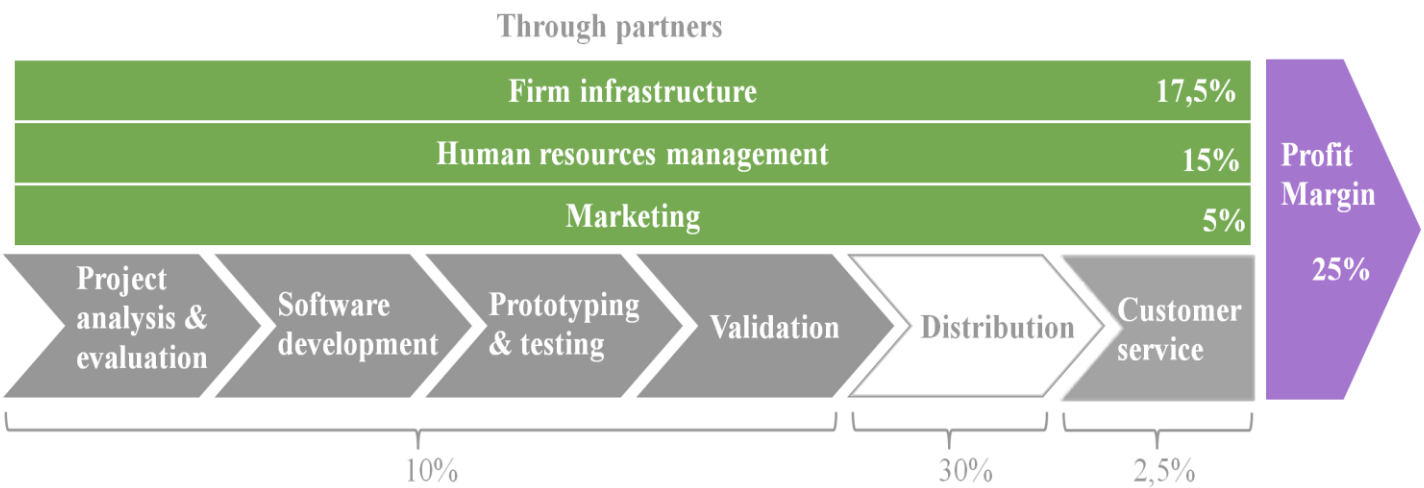


Exhibit 3 – Organization structure

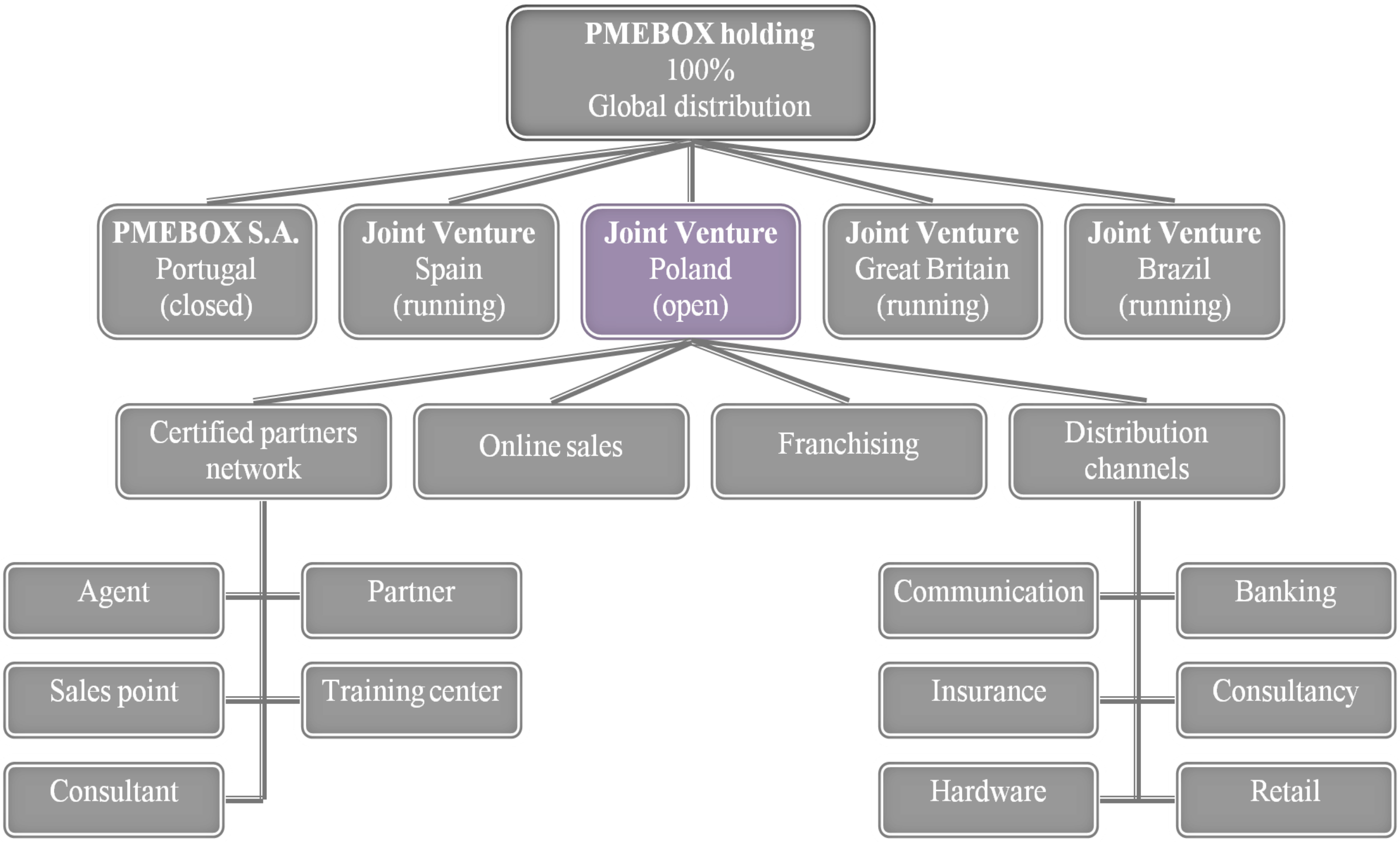


Exhibit 4 – List of potential investors operating in Poland

Potential companies to make joint ventures	venture capital firms	Business angels
http://itea365.pl/	Blumerang Pre IPO SA (BLU)	Direct contact with business angels can be difficult as they are reluctant to reveal their identity in public. Therefore the best option for a majority of entrepreneurs is to use the services of one of the business angel networks operating in Poland. The biggest such network is Lewiatan Business Angels (www.lba.pl), others include PolBAN (www.polban.pl), Silban (www.silban.pl) and Amber (www.amberinvest.org).
http://www.4system.com/	E-Energo SA (EEN)	
http://www.adh.com.pl/	LST Capital SA (LST)	
http://www.agatit.pl	MCI Management SA (MCI)	
http://www.akrosoft.pl	Payfreezer SA (0216574Z)	
http://www.atssi.pl	Venture Capital Poland SA (VCP)	
http://www.infinite.pl	Caresbac Polska	
http://www.biztech.pl		
http://www.komserwis.com.pl		
http://www.et.com.pl/		
http://www.fliptim.com.pl/		
http://www.hector.com.pl/		
http://www.hogart-bs.com.pl		
http://www.atutcentrum.com.pl		
http://www.isa.com.pl/		
http://www.iteam.pl		
http://www.itworks.pl		
http://www.junisoftex.pl		
http://www.bns.pl/		
http://www.komtech.pl/		
http://www.lsisoftware.pl		
http://www.lst.pl		
http://www.mikrobit.pl/		
http://www.parasoft.com		
http://www.parsifal.com.pl		
http://www.pgs-soft.com/		
http://www.profidata.com.pl/		
http://www.progman.com.pl		
http://www.proman.com.pl/		
http://www.proxima.com.pl/		
http://www.raf-bit.pl/		
http://www.soft-eks.com.pl/		

Exhibit 5 – List of companies present in the Polish market for integrated Enterprise Application Suite (EAS)

SAP	Comarch	IFS
QAD	BPSC	Macrologic
Epicor	Exact	Sage Symfonia
Hansaworld	Lawson	Digitland
IBS	Sygnity	Rekord
Stream soft	PC-Guard	Simple
Oracle	Microsoft Dynamics	Asseco Business Solutions
Batchbook	VTIGER	Redmine
TETA	Max Eletronik	

Exhibit 6 – Table comparing PME.BOX with competitors

Company	SAP	SAGE	Batchbook	vtiger	Redmine	PME.BOX
Price	€8.000/service	€792/year	€108/month	€9/month	€25/month	€39/month
Target	SMEs	SMEs	micro/small	micro/small	small to large	SMEs
Web-based			✔	✔	✔	✔
Touch screen			✔	✔		✔
Accounting	✔	✔		✔		✔
CRM	✔		✔	✔		✔
Sales	✔		✔	✔		✔
Purchases	✔	✔		✔		✔
Business partners	✔		✔			✔
Banking	✔					✔
Inventory management	✔	✔		✔		✔
Project management	✔				✔	✔
HRM	✔	✔				✔
Documents	✔				✔	✔
Operations	✔					✔
POS						✔
Statistics						✔
email marketing			✔	✔		✔
telemarketing						✔
e-commerce						✔
email accounts					✔	✔

Exhibit 7 – Human resources frame

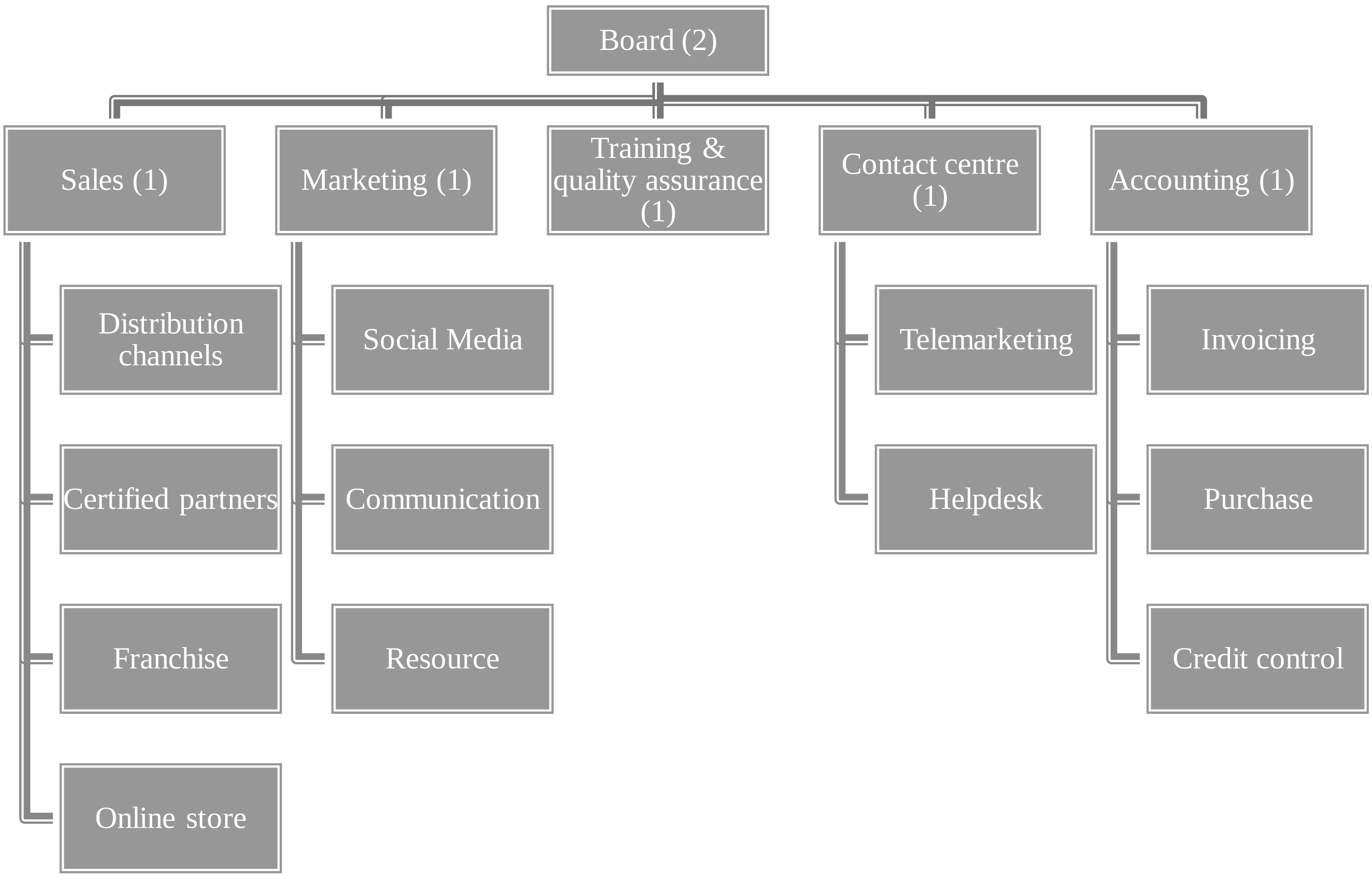


Exhibit 8 – Relevant financial data

PME.BOX	2012	2013	2014	2015	2016
Ratios					
Return on equity	-26,6%	4,2%	53,2%	70,5%	66,5%
Return on sales	-656,7%	7,1%	43,7%	50,3%	51,6%
Return on assets	-25,9%	4,0%	44,4%	56,6%	54,2%
Financial autonomy	97,5%	94,7%	83,4%	80,3%	81,4%
Break even point (Euros)	-160.322	630.449	420.565	375.479	385.354

Treasury budget					*(in Euros)*
Operations income					
Sales of products	24.122	711.191	3.061.692	11.950.315	33.159.140
VAT	4.259	0	0	0	0
Share capital	1.250.000	0	0	0	0
Other income	0	0	0	0	0
Total income	1.278.382	711.191	3.061.692	11.950.315	33.159.140
Operations disbursements					
Suppliers	0	0	0	0	0
Personnel	106.074	110.317	114.730	118.172	123.031
Outsourcing	41.013	245.522	931.800	3.524.994	9.711.583
Income Tax	0	0	10.249	274.952	1.232.635
VAT	213	77.573	357.236	1.418.557	3.991.142
Other disbursements					
Investment in fixed assets	198.300	180.000	122.600	120.000	142.600
Total disbursements	345.599	613.413	1.536.615	5.456.674	15.200.991
Cashflow	932.782	97.779	1.525.078	6.493.640	17.958.149
Cash (beginning of period)	0	932.782	1.030.561	2.555.639	9.049.279
Cash (end of period)	932.782	1.030.561	2.555.639	9.049.279	27.007.428

PME.BOX	%	2012	2013	2014	2015	2016
Depreciation and Provisions						*(in Euros)*
Tangible fixed assets						
Computer equipment	33%	3.729	3.729	4.158	429	4.158
Furniture	20%	900	900	900	900	900
Sub-total		**4.629**	**4.629**	**5.058**	**1.329**	**5.058**
Intangible assets						
Adaptation PME.BOX - Programming	33%	16.500	16.500	16.500	0	0
Studies and Analysis	100%	9.000	0	0	0	0
Software	33%	825	825	825	0	0
Training	100%	1.000	0	0	0	0
Marketing & Public Relations	100%	120.000	180.000	120.000	120.000	120.000
Sub-total		147.325	197.325	137.325	120.000	120.000
Total depreciation		151.954	201.954	142.383	121.329	125.058
Provisions						
Provisions for bad debts	5%	2.440	37.447	163.597	636.963	1.750.775

PME.BOX		2012	2013	2014	2015	2016
Financing Plan						*(in Euros)*
Own capital	1.250.000	0	0	0	0	1.250.000
Medium/Long term payables	0	0	0	0	0	0
Short term payables	0	0	0	0	0	0
Total financing	1.250.000	0	0	0	0	1.250.000

PME.BOX	2012	2013	2014	2015	2016
Free Cash Flow					*(in Euros)*
EBIT	-262.638	53.942	1.447.117	6.487.553	18.298.200
Depreciation	151.954	201.954	142.383	121.329	125.058
Provisions	2.440	37.447	163.597	636.963	1.750.775
Potencial cash flow from operations before interest and taxes	-108.244	293.343	1.753.097	7.245.845	20.174.032
Financial earnings from operations	0	0	0	0	0
Financial costs	0	0	0	0	0
Income tax	0	44.449	297.752	1.255.435	3.499.458
Net earnings	-162.638	189.493	1.269.365	5.352.118	14.918.742
Potential Cash-Flow from operations	-108.244	248.894	1.455.345	5.990.410	16.674.574
Investment/divestment in Working Capital	10.674	-28.885	-158.132	-600.430	-1.403.375
Operational Cash-Flow	-118.918	277.779	1.613.478	6.590.840	18.077.949
Investment in fixed Capital	209.600	180.000	122.600	120.000	142.600
Free Cash Flow	-328.518	97.779	1.525.078	6.493.640	17.958.149

Un: Eur

Balance Sheet	2012	2013	2014	2015	2016
ASSETS					
1. GROSS NET ASSETS					
Financial assets	0	0	0	0	0
Tangible assets	27.100	27.100	29.700	29.700	52.300
Intangible assets	82.500	82.500	82.500	82.500	82.500
Fixed assets in progress	0	0	0	0	0
2. PROVISIONS & DEPRECIATIONS	-51.954	-73.908	-96.291	-97.620	-102.678
NET FIXED ASSETS	57.646	35.692	15.909	14.580	32.122
3. CURRENT ASSETS					
Fin. & Semi-Fin Goods	0	0	0	0	0
Raw materials	0	0	0	0	0
Products & work in progress	0	0	0	0	0
	0	0	0	0	0
4. ACC. RECEIVABLES M/L TERM	0	0	0	0	0
5. ACC. RECEIV. SHORT TERM					
Clients	24.672	62.411	272.662	1.061.605	2.917.958
Taxes	0	0	0	0	0
Other receivables	0	0	0	0	0
Bad debts provisions	-2.440	-39.886	-203.483	-840.446	-2.591.221
	22.232	22.525	69.179	221.159	326.737
6. CASH AND BANKS					
Cash	1.032.782	1.310.561	2.921.439	9.512.279	27.567.628
Bank deposits	0	0	0	0	0
	1.032.782	1.310.561	2.921.439	9.512.279	27.567.628
7. ACCRUALS & DEFERMENTS					
Accruals in income	0	0	0	0	0
Deferred Costs	0	0	0	0	0
	0	0	0	0	0
8. TOTAL ASSEITS (8=1+2+3+4+5+6+7)	1.112.660	1.368.778	3.006.526	9.748.017	27.926.487
Verification (Assets - Equity - Liabilities) =	0	0	0	0	0

	2012	2013	2014	2015	2016
EQUITY					
9. SHARE CAPITAL	1.250.000	1.250.000	1.250.000	1.250.000	1.250.000
10. RESERVES	0	0	0	0	0
11. RETAINED PROFITS	0	-162.638	26.856	1.296.221	6.648.339
12. NET PROFIT	-162.638	189.493	1.269.365	5.352.118	14.918.742
13. TOTAL EQUITY (13=9+10+11+12)	1.087.362	1.276.856	2.546.221	7.898.339	22.817.080
LIABILITIES					
14.MED.& LONG TERM LIABILITIES					
Bank loans	0	0	0	0	0
Shareholders loans	0	0	0	0	0
Other loans	0	0	0	0	0
	0	0	0	0	0
15. CURRENT LIABILITIES					
Bank loans	0	0	0	0	0
Suppliers	0	0	0	0	0
Taxes	3.569	59.250	366.239	1.525.449	4.243.684
Shareholders loans	0	0	0	0	0
Other creditors	10.429	21.372	82.766	312.930	854.423
	13.998	80.622	449.005	1.838.379	5.098.107
16. ACCRUALS & Deferments					
Accruals in costs (residual value)	11.300	11.300	11.300	11.300	11.300
Antecipated income	0	0	0	0	0
	11.300	11.300	11.300	11.300	11.300
17. TOTAL LIABILITIES (17=14+15+16)	25.298	91.922	460.305	1.849.679	5.109.407
18. TOTAL LIABILITIES + EQUITY (18=13+17)	1.112.660	1.368.778	3.006.526	9.748.017	27.926.487