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Smart & Simple Business Solutions (SSBS)

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Professor Filipe Pamplona de Castro Soeiro

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"[...] creating a business plan is more an art than science [...]" (R. Rich, Stanley and David E. Gumpert)

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0. Executive Summary

Smart & Simple Business Solutions (SSBS) is a project for the design and setup of a firm that will focus its operations in the development of innovative and top quality Business Intelligence Solutions talented to support and optimize SME' strategic decision making processes.

The project's opportunity is based in SSBS' talent to respond towards the natural difficulties that Portuguese SME have in collecting and analyzing information to support decision making processes, since they have limited human and financial resources. The present business and financial environmental context compose also a booster for this opportunity since due to financial volatility of markets, in general, the level of uncertainty that companies have to manage on a daily basis is increasing and investment decisions are being postponed. Additionally, the existing BI solutions are too pricey and incur in long and costly implementation services that are not viable for most SME. Hence, SSBS will explore SME segment with modular, Web-Based and cost competitive and efficient solutions, without complex implementation requirements. A major POD for SSBS is its ability to perform on-time, dynamic, realistic and accurate analysis and predictions, due to its multi-dimensional set of information.

In this BP, Tourism sector was selected has SSBS' target market, especially tourism SME, because this sector have been neglected by BI players. Thus SSBS has opportunity to build first move advantage. Tourism is also a National and Global strategic asset, so it has been targeted by large amounts of investments and it is growing considerably higher than most of the other sectors. Finally, Tourism Universities are educating students to use BI and/or ERP solutions, so the use of these tools is expected to soar. SSBS has 2 solutions, product "A" that has monthly licensing price of 215€ and that is directed to SME and "B", directed to larger firms and with a monthly licensing price of 355€. The main difference between them is centered in the standard features and in the enclosure of Diagnostic Analysis, customization and monitoring services in Product B.

SSBS' Business Model and Value Creation strategy is based in a differentiation focus strategy. The differentiation is based in strategic partnerships that will give unique characteristics to the products and in solutions' quality and innovative and distinctive features. The focus is Portuguese tourism segment, mainly SME firms, and in the future in SME from logistics and financial segments. Nonetheless, SSBS aims to keep costs level low, since its target customers have low purchasing power and it pretends to gain fast market share using a penetration price strategy. Hence, SSBS P & S strategy is to offer distinctive and quality solutions by competitive prices. SSBS is not yet in the market, thus it does not have an established reputation. Consequently, to potentiate its business model, SSBS must invest in promotional efforts, establish partnerships with information agencies that have strong brand awareness, like Bloomberg and implement Try & Buy techniques and payments based in success fees.

SSBS will have a light and flexible cost structure, in order to minimize costs and the financial risks. Therefore, it will rent most of its resources and outsource its non-core activities. In the first year of activity, labor costs will embody 257.209€, being the larger costs. The second larger costs' source is OSS with 143.194€, while fixed costs will be almost trivial and allocated to the investment in intangible assets. Concerning revenues, in the first year, SSBS will have, resulting the licensing of its solutions and from the 3 services provided. After the second year, revenues are estimated to increase even, reaching an amount of 2.846.258€ in the fifth year, due to the boost of SSBS' brand awareness and to the exploitation of its client's basis. Concerning SSBS' investment plan, the only investments are in intangible assets, namely, training, studies and national patent filling. SSBS larger financial needs will be to assure a positive working capital and liquidity in the first year. The firm will only start up with 5000€ to pay its legal step up and to fill a national patent. Afterwards, 200.000€ must be borrowed to secure liquidity in the first year. To measure SSBS' profitability potential some indicators are critical. In detail, this project has a NPV of 3.757.679€, using a capital opportunity cost of 10,4%, a payback inferior to one year, a ROS of 25,1% and a ROE of 98,1%. Finally, the start of SSBS' operations in tourism SME segment are scheduled to March 2011, but, some requirements, detailed in the Implementation Plan must been met. The key ones are to develop Tourism's solutions until June 2010 and to test the solution until the mid of January 2011, otherwise, the project's viability is at risk. To conclude and to give a brief overview this BP structure starts SSBS products and firm description and with the presentation of the firm's Value Proposition and Business Model. After that there is an External Scanning analysis, composed by a Macroeconomic analysis, by a Market assessment and by an Industry Mapping section. Then SSBS' Value Chain and the Internal Scanning, with a Competitive Environment analysis, with a Porter's 5 forces analysis and with a SWOT analysis, are studied. Afterwards, we have Market Specifics, Marketing Strategy and Sales Strategy sections. Then, the Process design, HRM and Implementation Plan sections are scrutinized and for last, it has an exhaustive study concerning the Risk and Financial analysis and some fundamental Recommendations for SSBS to achieve success and sustainability.

KEY WORDS: SSBS (Smart & Simple Business Solutions); SME (small and medium enterprises); POD (points of differences); BI (Business Intelligence); OSS (Outsourced Services and Suppliers); BP (Business Plan).

1. Introduction

The main objectives of this section are to point out what are the project's about, to introduce products' concept and to briefly overview SSBS' value proposition and competitive environment. SSBS is an entrepreneurial innovative project developed by 2 experienced and talented informatics engineers with expertise in management. SSBS goal is to develop Web Based BI solutions, talented in performing accurate, dynamic, realistic and multi-dimensional on-time analysis and forecasts to support and optimize strategic decision making processes. SSBS' solutions have potential to fulfil the needs from several firms with distinctive activities, dimensions and nationalities. However, the idea is to create a platform adaptable to different activities and then, start to develop solutions directed to Tourism, Logistics and Financial sectors. Moreover, being completely Web-Based, SSBS can profit from exporting its solutions to other countries and sectors (although this is not the scope of the present BP), without additional costs and risks. Nonetheless, this BP will only focus in Portuguese Tourism segment. The rational beyond tourism selection, was that it has large growth potential and it is where SSBS has higher competitive advantages as well, since most multinational players neglect this sector's needs. Regarding the country selection, Portugal is co-founders' home country, so it arises as a natural choice. SSBS aims to start operating in a small segment to create synergies and to build in reputation and dimension before going multi-sector and global. This is crucial to build minimum standards of brand awareness and reputation, because without them, SSBS is powerless against large multinationals. Hence, SSBS will start by specializing in one segment and later, once it achieves enough size to confront its peers, it will expand its operations. SME are also targeted due to their notable weight in Portuguese economy. Moreover, generally, BI solutions are unaffordable for SME, so for the right price SSBS might have a lucrative opportunity. Hence, SSBS business model is based in developing quality and accurate BI solutions but with competitive prices, targeting Portuguese tourism's SME. In a further section I will explain with greater detail the value proposition of SSBS business.

2. Business Description

2.1. Historic

<u>What are SSBS' products about?</u> SSBS will produce and sell BI solutions, what means that it will fabricate tools to support and improve strategic decision making processes. SSBS' products are highly pioneering, being capable to create multi-dimensional and dynamic scenarios of business analysis, since their systems combine Artificial Intelligence with information and data from multiple sources, such as, clients, competitors, market (in general) and macroeconomic data. After gathering this data, it analyzes it in combination with clients' objectives and resources and creates recommendations contextualized with each client's reality, studying patterns, trends and bias and it performs accurate and realistic predictions. Afterwards, SSBS' key POD is that it can create uniquely accurate forecasts due to its multi-dimensional set of information sources and analysis models. Moreover, SSBS' solutions are highly flexible to each sector's and client's context and are WEB based and accurate to perform on-time analysis, are compatible with other solutions, like ERP and CRM and just need a simple PC with internet connection to work, thus clients do not need the conventional costly implementation services and their investment is minimized. Summarizing, SSBS pretends to put on SME' hands cost efficient and innovative tools to help them overcoming their difficulties in information modulation. Therefore, SSBS concept is based in the difficulties that SME' managers have in modulating information and in performing realistic and accurate decision making processes, which is a consequence from the lack of cost efficient and cost competitive BI solutions contextualized with SME' reality, since in general they are too expensive, need costly and complex implementations and are unrealistic. Moreover, SSBS' solutions are modular, so clients can buy upgrade the solutions in different occasions. SSBS will have solutions for financial, distribution/logistics and tourism sectors but, as referred before, initially the focus is on tourism sector, to who it will commercialize 2 solutions. Both solutions have the same operational basis, being totally web based, compatible with other solutions, multi-dimensional, performing on-time and accurate analysis. The main differences between them are described in the following diagram:

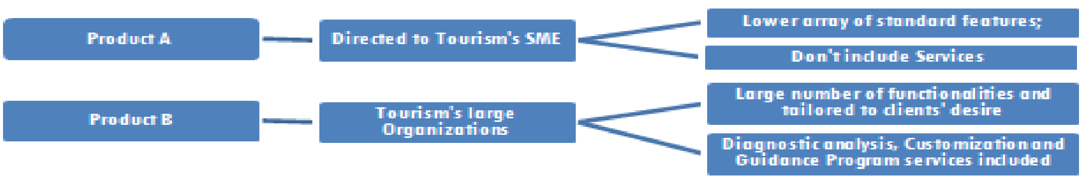


Figure 1 – Product's diagram1

Business Summary: SSBS is a Start Up's project focused in the development of solutions to support and optimize strategic decision making processes, just like any regular BI solution. However, SSBS' products are destined to SME, which by definition have scarce resources. SSBS solutions are talented to serve a large array of activity sectors however, in this BP the focus are the solutions directed to tourism sector. SSBS' BI solutions are greatly innovative, due to 3 central characteristics, the dynamic and multi-dimensional information environment used on its analysis, the capacity to operate fully Web-based and to work on real time and the compatibility with solutions, like an ERP or a CRM. Moreover, SSBS do not require the usual long and complex implementations and just need a PC with internet connection to work, what is a major competitive edge. Consequently, customers' investment in BI is minimized and they can get ROI in a short period. Relatively its applications for tourism activities, it can estimate seasonal demand and needs related to temporary work and it can forecast economic cycles and travels' prices, for example. Regarding the firm set up, SSBS have funding needs that in the actual financial characterized by large uncertainty and low levels of confidence, what is a harsh matter. Moreover, banks are in delicate situation, around EU, including in Portugal, which together with the enounced factors, restricts credit assessment for a start up. Thus, SSBS may have difficulties to gather funding to secure resources and its short term liquidity. A partnership with an Information Agency, like Bloomberg, is also a vital to guarantee access to external sources of data that differentiates the product and to boost SSBS' brand awareness and credibility. In addition, a partnership with a provider of complementary IT products, like Primavera can grant additional functionalities, more resources and a larger clients data basis. I will explore these aspects in further sections, like, the Industry Mapping and the SWOT analysis.

2.2. Value Proposition

Mission
- Develop innovative and top quality BI solutions talented to attend customers' needs and to support and optimize decision making processes, to manage knowledge and to add real value into customers' organizations, in order to establish profitable relationships with its stakeholders.

Vision
- Achieve a sustainable international growth across Europe and become one of top 5 companies in national market until 2017, through the development of pioneering BI solutions directed to SME and through the establishment of valuable and profitable strategic partnerships.

Mantra
- Design Web-based BI tools to support strategic and business decision processes.

Figure 2 - Mission, Vision and Mantra 2

Strategic Objectives – SSBS' strategic objectives are divided in 3 areas and are the following:

National Implementation & sustainability
- Recruit highly competent human resources, namely Informatics Engineers and Technicians, managers and a Strategic Advisory Board, to potentiate the Business Model until 2011
- Set up the firm and launch the solution directed to the Tourism SME until January 2011
- Establish strategic alliances to potentiate solutions' value during 2011
- Achieve a market share of 20% in BI solutions directed to SME segment by 2017

Product Innovation & Development
- Develop and test Tourism's solution until the end of October 2010
- Establish a partnerships with Universidade de Évora to foster and promote R&D until October 2010

International Expansion
- Establish international partnerships to boost internationalization process and diminish its risk
- Start internationalization process in 2016, starting by marketing the products in Spain.

Figure 3 Strategic Objectives 3

Customer Problem: Portuguese SME' managers have large constrains to assess and modulate information to support and optimize strategic decision making processes. In detail, SME do not have resources to invest in the common BI solutions and generally, those tools are very complex. As it was already enounced, SSBS solutions are Web-based, do not required costly implementations, are user friendly and have an affordable price for SME. Moreover, BI solutions work under static variables, neglecting a large array of issues, thus firms cannot assess realistic analysis. SSBS analyses are multi-dimensional, so its outcomes are realistic and contextualized to customers' specificities.

Target Market: SSBS wants to operate overseas, but during the first years the focus are Portuguese SME, firstly from tourism and then from banking and distribution sectors. Once SSBS is implemented in Portugal, with competitive solutions and with a stable market condition, it will start its internationalization process. This adjournment is correlated with the need to diminish internationalization risks.

Customers: In SSBS' initial phase and in my analysis the customers are Portuguese Tourism's firms.

Competitive Advantage: SSBS has First Move Advantage in BI business for tourism's SME segment, since this segment had been neglected by BI players. SSBS also has a competitive edge because its solutions can perform uniquely accurate predictions due to its dynamic and multi-dimensional set of information, and because it is the first fully Web-based BI system, it can perform on-time analysis, it is user friendly and cost efficient; and because it is sensible to its customers' reality and specificities.

2.3. Business Model

SSBS' business model is based in 5 central sections that together compose the basis for the value creation and for the business's sustainability. The first section is Product and Value Creation, which is composed by SSBS business strategy, market opportunities, solutions' competitive edge and by the distinctive value present in SSBS' solutions. Then, we have talented people management, because Human Resources are SSBS' key resource. Afterwards, the focus is the strategic partnerships with Information Agencies, with IT firms that have complementary products and with Universities. The next point is SSBS funding strategy, since external investment is needed to secure resources, to maintain liquidity and to finance its marketing efforts. Finally, we have the Market Dynamics, where the strategies to interact with customers are stated. SSBS can have the best solutions, but if it does reach its customers it will never achieve success. Moreover, SSBS is not in the market, thus it has low brand awareness and weak reputation. Hence, SSBS needs to have concise marketing and sales strategy.

Product and Value creation – In first place, SSBS has a Market Niche specialization strategy based on differentiation through quality and innovation. Regarding SSBS' strategy to create value, it is based in 2 vectors, which are, its products' unique characteristics and the exploration of Tourism's SME market, which was neglect by its peers and that has large growth potential.

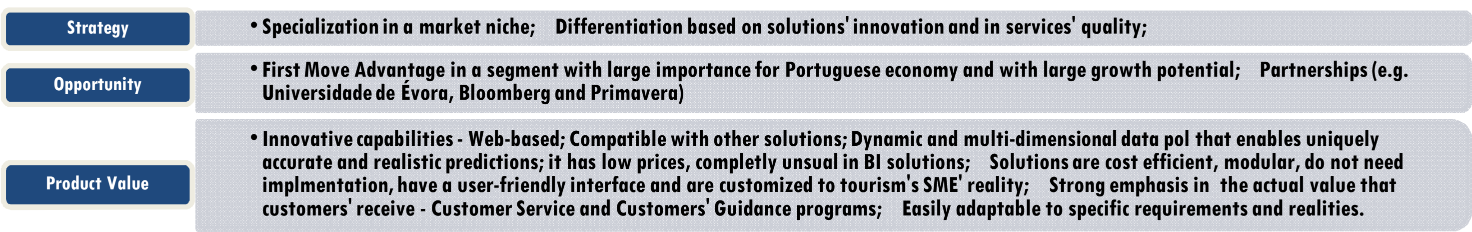


Figure 4 - SSBS value creation 4

Talented People Management – Human capital are SSBS' key resource, since they are crucial for the value creation. For example, solutions R&D, customer service and Customer Guidance Program, will demand SSBS talented collaborators. Moreover, SSBS will start with a light cost structure and with a limited number of collaborators. Hence, its collaborators need to be technically competent, flexible and dynamic. In the HRM and Organizational Design sections this policies will be analysed with larger detail. A final remark to mention is that HR will vary accordingly to the level of business activity, for instance, Project Managers will change with the number, level of complexity and dimension of the Projects.

Strategic Partnerships –Partnerships are crucial for SSBS, since they can contribute to agglomerate more resources, to raise brand awareness reputation levels and to differentiate SSBS' solutions. Thus, SSBS will try to establish partnerships with, Universities, with Complementary IT firms and with Information Agencies. The objectives of those partnerships are stated in the following board:

Figure 5 - Strategic Partnerships map 1

Funding – SSBS is highly dependent on external investment to secure some crucial resources and to guarantee a positive net working capital during year 1. In detail, SSBS will start with 5000€, to set-up the firm and fill a national patent and will need to gather a funding of 200000€, that may come from Business Angles, like APBA, from VC, from Institutional support or even from bank loans. Without funding, SSBS' sustainability is at risk, thus it needs to attract investors, proving its credibility and financial potential. The main strategies to do that are to elaborate a concise and BP, to identify the market opportunities and SSBS' competitive advantage and to secure solutions' patent in order to diminish investors' risk and to increase the project's attractiveness.

Market Orientation – Attract and maintain customers are critical matters for SSBS. Neglecting the products' value, the main tools to attract customers are promotional activities, like internet advertising, participation in conferences, sponsorship of tourism's events and corporate D2D, and a sales strategy based in Try & Buy techniques and in Success Fees. Besides, its Diagnostic Analysis, Customization and Customer Guidance services must incorporate large quality to secure customer satisfaction. In Marketing and Sales sections this issues are discussed with larger detail.

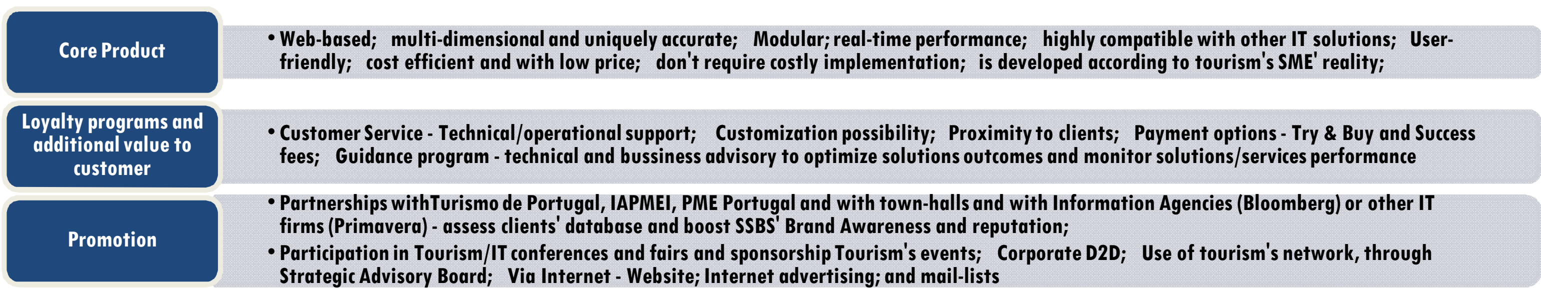


Figure 6 - Market Orientation 6

3. External Scanning

3.1. Macroeconomic Analysis (PESTEL with exhaustive analysis in Appendix 1)

The objective of this section is to give brief insights about the macroeconomic variables that influence SSBS. Firstly as EU members, Portuguese citizens and enterprises have free mobility in European territory, a positive influence for SSBS, since it can ease its internationalization and some external investment. Concerning the economic environment, there is large uncertainty in Portuguese economy and World's eyes are looking to Portugal to observe if it is capable to overcome its challenges. Additionally, banks are restricting credit access conditions. Summarizing, SME are facing severe difficulties and are postponing most investment decisions. This is positive for SSBS, since accordingly to an analysis from IAPMEI, in 2007 focused in SME, a solution like SSBS may represent a unique tool for business process decision, with economic viability for SME and capable to help SME overcoming difficulties like the ones they are facing. A very important fact, is that in general, most Portuguese firms have the required conditions to use SSBS' solutions, being that in 2006 INE published a study about the use of IT in Business, where was stated that more than 6 in every 10 firms has internet and in firms with at least 10 employees, 95% have PC, 84% have email, 83% Internet and 35% website (Appendix 2). Finally, Portugal has already programs like the "Simplex" and "Empresa na Hora" to foster business creation, simplifying investment processes and reducing bureaucracy, what ease SSBS set up.

3.2. Market Assessment (Appendix 3 for SME analysis and other sectors information)

The Market assessment is vital to. The objective of this section is to analyse Tourism attractiveness and to identify the market trends and opportunities, in order to clarify the rationale the target market selection. In detail, tourism have a large weight within SME, representing 10% of national SME[1], has large growth potential, is a national/global strategic asset and had been neglected by BI players.

Firstly, Portuguese Tourism has worldwide reputation. In 2003 Portugal was the 16th World destination with 1,7% market share[2] and in 2004 Lisbon was the 8th more demanded city for congresses[3]. Likewise, lately, Government's investment to foment external and domestic tourists soared. Furthermore, Portugal has great conditions for tourism[4], like: Attractive weather; Extensive coastal side with quality beaches; gastronomy & wine have great status; It has attractive Rural places (Gêres or Zezêre); the investment in Golf fields, targeting international visitors (Algarve); Historical villages, with famous monuments and with good touristic conditions (Sintra); and competitive prices.

1 INE. 2006. www.ine.pt accessed on 3 February 2010
2 WTO. www.wto.org accessed on 3 February 2010
3 International Convention and Congress Association 2004. www.iccworld.pt accessed on 5 February 2010
4 Turismo de Portugal. www.turismodeportugal.pt accessed on 5 February 2010

Tourism is also considered a strategic asset, what is clearly emphasized in PENT (Tourism National Strategic Plan) and in the investments plans dedicated to boost its reputation. By now, Portugal has 10 key products, Cultural/Landscaped Touring, City Breaks, Nature, Nautical, Wealth/ welfare, Gastronomy & Wines, Golf, Integrated Resorts, Business and Sun & Sea. Concerning the investment in Tourism, in the last 10th of January, the Strategic Council for Tourism Promotion established as targets[5]: boost domestic and international (Spain, France, Germany, United Kingdom, Russia, Brazil and Poland) demand, support tourism firms, increase international conferences, create new international routes and foment on-line promotion. In this Council a 50M€ investment budget for promotion was approved, with additional funds to be distributed over 6 regions (Madeira-4,7M€, Azores-0,7M€, Central Region-0,7M€, Lisbon-5,9M€, Alentejo-0,7M€ and Algarve-6M€). Concerning tourism contribution for Portuguese economy, in 2005 it contribute for 4,6% of the GVA, in 2006 for 4,9% and in 2007 for 5,1%[6], varying 9,7% from 2006 to 2007. In 2005 it contributed for 9,4% of the GDP, in 2006 for 9,8% and in 2007 for 10,5%, changing 11,4% from 2006 to 2007[7] and in 2005 the contribution for contributed for employment was 7,8% with 0,43M jobs[8]. Portuguese tourism has also a good international ranking, being that in 2007 it was ranked as 20th, with 1,4% market share in terms of non residents arrivals, 23rd regarding international tourists' revenues and 37th concerning tourism's expenses[9]. Additionally, there are 3 vital vectors for tourism, the main mechanism and structures to support investment, its strategic objectives and the main trends. Concerning the main mechanism and structures to support the investment, the central ones are the PIT (Intervention Plan for Tourism) with a 100M€ budget directed to infrastructural investments, the QREN, some protocols between Turismo de Portugal and financial institutions to grant credit for SME, with a 60M€ budget and PME investment's support directed to tourism's SME. Then, in PENT, objectives like develop the emissary markets, consolidate strategic offers, diversify/qualify products by region, develop strategic centres (Serra da Estrela), improve Aerial connections, invest in promotion/distribution and in services'/human resources' qualification are identified. The main trends are tourism growth, the aging of standard tourist, the boost of short duration travels and the demand for new travelling experiences. Finally, there are 2 issues increasing market's attractiveness. Firstly, Tourism Faculties are educating future tourism's managers in BI, what raises the sector's attractiveness. Secondly, Tourism SME market had been neglected by BI players, thus SSBS has First Move Advantage and competitive advantage. Summarizing, tourism's

[5]Turismo de Portugal. www.turismodeportugal.pt/Português/turismodeportugal/destaque/Documents/CEPT%20Janeiro%2010.pdf accessed on 5 February 2010

6 INE studies, 2005, 2006 and 2007. www.ine.pt accessed on 8 February 2010

7 INE studies, 2005, 2006 and 2007. www.ine.pt accessed on 8 February 2010

8 INE 2005. www.ine.pt accessed on 8 February 2010

9 World Tourism Barometer. volume 6, nº2 and nº3 from June and October 2008

future prospects are bright and SSBS may have great opportunities, since its solutions have a perfect fit to tourism's needs and can optimize tourism's management decisions when dealing with uncertainty and seasonality.

3.3. SSBS' Industry Mapping - Business Intelligence solutions for Tourism Services

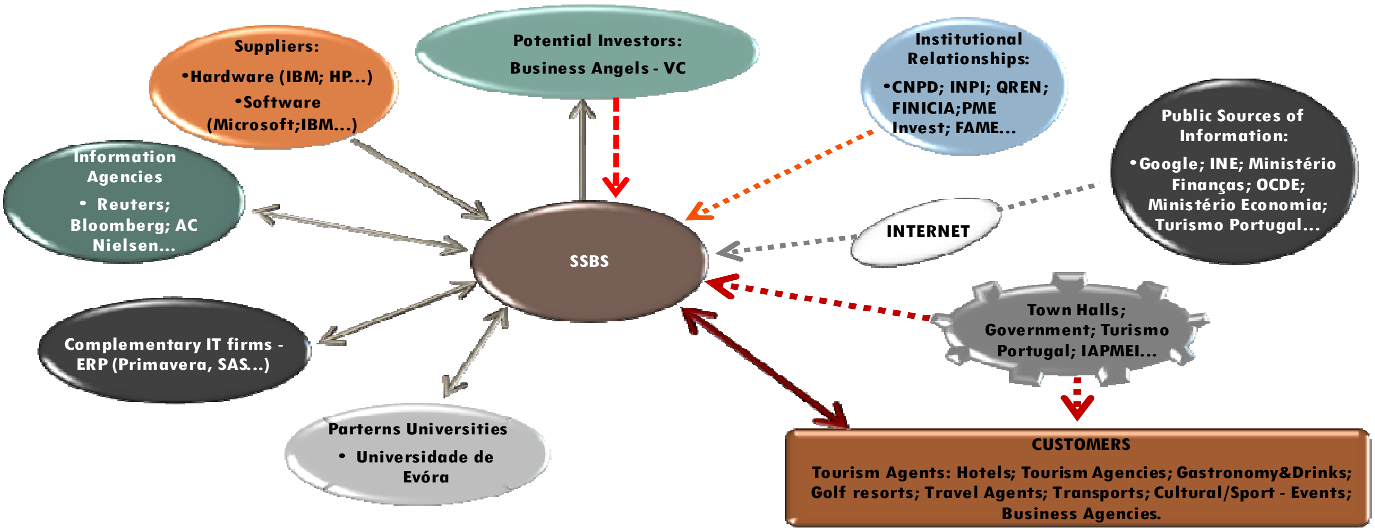


Figure 7 - Industry Mapping 7

The Industry Mapping objective is to understand SSBS' business and to identify how agents influence the firm. Firstly we have SSBS' customers, namely Tourism's SME (Hotels, Tourism Agencies, Gastronomy firms, travelling enterprises and events' promoters). SSBS will contact them through promotion activities or D2D demos and then they are expected to contact back SSBS to acquire services and solutions. Afterwards SSBS will try stay close to them through customer support services and loyalty programs. Eventually, third parties like, Tourism agents, Town Halls, Government, Turismo de Portugal or IAPMEI may act as mediators/investors inside this relationship. SSBS has to gather data from public sources, like INE, OCDE and/or in Ministerio das Finanças/Economia, and from Information Agencies (Bloomberg), or from Market analysts (AC Nielsen or IDC). Thus, Information agencies are crucial to differentiate SSBS, through the quality of the data for them provided and through the benefits in terms of brand awareness and credibility may have if it establishes partnerships with those firms. SSBS will also establish partnerships with Universities (Univ. de Évora), to attract talented people and foster R&D and with complementary solutions providers (ERP and CRM) like Primavera, to gain access to clients' networks and to add new functionalities to its solutions. Moreover, hardware and software suppliers, like HP, IBM and/or Microsoft are crucial to secure fundamental resources and Institutional Relationships (CNPD, INPI, QREN...) are vital since, for example, SSBS will be monitored by CNPD in what concerns information access. Finally, SSBS needs to attract investors, like BA (APBA), to satisfy its funding needs.

4. Value Chain

The Value Chain section has the objective to study what are SSBS' main activities, what are its main costs' drivers and how it should perform possible future profit margin maximization. In essence, SSBS' value chain is composed by 5 internal primary activities supported by 5 supporting ones and by 3 external. The primary activities start with R&D and Products/Service Development, the core activity in SSBS, since it is where solutions are developed and design according to market and clients' needs. For this activity, SSBS will combine its informatics team with outsourced resources from Univ. de Évora. The next stage is the Diagnostic Analysis for Product B clients, where SSBS analyse each customer's context and decides the features to include in solutions. Then, we have products' customization where solutions are customized accordingly to the diagnostic analysis and next, SSBS licenses its solutions and start its Monitoring/Guidance program, where projects are followed and where it gives technical and business advisory to enable clients to optimize solutions' outcomes. Relatively to support activities, they are transversal activities, crucial to make SSBS working. The first activity is Quality Management and Customer Service that ensure quality inside SSBS and to give technical and operational support to clients, and then we have the Website Management and HRM, responsible for the management of SSBS' labour force. The next transversal activities are Firm Infrastructure, Financial Administration and marketing and communication activities that include promotion, advertising, and other crucial activities to help SSBS overcoming brand awareness issues. Beside U. Évora resources, SSBS will outsource salespersons to perform D2D demos and consultants to give projects' support. Finally, my recommendation to increment profit margin is to establish partnerships with complementary IT providers, like Primavera, to exploit their operational resources, to profit on their clients' basis and reputation, diminishing marketing and communication efforts and to transfer R&D efforts to its partners.

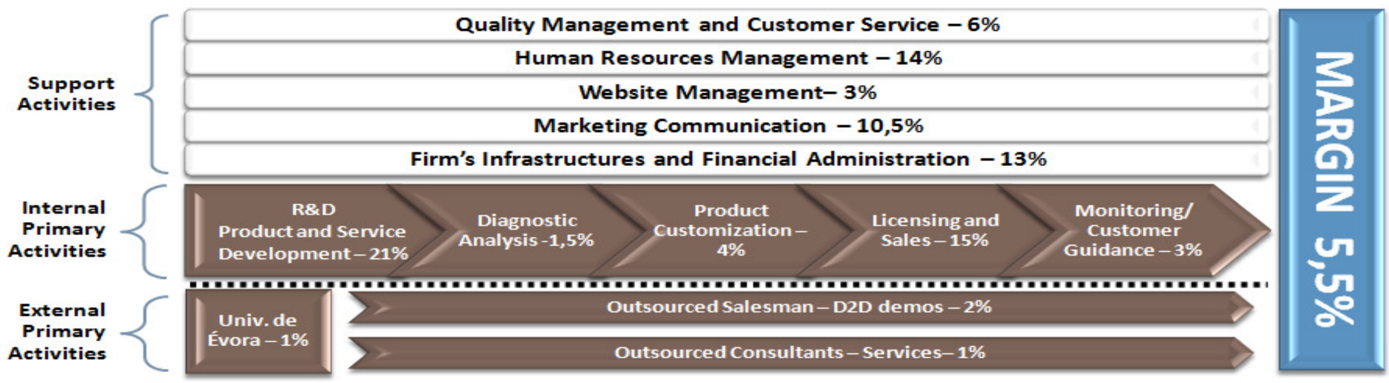


Figure 8 - Value Chain 8

5. Internal Scanning

5.1 Competitive Environment

In Portugal there is no BI solution dedicated and customized to tourism SME. Moreover, Web-based and multi-dimensional BI solutions, with no implementation needs and capable of performing dynamic and multi-dimensional

Competitive Relation	Firms and core products	Major differences with SMS
Substitute solutions (existing BI solutions)	**IBM**-Cognos 8 and Cognos Express (to SME); **Microsoft**-Microsoft Dynamics NAV 5.0; **SAP**-Crystal Reports, XCELSIUS and Business Objects Edge Solutions; **QlickTech** - Colaboration with Turismo de Portugal	Don't direct solution for tourism; Multi-Sector/too general and disconnet with sectors reality; High prices; Require long and expensive implementations; Are complex and its analysis are static; are not Web based
Complementary solutions (ERP, CRM...)	**Primavera BBS; SAS; SAP**	Have more operational functions; Are connected with SME context; Large tradition and reputation in the market; Have complementary functions to SMS; Solutions developed for Tourism (Hotels)
Implementation firms	**Link; Indra; NovaBase; Logica**	Specialized in BI implementation; Can customize BI to tourism (e.g. Hotels); Generally customize/implement known BI solutions; their offers are completly different than SMS, however can pose na harmful threat

Picture 9 - Competitors Table 9

forecasts don't exist at all. Hence, there is no direct competitor. In essence, 3 types of competitors should be considered: substitute solutions with multi-sector BI solutions that may be imperfectly adapted to Tourism but that are too pricey for most of SME; complementary solutions, like ERP, that can complement or be complement by SSBS; and implementation firms that represent a potential threat, since they are specialized in customizing generalist BI solutions (Complete information in Appendix 4). In the following table, some of these competitors are identify with emphasis on some generic differences to SSBS' solutions:

5.2. Porter's 5 Forces – Business Intelligence Solutions

Picture 10 - Porter's 5 Forces 10

Threat of new entrants – SSBS' technology is easily copied and there are already players with products that with little adaptations can enter in SSBS' market. However, a partnership with an Information Agency (Bloomberg) can boost SSBS' brand awareness and to differentiate solutions. Other options are partnerships with IT companies (Primavera), to grant more operational power and that already have good reputation and clients' network and fill a patent depart imitators.

Buyers' bargaining power – The target customers, tourism SME, have low power to pressure. Furthermore, buyers are dispersed and numerous, so an integration of buyers to soar bargaining power isn't realistic. Hence, buyers have low bargaining power.

Suppliers' bargaining power – Most suppliers are from hardware/software industry, which has a vast array of firms, so suppliers' power isn't high. However, SSBS has smaller dimension then most of suppliers so it has a trivial influence power. Nonetheless, SSBS can gain a considerable edge over suppliers with a partnership with an Information Agency firm or with an complementary IT provider (ERP) that can grant higher operational and bargaining power. If SSBS deal with small suppliers it can also gain some edge. Finally, SSBS should establish agreements with Data Storage/Housing firms (Mainroad) because they are crucial for SSBS' supply chain.

Threat of substitute products – There are several BI solutions with different functionalities but that might be adapted to the sector, so they should not be neglected. To overcome this, SSBS should, once more, establish a partnership with an Information Agency, to build in reputation and to secure a higher differentiation level. Moreover, there are some complementary solutions (ERP) that may be viewed as competitors, since they perform close functions. Actually, they are only complementary solutions and do not represent major risks, but SSBS challenge is to secure that they do not feel threaten. I recommend SSBS to establish partnerships with these firms to pledge a friendly relationship and positioning.

Rivalry among existing firms – As it was enounced in the competitive assessment there SSBS does not have direct competitors in Tourism SME segment, so the rivalry level is low. However, there are BI players, with great reputation and strong operational power and with similar but multi-sector solutions. If they decide to directed and adapted their solutions to SSBS' segment that may inflict some damage. Hence, they have some influence towards SSBS' actions. To leverage this, SSBS should try to establish the enounced partnerships and practise a pricing strategy capable of enhance a fast market penetration.

5.3. SWOT ANALYSIS

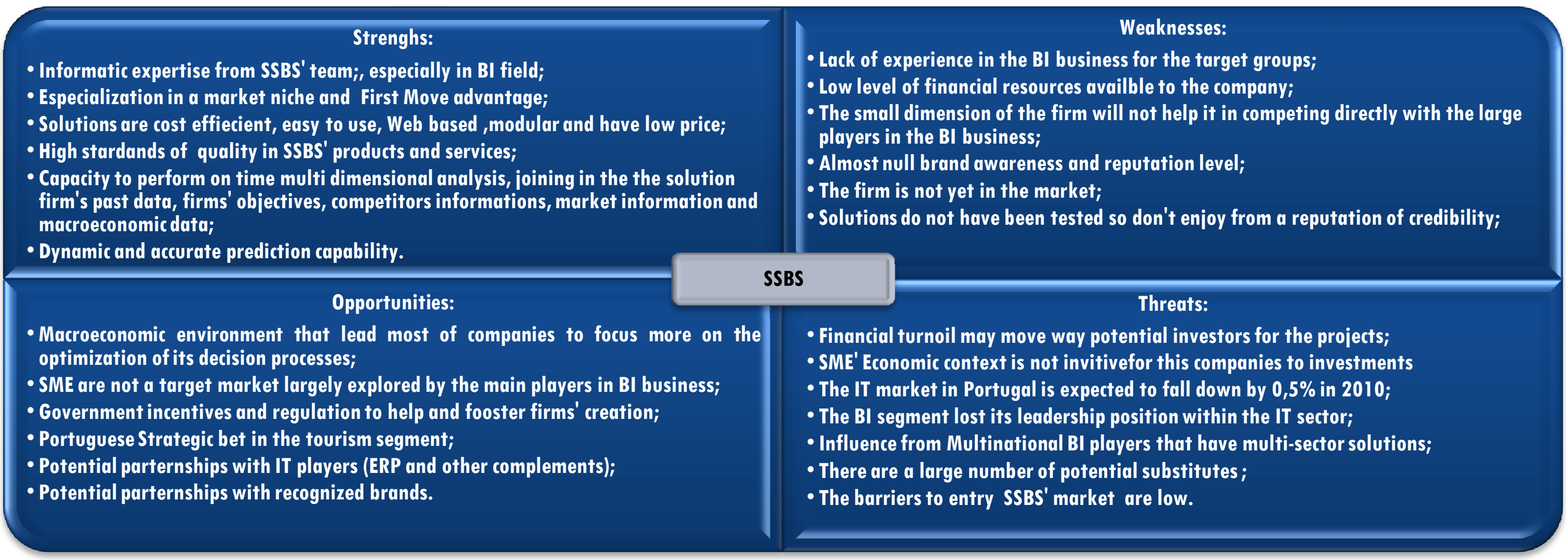


Figure 11 - SWOT 11

Key Success Factors

SSBS' success depends on its ability to explore its POD, namely, its on-time user-friendly and web based interface, its compatibility with other solutions, its specialization in tourism SME' segment, its dynamic, accurate, multi-dimensional and sensible forecasts and its pricing strategy based on low cost and modular solutions, while establishing partnerships capable to boost SSBS' reputation and differentiating the solutions. Besides, SSBS must invest in promotional efforts, to boost its brand awareness level and implement Try & Buy methods to minimize buyers' risk and capture confidence. Moreover, it needs to offset its financial limitations through a light cost structure, outsourcing secondary activities. SSBS should also practice low prices, or else its solutions may be unaffordable for its customers.

6. Market Specifics

6.1. Market Attractiveness and Opportunity

SSBS operate in a B2B area, directing its solutions essentially to tourism SME. As it was enounced in the market assessment, Tourism selection is justified because it's considered as a Global/National strategic asset it's targeted by large public/private investment and additional Portuguese's natural conditions it is positioned as an important destination for international tourists. Moreover, tourism has a vital role in Portuguese economy, namely, in terms of GDP contribution, employment and job creation. Furthermore, between 2004 and 2007 tourism sector had a 10% annual growth what explains the sector's potential. In terms of market opportunities, tourism Universities are implementing ERP and BI software content in its teaching programs. Hence, the use of these solutions in tourism is expected to growth. In addition, as it was enounced in the Market Assessment, Portuguese firms already have impressive Internet, Email and PCs usage rates. This is even brighter for tourism firms, where broad band internet usage rate is around 84% and where Internet, PC and email use is in average 98,1%. Moreover, tourism's firms are leaders in terms of Personal Website usage rate, with 84,1% (Appendix 2). Besides, there is no BI player developing solutions specially directed to Tourism's SME. There are multi-sector BI solutions that may be adapted to, but that may fail to respond towards tourism's specificities. Thus, SSBS is the first developing web based BI solutions and to direct them to tourism's SME, so, will enjoy from a First Move Advantage.

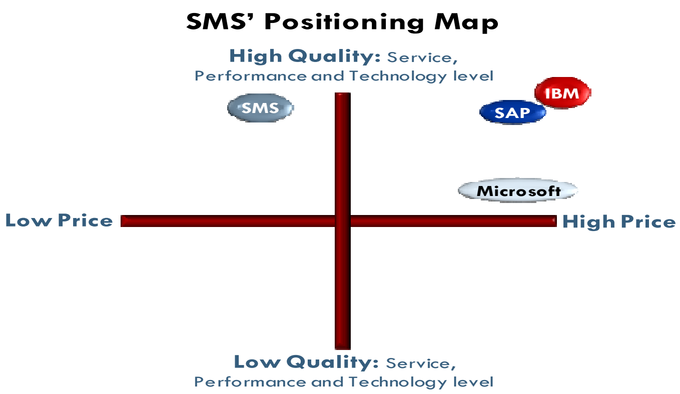
6.2. Market Segmentation

SSBS will compete in a B2B market, thus it applied B2B segmentation based in Profile/Firmographics criteria. Firstly, SSBS used a country of location variable, where it grouped customers by country of activity and where the group of firms operating in Portugal was selected, since it is the country that SSBS best knows. Then, activity sector and firms' dimension variables were used. Relatively to activity sector, the selected target market was Tourism sector, due to the rational already discussed in this study. Then, applying firms' dimension variable 2 final target groups were selected, Portuguese Tourism's SME (less than 250 employees) and Portuguese Tourism's organizations with more than 250 employees.

6.3. Market Dimension

Portugal has 94.639 firms with tourism's related activities[10], being that 90.475 have less than 10 employees, 4.117 have between 10 and 250 and 568 have more than 250[11]. SSBS will produce 2 products, has it was enounced, Product A, directed for tourism's SME and Product B for larger tourism organizations. SSBS' target market could cover these 3 classifications of firms, however, if all firms with less than 10 employees were considered there was a high risk of biasing the study and SSBS' sales forecasts, since within this classification several "Cafés" and small Restaurants are included. Hence, in the absence of more accurate data, the 4.117 firms with less than 250 employees will be considered as Product A's target market and the 568 with more than 250 collaborates as Product B's target.

6.4. P&S Positioning Strategy



Picture 12 - Positioning Map 12

SSBS' positioning strategy, as you can see in the Positioning Map, is to develop quality solutions, betting on innovation and in constant technological upgrades and in personalized services, but with reasonably low prices (comparing with its peers), accordingly with was stated in the Porter Analysis. This positioning may seem complex to achieve, especially for a small firm. However, SSBS focus in a small market thus it can easily concentrate synergies and create economies of scale, leveraging its small dimension. Besides, its solutions are Web-based, thus, they are cost efficient and consequently, it has a positive contribution for SSBS' low price structure.

7. Marketing Strategy

7.1. Marketing Tactics

SSBS will compete in a B2B market therefore credibility is a crucial subject for its marketing strategy. This is even more important since it is just starting its operations, thus it does not enjoy from high brand awareness levels and needs to motivate customers' confidence, reducing their risk. SSBS will also try to establish partnerships to instigate

10 INE 2008. www.ine.pt accessed on February 20
11 INE 2008. www.ine.pt accessed on February 20

its marketing positioning and overcome some of its weaknesses. The referred partnerships will be with Information Agencies that have high brand awareness, like Bloomberg, to boost its brand awareness and to gain reputation and credibility. Those partnerships are crucial to add more value and to differentiate its products, since Information Agencies supply analysed and valuable data. Additionally, it should try to establish partnerships with complementary products' provider, like Primavera to access their clients' data basis and use their channels to place its solutions.

7.2. Marketing Mix

The marketing mix strategy is indispensible to understand what are the main strategies and arguments that SSBS can use to implement its marketing strategy, namely, the main channels used, its promotional strategy, its pricing strategy and to better understand its products' essence.

Place: SSBS' main channel will be Internet, since its solutions are completely web based, so they can be sold and installed through Internet. Nevertheless, corporate D2D demonstrations are a vital channel as well. The rational is that through Internet SSBS is available for any potential customer. However, due to its low reputation's levels, SSBS has to ensure a closer contact with some customers, especially with larger clients that may be more demanding to perform an acquisition. Nonetheless, it is important refer that extra functionalities and upgrades are also available through Internet and that this channel is the less costly and more efficient for SSBS and for its customers. Finally, through a partnership with an ERP provider SSBS can access and use their clients' data basis and their marketing channels and resources.

Promotion: SSBS will explore relationships with institutional agents, (Turismo de Portugal, Town Halls and/or IAPMEI) to promote its solutions, putting small advertising panels on this institutions' website or using emails' databases. Moreover it will advertise its solutions in IT, Business and Scientific Tourism magazines/newspapers' website to create some awareness. SSBS will also participate in conferences from IT and/or tourism's areas in order to boost its awareness level. Corporate D2D demonstrations are another key promotional tool, since SSBS' products are complex and the firm don't have great reputation and credibility thus, it needs to demonstrate solutions' capabilities and value to its clients. Through this, SSBS can amplify clients' confidence. SSBS' website is another fundamental tool, since it is where its solutions will be presented, exposed and at customers' disposable. Moreover, through the website, the firm can interact with its clients. SSBS will also focus its Senior Strategic Advisors' actions that will employ large efforts managing potential clients' networks and that will exercise lobbying over potential clients. Nevertheless, SSBS will also sponsor tourism's events to enhance its awareness and finally, it will also use promotional tactics, like, Try & Buy and Success Fees, to push customers to experiment solutions without great risk and later, through solutions' quality lead them to acquire those solutions.

<u>Price:</u> SSBS has a penetration price strategy, in order to get lower prices than its peers. The rational is that target customers have low purchasing power and limited capacity to invest, thus pricey solutions would not be credibility. Moreover, some multinationals (IBM, SAP or Microsoft) have multi-sector solutions that can influence SSBS' actions, so it is crucial to use a penetration price to promptly build in market share and strengthen its position. In addition, SSBS has low brand awareness. Hence, a low price can leverage SSBS' weaknesses, capturing the market layers with more price elasticity. SSBS' solutions are modular, what enables clients' to balance the product's price with their capabilities and needs.

<u>Product:</u> The core product is revolutionary Web based software to support decision making processes, which is highly accurate and talented to realistically manage data. The actual product is a Web based BI solution, tailored to clients' reality and capable to make precise and multi-dimensional predictions. Relatively to the augmented product, SSBS has Diagnostic Analysis, Guidance Program, Implementation and Customer support services, offered via Internet or in-office, to augment customers' experiences.

8. Sales Strategy

8.1. Sales Specifics

SSBS has 2 products, Product A designed for tourism's SME and Product B, for larger tourism's organization and that encloses the following 3 services:

Picture 13 - Services' diagram 13

These services are Web Based and cost 85€ per hour. Eventually, if the client demands in-house instalments, they are feasible, but, SSBS charges extra 10€ per hour. Relatively to Solutions' licensing, SSBS product A costs 215€ and product B costs 355€, for month.

Concerning, SSBS' channels options, the majority of its operations are web based, since its solutions work and can be installed by Internet. This channel is also crucial, to create competitive advantages, since Web based sales are more cost efficient, demand less resources and minimized bills and delivery costs. Hence, all this will enable SSBS to have aggressive and low prices, in comparison with its peers.

Concerning selling techniques, SSBS has 2 types of sales, Web based, where its website performs a key-role, and through salesmen. Concerning web-based sales, they target all SSBS' solutions and will be based in adverting and in promotional activities, made with the objective of leading potential customers to the website, where they can buy and install products and additional services. The salesmen will be in charge of corporate D2D demos directed to larger tourism's groups, where it is indispensible to establish a personalized contact, in order to make clients comfortable with product. SSBS' sales force will be outsourced, since this function is not core to SSBS and it can contract experts that may perform a better and more efficient job and in the first year will be composed by 3 salesmen. Regarding sales forecasts, in the following board with can see the number of licences and instalments during the first 5 years of activity:

SSBS	Year 1	Year 2	Year 3	Year 4	Year 5
Product A	282.212	402.999	536.996	660.505	748.353
Product B	125.521	153.638	196.849	262.301	364.730
Services' pack	596.471	730.080	935.415	1.246.441	1.733.176

Figure 14 - Sales forecast 14

8.2. Sales Strategy (Appendix 5)

SSBS has one major constrain affecting its sales program, its nonexistence in market and consequently, its low levels of brand awareness, creditability and reputation. Therefore, SSBS will have to implement strategies to overcome these barriers and to achieve its sales' objectives. SSBS focus is to share buyers' risks, to raise their confidence in SSBS. The first sales' tactic is to have modular solutions, capable to allow customers to buy different features/upgrades in different occasions, according to their needs and resources. SSBS will also use Try & Buy techniques to diminish customers' risk. Basically, in the first year, SSBS will allow customers to experiment the solutions for a maximum period of one month. The objective is to show customers the solutions' potential and lead them wanting to buy the solutions. SSBS will also apply Success Fees in the instalment of projects. The success fees are established in Diagnostic Analysis, where projects' success criteria are determined and its payment is determined in the Monitoring/Guidance Program, where the quality department evaluates the project's overall success. This tactic is crucial to leverage the low confidence that customers have in SSBS, sharing projects' risks with them. Finally, SSBS will also try to establish partnerships, with complementary solutions providers, because with this SSBS can profit on partners' clients' networking, what can be vital SSBS, that does not have any client network yet.

9. Process Design

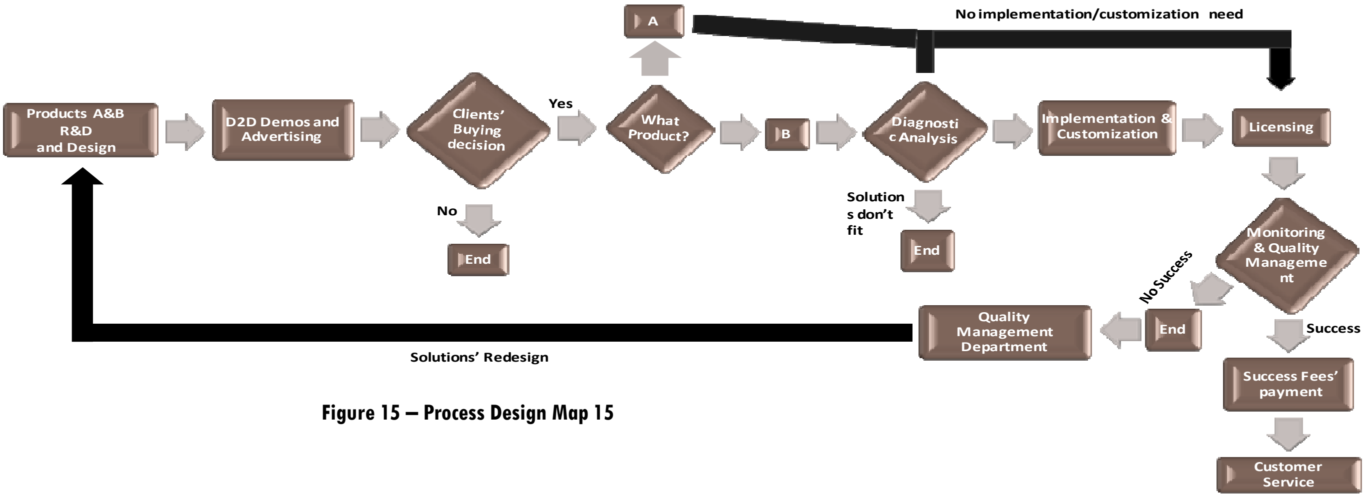


Figure 15 – Process Design Map 15

In this section, SSBS operational design is evaluated in order to help us understand what are the main processes included and how SSBS will work. Firstly we have R&D and products' design, where solutions are developed and designed according to the market's needs. Afterwards solutions start to be promoted through corporate D2D demonstrations and advertising. Then, product A and B's clients decide to buy or not solutions. If the client has a negative decision the process ends. If they decide to buy the product A, the next step the licensing, where solutions are instantly sold and installed through internet. If they chose product B the next process is the Diagnostic Analysis, where customer's needs and reality are evaluate to decide how solutions should be customized. Moreover, the metrics and goals that will determine project's success and the payment of success fees to SSBS are also determined in here. The next process is solutions' customization/implementation, where SSBS customizes solutions to clients' requirements and reality, in order to optimize solutions performance and clients' decision processes and then, solutions are licensed. Afterwards the Monitoring/Guidance and Quality Management programs start to provide clients with advisory and technical guidance and solve to any operational problem. Additionally, SSBS monitors the projects and evaluates projects' success with its Quality Manager and its clients' feedback. If the evaluation is positive, clients pay the success fees and enter in to Customer Service, where they have operational and technical assistance, if the evaluation is negative the Quality department re-directs the problem to R&D and Products' design to improve products/services' quality.

10. Human Resources Management and Organizational Design

10.1. Co-Founders

SSBS' co-founders are Artur Romão and Miguel Silva, 2 informatics engineers with fine qualifications for this project. They have proved competencies to perform the job, being talented in Informatics, especially in Artificial Intelligence.

Additionally, they both work in a firm specialized informatics B2B services, called Saphety, where they have informatics and management positions. Finally, Miguel Silva has a MBA and has an academic carrier in the field of Artificial Intelligence, in Universidade de Évora.

10.2. Organizational Design

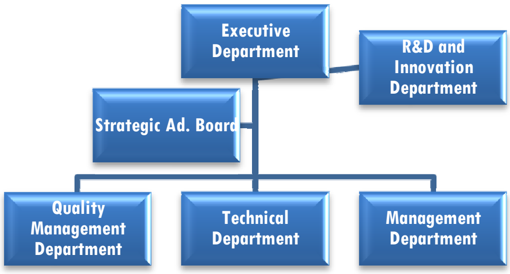


Figure 15 - Organigram 15

SSBS will have a functional structure, in order to divide its core functions by department. SSBS will have 6 departments. This design is a mere formalization, to stress a subtle division of tasks. However, SSBS' conceptual idea is to work with cross-functional teams, a direct consequence of SSBS' small dimension, with only 8 collaborators and 3 strategic advisors in the first year of activity. Therefore, collaborators' flexibility and dynamism are requirements in SSBS and good communication channels are vital to assure collaboration, information flows and full knowledge of SSBS' operations within the firm. Relatively to department's description, the Executive department will work along with the Innovation department, since they will be formed by the 2 founders and inclosing R&D and products' design functions with executive HRM and administrative functions. The Strategic advisory board will be composed by 3 part-time advisors, with experience in the target markets and in strategy and they will be responsible for strategic guidance and for business's network management. The Quality department, will have one manager specialized in operations and quality management and its main function will be to evaluate projects' success and to scrutinize SSBS' quality levels, giving direct feedback to the Innovation department. The Technical department will have 3 informatics technicians, one responsible for the Web-site and the 2 for the Customer Services programs and for project's implementations/customization. Finally, the Management department will have 2 managers, one responsible for SSBS' marketing and commercial/sales activities and one for the Customer Guidance Program and advisory tasks. These managers will also be project managers.

10.3. HRM Policies

Regarding the recruitment process, firstly, SSBS will try to contract people from founders' confidence. Then, it will recruit graduated students from Universidade. Évora, that has good relationships with SSBS. In terms of reward systems, SSBS has financial limitations and cannot bear large fixed salaries. Therefore, SSBS will have variable compensation instruments, based on global and individual performance. In detail, 10% of each solution and service revenue will be distributed by the collaborators/teams involved, accordingly to pre-define KPI, like colleagues and clients feedback number hours allocated to projects and projects' profitability. Moreover, SSBS' employees will receive bonus in the form of stock options accordingly to their annual performance. Regarding control, the firm is small and it will be easy to understand what each collaborator in doing and to measure their overall performance. Concerning training policy, SSBS must have competent and actualized collaborators, thus it will have quarterly training processes. These training processes are also crucial to educate the outsourced salesman and consultants, with SSBS' products, services and policies. Finally, it is expectable that SSBS will need to contract 2 technicians in the second year, one technician and one manager in the third year and one technician and one informatics engineer in the fourth year, in order to adequate SSBS structure to the market demand.

11. Implementation Plan

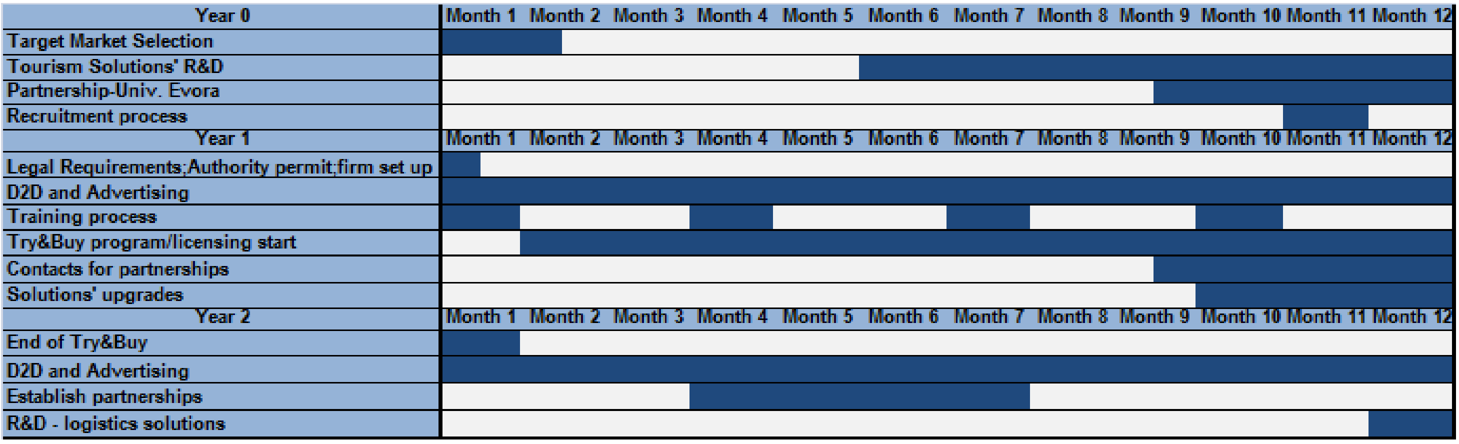


Figure 16 - Implementation Plan 16

This section describes SSBS operations' schedule during 3 periods, year 0, year 1 and year 2. Additionally, it is important to state that year 0 was purposely neglected in the financial analysis since the equivalent costs are trivial and with no direct influence over the project financial analysis.

In detail, year 0 is characterized by the market assessment and selection, by the R&D process and by some trivial activities that are fundamental to put the company operational in year 1. In year 1, SSBS will take care of some procedural matters to set up the firm and it will start its solutions' promotion and its training process. Moreover, in this period SSBS will officially start to sell its solutions. Finally in year 2, the Try & Buy program will end and SSBS will try to establish some fundamental partnerships and to start developing a solution for logistics sector. In essence, the Implementation Plan presents SSBS' main activities, projects and operations and their estimated begin and end data are presented in the following table:

12. Risk Analysis

The objective of this point is to assess the main risks that might be posed against SSBS' success. In detail SSBS has commercial risk, technological/ development risk, operational risk, and financial risk. The technological/ development risk is the highest risk posed towards SSBS, since it is in an embryonic stage. Therefore it is impossible to assure that it will be effectively capable to develop the desire solutions. Nevertheless, SSBS' co-founders are specialists in informatics and Artificial Intelligence, thus SSBS is confident that it will be capable to overcome any problem. However, SSBS should accelerate R&D process to achieve a prototype and fill its patent as soon as possible. Regarding commercial risk, SSBS will centre its revenues on quantities sold. Therefore, if sales forecasts are not met SSBS would end up with capacity to continue on the market. In essence, SSBS is not yet in the market, so it does not have a solid clients' network and its brand awareness and reputation levels are reasonably low. Hence, SSBS' sales' forecasts are not solid and are largely dependent on SSBS' marketing efforts. To leverage this risk, SSBS must have a strong promotional plan, able to captive the maximum number of customers and the establish partnerships enounced in previous sections, to boost its brand awareness and to gain a consistent clients' databases. SSBS can also try to collect a larger initial funding to balance this risk. The implementation of a price per quantity plafond discounts and access to additional level of services (e.g. software guidance programs) are also recommended from a commercial point of view. In the financial risk, SSBS' founders don't have enough capital to secure resources and to put the firm running. Thus, SSBS depends on private equity investors or on bank loans and/or on public subsidies, so it must prove its viability and potential to captivate investors. To start to sell as soon as possible, applying the try & buy model can play a relevant measure to mitigate this risk. The operational risk exists because SSBS has a lot to do before it is completely set up. There isn't anything proving that that SSBS will be to met its schedules and materialize its operations. Above all is important to approach a contingency plan approach and consider a set of assumptions that support a variety of scenarios. The sensitivity analysis presented in the Financial Model plays a good example about this.

13. Financial Analysis

SSBS's financing needs will be mostly directed to cover its intraday operations and to face its liquidity needs during the first year. SSBS will not require a large initial investment to start-up. SSBS' investment in intangible assets will be divided in studies and analysis, R&D software, national patent filling, a CRM software and training. Afterwards, this type of costs will be trivial inside SSBS' cost structure, accounting only for 25.050€. Labour costs are SSBS' largest cost, because human capital is SSBS' key resource. During the first year, labour costs will account to 257.219€. OSS costs will be the second larger contributor for SSBS' costs, with 143.194€. The rational is that the company will avoid to investment in fixed assets and will outsource its non-core activities. Basically, SSBS pretends to have a light and variable cost structure to minimize the initial investment needs and a lighter structure, more flexible and capable to change and to prevent risks. OSS rubric will be divided, water, hardware renting, headquarters renting, insurance, fuel, communications, travelling and lodging, tools and consumables, outsourced R&D, outsourced Salesmen, outsourced consultants, office material, legal, outsourced accountant, hardware to R&D renting, cars renting and commissions/bonus and advertising costs. These 2 last costs will be the higher ones, accounting for 12.520M€ and 19.769€, respectively, during the first year. The logic behind this is that commissions will be use to attract talent and advertising will be a crucial instrument to attract customers, especially to the website.

SSBS' Revenues will be based in its 2 products' licensing, which will account with 203.867M€ and in Diagnostic Analysis, customization and Monitoring/Customer guidance program services payments that will contribute with 596.471€, during the first year. Both revenues sources were estimated having in attention that SSBS will need to build in reputation during the first year, therefore, in this period it will not reach its sales potential. After the second year, SSBS' revenues are expected to soar.

Concerning financing needs, SSBS will start with 5.000M€ to fill a national patent and to cover legal and expenses. SSBS also needs to secure a funding of 200.000M€ to guarantee its daily operations and to maintain liquidity during the first year. This funding may come from Business Angles, like APBA, VC, like Caixa Capital, from public subsidies or from bank loans. Due to the uncertainty involving the funding, in this analysis the funding of 200.000€ was obtained from a bank loan with an interest rate of 11%. To understand SSBS' potential, it important to analyse some profitability ratios. In essence, SSBS has a NPV of 3.572.403€, considering a capital opportunity cost rate of 10,4% and the project's payback is less than one year. Finally, this analysis is a resume of SSBS's complete financial analysis, which can be consulted in Appendix 6. In the board presented above, some financial insights are also presented. Moreover, this analysis is part of a complete sensibility analysis, where 3 scenarios were analysed. The scenario presented in here is the most likely to happen, however, in Appendix 7 a pessimistic and an optimistic analysis are presented. The main difference between the 3 analyses is the assumptions behind sales. Therefore, sales revenues' estimations vary within the 3 analyses, variation that will only affect the SSBS' profitability ratios and the funding amount required to maintain firms' liquidity. Relatively to costs, their variation within these analyses is only marginal.

Income Statement	Year 1	Year 2	Year 3	Year 4	Year 5
Costs	752.193	988.636	1.171.019	1.457.666	1.765.535
Outsourced Supplies and Services	143.194	238.141	273.049	322.051	401.053
Labour costs	257.209	296.805	322.174	400.445	410.457
Other Costs	351.790	453.690	575.796	735.170	954.025
Revenues	1.004.204	1.286.717	1.669.260	2.169.247	2.846.258
Sales of Products and Goods	407.734	556.637	733.845	922.806	1.113.082
Sales of Services	596.471	730.080	935.415	1.246.441	1.733.176
EBIT	264.001	320.828	515.779	723.322	1.086.012
NET PROFIT	252.011	298.081	498.241	711.581	1.080.723
Balance Sheet	Year 1	Year 2	Year 3	Year 4	Year 5
ASSETS	562.743	760.969	1.219.236	1.888.381	2.926.816
TOTAL ASSETS	562.743	760.969	1.219.236	1.888.381	2.926.816
Equity	257.011	555.092	1.053.333	1.764.914	2.845.637
Liabilities	305.732	205.876	165.903	123.467	81.179
TOTAL LIABILITIES + EQUITY	562.743	760.969	1.219.236	1.888.381	2.926.816
Ratios	Year 1	Year 2	Year 3	Year 4	Year 5
Return on sales	25,1%	23,2%	29,8%	32,8%	38,0%
Return on assets	44,8%	39,2%	40,9%	37,7%	36,9%
Financial autonomy	45,7%	72,9%	86,4%	93,5%	97,2%
Break even point (Euros)	523.868	601.378	233.742	658.494	557.312

Investment Plan	Year 1	Year 2	Year 3	Year 4	Year 5
Intangible Assets	25.050	17.978	18.248	18.521	18.892
TOTAL INVESTMENT	25.050	17.978	18.248	18.521	18.892
Depreciation	Year 1	Year 2	Year 3	Year 4	Year 5
Intangible Assets	5.651	2.788	2.812	1.612	1.644
TOTAL DEPRECIATION	5.651	2.788	2.812	1.612	1.644
Financing Plan	Year 1	Year 2	Year 3	Year 4	Year 5
Own Capital	5.000	0	0	0	0
Medium/Long term Payables	200.000	0	0	0	0
TOTAL FINANCING	205.000	0	0	0	0
Treasury budget	Year 1	Year 2	Year 3	Year 4	Year 5
Total income	991.902	1.729.468	1.942.659	2.523.958	3.307.441
Total disbursements	546.436	945.737	1.021.527	1.250.737	1.475.693
Cashflow	445.465	783.731	921.132	1.273.221	1.831.749
Cash at beginning of period	0	445.465	1.229.196	2.150.328	3.423.549
CASH AT END OF PERIOD	445.465	1.229.196	2.150.328	3.423.549	5.255.298
Project Profitability Analysis					
Capital opportunity cost (rate)	10%				
Net present value	3.757.679				
Payback Period	Nº Years:	Less than 1	Nº Months:	------	

Figure 17 - Navigation Table 17

14. Recommendations

With this BP and with the analysis performed over SSBS' business environment, market specifics, competitive environment, marketing and sales strategy and over its operations and financial aspects, there are several features that should be emphasized in order to guarantee firm's success, sustainability and implementation. Firstly, as it was explained, the firm needs to raise its reputation and brand awareness, in order to captivate customers and build market share. Hence, SSBS must bet on solutions' promotion, through advertising, D2D demonstrations and participation and specific conferences and events, and must establish partnerships with Information Agencies or with complementary IT solutions providers, in order to anchor SSBS' reputation to these firms' brands and to squeeze their clients' basis. To ensure these partnerships, SSBS should create a Strategic Advisory Board with relations in IT industry. Furthermore, SSBS must secure its competitive position and protect against substitute firms and new entrants in its market. To achieve this, SSBS should not only bet on products' quality but also differentiate them, through a partnership with the referred agents that can add unique characteristics and features to SSBS. Moreover, SSBS' target market has low purchasing power, so it is not granted that they will invest in SSBS' products, due to the risk surrounding them and to SSBS unawareness. This can be leverage with the use of Try & Buy success fees models capable of reducing buyers' risk. Finally, SMS should solutions in foreign languages, to prevent a possible failure in national market with a contingency internationalization plan. SSBS must also deal with doubts regarding the development of its products, since its R&D is just in an embryonic phase and there is no guarantee that it will be able to develop and patent products. In my view SSBS should dedicate to develop a prototype as soon as possible and then contract a legal advisor to deal with the patent issue. Finally, I advise SSBS to outsource its non-core functions and to rent its tangible assets to be more flexible and less expose to financial risks. In my honest opinion with this BP and with the proficiency inside SSBS' project, the firm has the necessary instruments to achieve great success.

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16. Appendices

The following Appendices are not fundamental for this Business Plan comprehension. However, in a project little page limit, it is impossible to refer and to have in attention some important and complementary information.

Therefore, the following Appendices have the objective of complementing the information present in this Business Plan, clarify some possible issues and present some of the insights behind its structure.

Appendix 1- PESTEL ANALYSIS

Political

Political Stability - There is no major concern posed to SMS under this theme. Portuguese Republic has been governed by a Socialist Government during the last years without great evidence of instability. However, during last year, with the crisis and with the loss of absolute majority in National Parliament the Socialists had experienced some difficulties, especially in the approval of Public Budget and rumours concerning a Political crisis emerged within public opinion. Hence, uncertainty concerning the possible fall down of the Government soared. Therefore we may consider that there're some instability factors arising in the economy and within its agents, namely, SME and start ups, what may result in an increase of uncertainty regarding decision making processes.

Safety Policy - Portugal only has some public protests from public employees, industrial workers and university students that are rarely violent. Consequently there's no clear obstacle posed to FDI.

Trade Policy - As an EU member Portugal share its trade policy with the remaining members. In addition, there is free movement of people, capital and enterprises, according Schengen treaty. This is a positive influence for SMS, since it enables European investment and moreover it may facilitate internationalization across Europe.

Social Policy - With the last labour code revision some policies to ease labour market regulations that deter workers' mobility have been imposed. However Portuguese labour market is highly rigid and these policies don't solve the root of the problems. This highly rigid labour code has a negative impact for SMS, since it may postpone or even rub out some external investment.

Economic - With the Economic Crisis, Portuguese Government implemented a Budget Consolidation plan. Portuguese finances entered in a troubled situation, presenting some quite negative numbers: State income felt from 40.819 Million Euros in 2008 to 34.687,5 Million Euros in 2009[1]; public expenses arose from 45.998,8 Million Euros to 48.768,8 Million[1]; unemployment rate rose to 9,5% in 2009 and for 2010 it is predicted to reach 9,8%[2]; public deficit reach 9,3% of GDP in 2009 and it is predicted to decrease to 8,3% in 2010[3], Portuguese debt soared to 76,6% of GDP in 2009 and it's expected to soar to 85,4%[4] in 2010 and GDP decreased 2,6% in 2009 and possibly will grow 0,7% in 2010[5]. These values reveal an initial and quite fragile turnover from the crisis, but at the same time anticipate a harsh future. Therefore, the Government is implementing a consolidation program to rebalance Portuguese economy, to enable

1 Direcção-Geral do Orçamento. www.min-financas.pt
2 MFAP January 2010. www.min-financas.pt
3 MFAP January 2010. www.min-financas.pt
4 MFAP January 2010. www.min-financas.pt
5 MFAP January 2010. www.min-financas.pt

Portugal to meet its obligations, special towards EU and talented to beat international negative expectations. Consequently, there's still a complex environment to overcome, with difficulties in credit assess, for SME and for private agents and with large uncertainty in the financial markets and moreover World's eyes are completely turned to Portugal, to observe if it's capable of implementing effective consolidation practices and of overcoming the economical adversities. Moreover, accordingly to recent analysis, like one from IAPMEI, from 2007 focused in SMB sector, it can be inferred that a solution like the one proposed by SMS may represent a unique tool for business process decision, with economic viability for SME.

<u>Socio-Cultural</u>

<u>Values</u> - People are essentially characterized by being easy going, friendly, cosy and hospitable. Although not representing a direct influence for SMS, indirectly, Portuguese values show that its population knows how to receive people what may positively affect non-inhabitants arrival.

<u>Education</u> - The education system is known by its incapacity to halt an early dropout from school. In Portuguese SME, only around 12%[6] of creators have a degree, which is an obstacle for the use of decision support tools. Hence, the lack of education justifies the inexistence of strategic thinking and is serious barrier for SMS, since there's lack of know-how to enable solutions' utilization.

<u>Mobility</u> - Being an EU member, Portugal had enjoyed a boost in citizens' mobility in last years, especially due to European programs like Erasmus. Additionally, inside European Union's space, there is freedom of mobility/circulation of people, capital and firms what is a positive factor affecting SMS, facilitating its internationalization process and the establishment of international partnerships. Additionally, free circulation of people clearly influences the flow of EU tourists entering in Portugal.

<u>Technological</u> - Portugal has 46,6% of Internet Penetration rate, 54,1% of Portuguese citizens use PCs and 41,5% use broadband connections[7], values reasonably high. Moreover, new technologies have been explored to foster firms' competitiveness. Additionally, in 2006 INE published a study about the use of IT in Business, where was stated that more than 6 in every 10 firms has internet and in those with at least 10 employees, 95% have PC, 84% have email, 83% Internet and 35% website (Appendix 2). Summarizing, the conclusions are clearly positive, since it most of Portuguese firms have already some minimum conditions for SMS' solutions.

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6 Associação Nacional de PMEs, December 2007. www.pmeportugal.pt
7 Marktest 2007. www.marktest.pt

Environment – In the south Portugal has average temperatures of 18ºC while in the north has 13ºC, what makes it a natural destination for European tourists, which reached 11,3Million[8], in 2007. Hence, the impact for SMS is positive, since there natural conditions for the development of tourism sector.

Legal - The most relevant facts are the "Simplex 2007" and "Empresa na Hora" that aims to facilitate and foster new business creation, simplifying business investment processes and reducing bureaucracy and the Tax policy, which is characterized by its high levels (income tax rate with 45% max. and corporate tax rate with 27,5%).

APPENDIX 2 – INE's study concerning IT usage in Portuguese Business

Tecnologias da Informação e da Comunicação nas empresas com dez e mais pessoas ao serviço, por actividade económica

2006 Unidade: %

Actividade económica	Utilização de computador	Utilização de e-mail	Acesso à Internet	Posse de *website*
Total	**94,6**	**83,6**	**83,1**	**35,5**
D - Indústrias Transformadoras	100,0	85,2	80,8	33,0
F - Construção	76,0	68,7	68,9	17,0
G - Comércio por Grosso e a Retalho; Reparação de Veículos Automóveis, Motociclos e de Bens de Uso Pessoal e Doméstico	100,0	85,1	88,4	38,1
H - Alojamento e Restauração*	98,1	98,1	98,1	84,1
I - Transportes, Armazenagem e Comunicações	100,0	99,8	100,0	§
J - Actividades Financeiras	99,7	99,7	99,7	82,9
K - Actividades Imobiliárias, Alugueres e Serviços Prestados às Empresas	94,9	93,0	94,5	53,6
O - Outras Actividades de Serviços Colectivos, Sociais e Pessoais**	100,0	100,0	93,8	§

* grupos 55.1+55.2
** grupos 92.1+92.2

Empresas com acesso à Internet através de banda larga, por actividade económica

2006 Unidade: %

Actividade económica	
Total	**66,2**
D - Indústrias Transformadoras	67,1
F - Construção	48,7
G - Comércio por Grosso e a Retalho; Reparação de Veículos Automóveis, Motociclos e de Bens de Uso Pessoal e Doméstico	64,9
H - Alojamento e Restauração*	81,4
I - Transportes, Armazenagem e Comunicações	88,6
J - Actividades Financeiras	66,3
K - Actividades Imobiliárias, Alugueres e Serviços Prestados às Empresas	88,4
O - Outras Actividades de Serviços Colectivos, Sociais e Pessoais**	87,5

* grupos 55.1+55.2
** grupos 92.1+92.2

8 INE 2007. www.ine.pt

APPENDIX 3 – Complementary Market Assessment

SME's segment analysis

SMS' products are developed especially to SME and having in attention their context, reality and specificities, therefore it arises almost as mandatory to perform an analysis to Portuguese SME.

In EU 99,9%[9] of firms are SME, what explains these enterprises' weight EU. In Portugal, the scheme is similar, with around 296.928 SME, employing 2.084.535 persons, generating a business volume of 107.300.000€ and contributing for 99,6% of Business Structure, for 75,2% of employment and for 56,4% of Business Volume[10]. In average, a Portuguese firm only has 9,3 workers and 1.012.600€ but considering just SME, the values drop to 7 employees and to 573.600€[11]. Analysing these numbers, SME' magnitude in Portugal is obvious. However, individually, each SME has a negligible economic impact. Moreover, usually, a Portuguese SME has large difficulties to operate and invest, since they commonly have limited human and financial resources. With the crisis, Portuguese economy has been passing by serious complications and despite predictions for a slight growth in 2010 there is still a large reliance on governmental stimulus[12]. Hence, uncertainty and risk aversion are massive and consequently, banks are putting serious constraints to SME' credit access. Under this environment, most SME have great difficulties. Moreover, private consumption levels are continuously decreasing, leading to a reduction in SME' revenues. Summing up, most SME have large liquidity issues and can't access the financial support needed, so if the context is negative for large organizations, for SME the issues are higher, due to their low capacity to influence and act.

For SMS this scenario is optimistic, because in a healthy environment large BI firms, like SAP, don't have interest in SME, so today it is even lower. However, an accurate predictive model to support decision processes, with competitive price, cost efficient, easy to use and fully Web based, can be crucial for SME' sustainability. Additionally SMS is compatible with other solutions, only require a PC and suit in a large array of firms. Moreover, SMS' solutions are modular, enabling clients to buy different features in different occasions, what can be vital to reduce buyers' risk. Finally, SMS have 2 major POD that soar its attractiveness in this environment. Unlike other solutions, it encloses a multi-dimensional data pool (macroeconomic, market, clients, competitors, and historic data) in its predictions what enables accuracy and consequently, superior framed decision processes.

9 SME's European Portal, http://ec.europa.eu/news/business/090506_pt.htm
10 INE 2005. www.ine.pt
11 INE 2005. www.ine.pt
12 Portuguese Budget 2010. www.min-financas.pt

Market Assessment – Complete version with Banking, Logistics and Tourism analysis

Around 60% of Portuguese SME belongs to service's area (retail, distribution, transportation and commerce), while 17% are from industrial sector, 10% are from tourism and 10% are from construction activities13. Therefore, SME from retail, transport and/or commerce activities arise as a potential markets, due to its economic weight. Moreover, SMS' solutions fit any of these firms' needs. However, there are 2 factors that diminish its attractiveness. Firstly, this sector is already explored by several BI players, especially by the larger ones, like SAP, and competition is fierce. Therefore, economies of scale and scope and learning curves are already explored and SMS' barriers to entry are large as well as the effort need to gain market share. Moreover, the sector is still suffering with the crisis, so most firms would be resistant to invest in new solutions with no proof made, especially due with the exiting uncertainty. For instance, in 2009 last trimester, Wholesales' Sales Volume Index dropped 10,7% comparing with the same period of 2008 and Transportation's contribution for GVA and for employment dropped 6,9% and 3%14, respectively.

Relatively to the industrial sector, although with a large importance, is formed by firms that face structural issues and that don't have competitive edge over international players and may face harsh difficulties in the future. For instance, in textile market, Chinese products, have low quality, but are impressively cheap and hazard Portuguese products.

Regarding small commercial/investment banks, this segment have some potential for SMS since Portuguese Banking sector is considered as very unhealthy (only one Portuguese Bank is ranked in the 50 more secured banks15). With the financial crisis, this sector realized the urge to improve their efficiency, to overcome the economical adversities and to respect European Standards, such as the Tier 1,2 and Basileia II. In addition, a study made before the crisis, between 2004 and 2006, by Arthur D. Little's consultants considered the sector as the 14th less efficient in EU. Consequently, there might exist a great opportunity for SMS, since banks may look at its solutions as vital for granting competitively and efficiency. However, banks already have access to similar tools, already implemented and provided by recognized BI firms, so SMS would need to start marketing its solutions with free trials, without initial licensing and implementation costs, in order to share buyers' risk and gain confidence. Additionally, mechanisms to promote and foster SME' capital access have been created and the main road for this is by re-opening banks' doors. However, banks are in fragile conditions and it might be crucial for them to forecast how the players to whom they borrow money behave, task where SMS' solutions can be crucial, diminishing banks' risks and maximizing their opportunities,

13 INE 2006. www.ine.pt
14 INE 2010. www.ine.pt
15 Global Finance March 2009. www.gfmag.com

through realistic and dynamic predictions. However, the investment needed is huge, so SMS will postponed its entry in the sector until it achieves the dimension to operate in this market.

Relatively to tourism, it has a considerable weight among national SME and it is a National/Global Strategic bet due to its growth potential. Portuguese tourism has also great reputation along the world and as a consequence, in 2003 Portugal was the 16th World Destination with 1,7% of market share[16] and in 2004 Lisbon was ranked as the 8th more demanded city for congresses[17]. Moreover, in the last years, Government's investment in it soared, as well as the allocation of resources to foment external and domestic tourists. Additionally, Portugal has great conditions for tourism (Appendix 3), like: Attractive weather; West/south side is mainly coastal and has quality beaches; gastronomy and wine with great reputation; It has several attractive Rural places (Gêres or Zezêre); the investment in Golf fields targeting international visitors (Algarve); Historical villages, with famous monuments and with dynamic conditions to attract visitors, like Sintra; and competitive prices.

The thesis of Tourism as a Strategic asset was even more reinforced by the PENT (Tourism National Strategic Plan) and by the increasing investments plans to boost Portuguese tourism's reputation, and products. By now, Portugal has 10 major products, namely, Cultural/Landscaped Touring, City Breaks, Nature Tourism, Nautical, Wealth/welfare, Gastronomy & Wines, Golf, Integrated resorts/Residential Tourism, Business Tourism and Sun & Sea. Concerning the investment in Tourism, in the last 10th of January, the Strategic Council for Tourism Promotion (Appendix 3[18]) established as targets: boost domestic market's demand and the demand from Spanish, French, German, United Kingdom, Russian, Brazilian and Polish; and consolidate Tourism teams abroad, to support tourism firms' commercial activity, to boost international conferences' capitalization, to create new international routes and to foment on-line promotion. In this Council, an investment budget of 50.000.000€ to Tourism promotion, was presented, with additional funds to be distributed over 6 regions (Madeira - 4.708.850€, Azores - 708.750€, Central Region - 655.000€, Lisbon - 5,878,250€, Alentejo - 690.000€ and Algarve - 6.000.000€). Concerning tourism contribution for National economy, in 2005 it contribute for 4,6% of Portuguese GVA, in 2006 for 4,9% and in 2007 for 5,1%[19], registering a variation of 9,7% from 2006 to 2007. In 2005 it contributed for 9,4% of the GDP, in 2006 for 9,8% and in 2007 for 10,5%,

16 WTO. www.wto.org
17 International Convention and Congress Association 2004. www.iccworld.com
18 Turismo Portugal 2010. www.turismodeportugal.pt/Português/turismodeportugal/destaque/Documents/CEPT%20Janeiro%2010.pdf
19 INE 2005, 2006 and 2007. www.ine.pt

recording a variation of 11,4% from 2006 to 2007[20] and in 2005 it contributed for 7,8% of employment, with 432.560 jobs[21]. Relatively to its international ranking, Portuguese tourism is well ranked. In 2007 it was ranked as 20th, with 1,4% of market share in terms of non residents arrivals, 23rd in terms of international tourists' revenues and only 37th regarding tourism's expenses[22] and consequently, Portugal receives relatively more than what it spends. Finally, there are 3 more vital vectors for tourism's analysis, the main mechanism and structures to support investment, its strategic objectives and the main trends. Relatively to the main mechanism and structures to support the investment in Tourism, the most notorious are the PIT (Intervention Plan for Tourism) with a 100.000.000€ budget directed to infrastructural investments, the QREN (Board of Strategic National Reference), several protocols between Turismo de Portugal and financial institutions to grant credit for SME, with a 60.000.000€ budget and PME investment's support directed to tourism's SME. Concerning tourism's objectives, in PENT, the main ones were, develop the emissary markets, consolidate strategic offers, diversify/qualify products by region, develop strategic centres (Serra da Estrela or Azores), improve Aerial connections, invest more in promotion and distribution, develop Tourism's schedule and invest in services' and human resources' qualification. The main trends in the sector are its growth, the aging of standard tourist, the boost of short duration travels, the demand for new travelling experiences ("do it yourself" tourism). Hence, the Tourism sector is having a soaring contribution for Portuguese economy, it is viewed as a strategic asset and it has been targeted by large investments. Therefore its importance is confirmed and it arises as a potential opportunity to SMS, especially because its solutions have a perfect fit to tourism's needs and demands and can contribute to successfully improve tourism's management decisions and to deal with its uncertainty and seasonality. Finally, there are 2 more factors that increase this market's attractiveness. Firstly, most of Portuguese Tourism Faculties already bet in future tourism's managers' know-how in BI tools, what increase the sector's prospects of attractiveness. Secondly, Tourism SME market had been practically neglected by BI players, therefore SMS will have First Move Advantage and competitive advantage. Consequently, Tourism is SMS' target market, due to its growth potential and to First Move Advantage.

20 INE 2005, 2006 and 2007. www.ine.pt
21 INE 2005. www.ine.pt
22 World Tourism Barometer, volume 6, nº2 and nº3 from June and October 2008. www.world-tourism.org

APPENDIX 4 – Competitors Analysis

In Portugal there is no BI solution dedicated and customized to tourism SME. Moreover, Web-based and multi-dimensional BI solutions, with no implementation needs and capable of performing dynamic and multi-dimensional forecasts don't exist at all. Hence, SMS doesn't have any direct competitor. In this analysis, 3 types of competitors are considered: substitute solutions, like SAP or IBM, which have multi-sector BI solutions that may be imperfectly adapted to Tourism but which are not affordable for most of SME and consequently don't have direct influence over SMS operations; complementary ERP or similar systems that can complement SMS' solutions, or be complement by SMS; and Indirect competitors, like implementation firms that represent a potential threat since they are specialized in customizing general BI solutions to some segments/clients. However, they have a different competitive nature and very expensive services.

pIn detail, substitute solutions are IBM, a multinational firm, with large reputation in IT and Bi market that has as main BI' flag Cognos. Inside this generic product, IBM has Cognos 8 that have specially features that suit almost any Tourism related function and moreover, Cognos also has a special version, Cognos Express, especially directed to SME. This product is highly complex and requires large implementation costs and moreover, is not affordable to most of Portuguese SME; Microsoft, the World software leader that has large resources invested in R&D and that has BI systems like Microsoft Dynamics and Microsoft Dynamics NAV 5.0., which are based in SQL Microsoft system. Although too generic, these products are easily adapted and implemented in different companies, with different realities and from different segments. Normally, those implementations are not performed directly by Microsoft. Microsoft solutions are too expensive and have costly implementation's requirements; SAP, which is specialized in the development of solutions to ease and support management activities. Over time, SAP gained a strong reputation due to their competence and practical results. By now, SAP has a complete range of BI solutions, like the Business Objects Edge Solutions, dedicated to SME, the Crystal Reports, a complete and efficient BI tool and XCELSIUS, a BI solution with great graphical power. Although SAP's BI solutions are made for several economical activities, there is no solution for tourism, however there are several firms specialized in SAP's implementations thus, indirectly, it might influence SMS actions. SAP's products are very expensive. QlickTech, a firm specialized in BI services and may influence SMS' actions, because, although without great reputation, it collaborates with Turismo de Portugal. Regarding complementary firms, the main one is Primavera BSS, which is specialized in development and implementation of ERP and BI solutions for

PME. Since this company targets PME, it has competitive prices and a considerably good reputation in the market. However, Primavera BI solutions are have low quality and are not made for tourism's sector. Moreover, Primavera is not exactly a competitor, but more a complementary product, since its solutions can be ran in SMS' ones and can be complemented by SMS as well. Regarding Indirect Competitors the main ones are: Link, which is specialized in BI solutions' implementation and that may influence SMS since it deals with Microsoft NAV' implementation for Hotels; Indra, that is not a BI expert, but bought a Software specialized in Hotels' management, called TMS; NovaBase, a IT firm that implements BI solutions not in tourism; and Logica, which have Management solutions with applications in travel business.

APPENDIX 5 – Sales' Information

Sales of goods and services	Year 1										Year 2	Year 3	Year 4	Year 5
	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total				
Sales														
Products														
Quantities														
Product A	41	53	69	90	117	152	198	257	334	1.313	1.838	2.389	2.867	3.153
Product B	17	20	24	29	35	42	51	61	73	354	424	530	689	931
Unit Sales Price														
Product A	215,0	215,0	215,0	215,0	215,0	215,0	215,0	215,0	215,0		219,3	224,8	230,4	237,3
Product B	355,0	355,0	355,0	355,0	355,0	355,0	355,0	355,0	355,0		362,1	371,2	380,4	391,8
Product Sales														
Product A	8.815	11.460	14.897	19.367	25.177	32.729	42.548	55.313	71.907	141.106	402.999	536.996	660.505	748.353
Product B	6.035	7.242	8.690	10.428	12.514	15.017	18.020	21.624	25.949	62.761	153.638	196.849	262.301	364.730
Sub-total	14.850	18.702	23.588	29.795	37.691	47.746	60.569	76.937	97.856	203.867	556.637	733.845	922.806	1.113.082
Sub-total	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Sales of Goods and Products	14.850	18.702	23.588	29.795	37.691	47.746	60.569	76.937	97.856	203.867	556.637	733.845	922.806	1.113.082
Sales of Services														
Quantities														
Service A	17	3	4	5	6	7	8	10	12	73	88	110	143	192
Service B	17	3	4	5	6	7	8	10	12	73	88	110	143	192
Service C	17	3	4	5	6	7	8	10	12	73	88	110	143	192
Unit Sales Price														
Service A	2040,0	2040,0	2040,0	2040,0	2040,0	2040,0	2040,0	2040,0	2040,0		2.080,8	2.132,8	2.186,1	2.251,7
Service B	3400,0	3400,0	3400,0	3400,0	3400,0	3400,0	3400,0	3400,0	3400,0		3.468,0	3.554,7	3.643,6	3.752,9
Service C	2720,0	2720,0	2720,0	2720,0	2720,0	2720,0	2720,0	2720,0	2720,0		2.774,4	2.843,8	2.914,9	3.002,3
Service Sales														
Service A	34.680	6.936	8.323	9.988	11.985	14.382	17.259	20.711	24.853	74.559	182.520	233.854	311.610	433.294
Service B	57.800	11.560	13.872	16.646	19.976	23.971	28.765	34.518	41.422	124.265	304.200	389.756	519.350	722.156
Service C	46.240	9.248	11.098	13.317	15.981	19.177	23.012	27.614	33.137	99.412	243.360	311.805	415.480	577.725
Total Service Sales	138.720	27.744	33.293	39.951	47.942	57.530	69.036	82.843	99.412	596.471	730.080	935.415	1.246.441	1.733.176
Total	153.570	46.446	56.881	69.746	85.632	105.276	129.605	159.780	197.268	800.337	1.286.717	1.669.260	2.169.247	2.846.258

APPENDIX 6 – Financials – EXCEL

Assumptions:

Assumptions	Year 1	Year 2	Year 3	Year 4	Year 5
Products					
Product A	-----	40,0%	30,0%	20,0%	10,0%
Product B	-----	20,0%	25,0%	30,0%	35,0%
Service A	-----	20,0%	25,0%	30,0%	35,0%
Service B	-----	20,0%	25,0%	30,0%	35,0%
Service C	-----	20,0%	25,0%	30,0%	35,0%
Growth Rate of Sales Prices					
Products					
Product A	-----	2,0%	2,5%	2,5%	3,0%
Product B	-----	2,0%	2,5%	2,5%	3,0%
Services					
Service A	-----	2,0%	2,5%	2,5%	3,0%
Service B	-----	2,0%	2,5%	2,5%	3,0%
Service C	-----	2,0%	2,5%	2,5%	3,0%
Growth Rate of Outsourced Services (except last 3 ones)	-----	1,0%	1,5%	1,5%	2,0%
Salaries Growth Rate	-----	-----	-----	-----	-----
Management	-----	1,5%	2,0%	2,0%	2,5%
Technical	-----	1,5%	2,0%	2,0%	2,5%
Informatic Eng.	-----	1,5%	2,0%	2,0%	2,5%
Strategic Ad.	-----	1,5%	2,0%	2,0%	2,5%
Board of Directors	-----	1,5%	2,0%	2,0%	2,5%
Social Welfare Rate	25,75%	25,75%	25,75%	25,75%	25,75%
Average Payment Time in days (0-360) for inventories	60	60	60	60	60
Average Payment Time in days (0-360) for outsourced services	60	60	60	60	60
Average Collection Time in days (0-360)	30	30	30	30	30
Average Inventory Rotation in days	0	0	0	0	0
VAT on Purchase of Inventories	21,0%	21,0%	21,0%	21,0%	21,0%
VAT on Purchase of Outsourced Services	21,0%	21,0%	21,0%	21,0%	21,0%
VAT on Sales of Products, Goods and Services	21,0%	21,0%	21,0%	21,0%	21,0%
Income tax rate	27,5%	27,5%	27,5%	27,5%	27,5%
Provision For Bad Debts (% of sales)	2,0%	1,0%	1,0%	1,0%	1,0%

OSS Section:

Outsourced Supplies and Services	Year 1													Year 2	Year 3	Year 4	Year 5
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total				
Energy	90	90	90	90	90	90	90	90	90	90	90	90	1.080	1.091	1.102	1.113	1.124
Water	15	15	15	15	15	15	15	15	15	15	15	15	180	182	184	185	187
Hardware Renting (PCs)	240	240	240	240	240	240	240	240	240	240	240	240	2.880	2.909	2.938	2.967	2.997
Headquarters	800	800	800	800	800	800	800	800	800	800	800	800	9.600	9.696	9.793	9.891	9.990
Insurance (Acidentes Trab. Imp. Bonança)	935,94	0	0	930,59	0	0	930,59	0	0	930,59	0	0	3.728	3.765	3.803	3.841	3.879
Fuel	300	300	300	300	300	300	300	300	300	300	300	300	3.600	3.636	3.672	3.709	3.746
Communications	300	300	300	300	300	300	300	300	300	300	300	300	3.600	3.636	3.672	3.709	3.746
Travelling, board and lodging	200	200	200	200	200	200	200	200	200	200	200	200	2.400	2.424	2.448	2.473	2.497
Tools and Consumables	50	50	50	50	50	50	50	50	50	50	50	50	600	606	612	618	624
R&D (Univ. Evora)	300	300	300	300	300	300	300	300	300	300	300	300	3.600	3.636	3.672	3.709	3.746
Office material	30	30	30	30	30	30	30	30	30	30	30	30	360	364	367	371	375
Legal expenses	320	320	320	320	320	320	320	320	320	320	320	320	3.840	3.878	3.917	3.956	3.996
2Opel Corsa Renting (BCP-60m Fixed rate 6,7%)	611,72	508,6	508,6	508,6	508,6	508,6	508,6	508,6	508,6	508,6	508,6	508,6	6.206	6.103	6.103	6.103	6.119
Outsourced Sales people	720	720	720	720	720	720	720	720	720	720	720	720	8.640	8.726	8.814	8.902	8.991
Hosting(Hardware+Network)	500	500	500	500	500	500	500	500	500	500	500	500	6.000	6.060	6.121	6.182	6.244
Chartered Accountant Costs	150	150	150	150	150	150	150	150	150	150	150	150	1.800	1.818	1.836	1.855	1.873
Outsourced Personal - Consultants	0	0	0	13200	2640	2640	2640	5280	5280	5280	7920	7920	52800	63360	79200	100320	137280
Comissions paid - bonus over revenues	0	0	0	2342	686,6	800,75	934,2545	1090,463075	1273,317016	1487,455945	1738,343988	2166,484169	12.520	96.293	114.638	141.788	183.077
Advertising costs	1730	980	980	1730	5980	980	1730	980	980	1730	980	980	19.760	19.958	20.157	20.359	20.562
Total	**7292,66**	**5503,6**	**5503,6**	**22726,2**	**13830,2**	**8944,35**	**10758,445**	**11874,06308**	**12056,91702**	**13951,64594**	**15161,94399**	**15590,08417**	**143.194**	**238.141**	**273.049**	**322.051**	**401.053**

OSS auxiliary calculations

Consultants price p/hour=15 euros	h/ service	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1	Year 2	Year 3	Year 4	Year 5
service A	24	0	0	0	408	82	98	118	141	169	203	244	292	1754	2105	2631	3421	4618
service B	32	0	0	0	544	109	131	157	188	226	271	325	390	2339	2807	3509	4561	6158
service C	40	0	0	0	680	136	163	196	235	282	338	406	487	2924	3509	4386	5702	7697
Total (considiring only 50% of in-house instalmen		0	0	0	816	163	196	235	282	338	406	487	585	3509	4210	5263	6842	9237
Time p/day		0	0	0	37	7	9	11	13	15	18	22	27	159	191	239	311	420
Consultants needed f/day		0	0	0	5	1	1	1	2	2	2	3	3	20	24	30	39	52
Outsourcing Values p/month	0	0	0		13200	2640	2640	2640	5280	5280	5280	7920	7920	52800	63360	79200	100320	137280

Advertising Costs	Price p/month
Internet	
Correio Manha Half Page	100
Jornal Negocios Layer	180
PC Guia Layer	140
Sábado Layer	140
Mail list impresa direct	120
expresso layer	150
exame layer	150
Total	980

Participation in fairs, events and conferences	
Budget for each 3 months	750
Sponsorship of tourism related events(before summer)	
Budget	5000

Lawyer	Costs
Hours per month	4
Price p/ Hour	80
Monthly price	320

Renting Opel Corsa 1.3 diesel	
Period	60
Price	12500
First Month(rent+first payment)	305,86
Montlhy Rent (fixed rate6,7%)	254,3
Last month	269,8

Labour Costs:

Labour costs	Month 1			Month 2			Month 3			Month 4			Month 5			Month 6		
	MGS	SWC	Total	MGS	SWC	Total	MGS	SWC	Total	MGS	SWC	Total	MGS	SWC	Total	MGS	SWC	Total
Management	2.300	592	2.892	2.300	592	2.892	2.300	592	2.892	2.300	592	2.892	2.300	592	2.892	4.600	1.185	5.785
Technical	3.000	773	3.773	3.000	773	3.773	3.000	773	3.773	3.000	773	3.773	3.000	773	3.773	6.000	1.545	7.545
Informatic Eng.	6.000	1.545	7.545	6.000	1.545	7.545	6.000	1.545	7.545	6.000	1.545	7.545	6.000	1.545	7.545	12.000	3.090	15.090
Strategic Ad.	1.760	453	2.213	1.760	453	2.213	1.760	453	2.213	1.760	453	2.213	1.760	453	2.213	3.520	906	4.426
Quality Manager	1.550	399	1.949	1.550	399	1.949	1.550	399	1.949	1.550	399	1.949	1.550	399	1.949	3.100	798	3.898
Total	14.610	3.762	18.372	14.610	3.762	18.372	14.610	3.762	18.372	14.610	3.762	18.372	14.610	3.762	18.372	29.220	7.524	36.744
Labour costs	Month 7			Month 8			Month 9			Month 10			Month 11			Month 12		
	MGS	SWC	Total	MGS	SWC	Total	MGS	SWC	Total	MGS	SWC	Total	MGS	SWC	Total	MGS	SWC	Total
Management	2.300	592	2.892	2.300	592	2.892	2.300	592	2.892	2.300	592	2.892	4.600	1.185	5.785	2.300	592	2.892
Technical	3.000	773	3.773	3.000	773	3.773	3.000	773	3.773	3.000	773	3.773	6.000	1.545	7.545	3.000	773	3.773
Informatic Eng.	6.000	1.545	7.545	6.000	1.545	7.545	6.000	1.545	7.545	6.000	1.545	7.545	12.000	3.090	15.090	6.000	1.545	7.545
Strategic Ad.	1.760	453	2.213	1.760	453	2.213	1.760	453	2.213	1.760	453	2.213	3.520	906	4.426	1.760	453	2.213
Quality Manager	1.550	399	1.949	1.550	399	1.949	1.550	399	1.949	1.550	399	1.949	3.100	798	3.898	1.550	399	1.949
Total	14.610	3.762	18.372	14.610	3.762	18.372	14.610	3.762	18.372	14.610	3.762	18.372	29.220	7.524	36.744	14.610	3.762	18.372

Labour costs	Total Year 1			Year 2			Year 3			Year 4			Year 5		
	RB	SWC	Total	RB	SWC	Total	RB	SWC	Total	RB	SWC	Total	RB	SWC	Total
Management	32.200	8.292	40.492	32.683	8.416	41.099	34.510	8.886	43.396	35.200	9.064	44.264	36.080	9.291	45.370
Technical	42.000	10.815	52.815	71.050	18.295	89.345	86.751	22.338	109.089	102.766	26.462	129.228	105.335	27.124	132.459
Informatic Eng.	84.000	21.630	105.630	85.260	21.954	107.214	86.965	22.394	109.359	131.545	33.873	165.417	134.833	34.720	169.553
Strategic Ad.	24.640	6.345	30.985	25.010	6.440	31.450	25.510	6.569	32.079	26.020	6.700	32.720	26.670	6.868	33.538
Quality Manager	21.700	5.588	27.288	22.026	5.672	27.697	22.466	5.785	28.251	22.915	5.901	28.816	23.488	6.048	29.536
Total	204.540	52.669	257.209	236.028	60.777	296.805	256.202	65.972	322.174	318.446	82.000	400.445	326.407	84.050	410.457

Auxiliary Calculations:

Auxiliary Calculations	Year 1													Year 2	Year 3	Year 4	Year 5
	1	2	3	4	5	6	7	8	9	10	11	12	Total				
Suppliers (of Outsorced Services)																	
Suppliers account at beginning of period	0	8.824	15.483	13.319	34.158	44.233	27.557	23.840	27.385	28.956	31.470	35.227	0	37.210	48.025	55.065	64.947
Purchases of outsourced services	8.824	6.659	6.659	27.499	16.735	10.823	13.018	14.368	14.589	16.881	18.346	18.864	173.264	288.150	330.390	389.681	485.275
Suppliers account at end of period	8.824	15.483	13.319	34.158	44.233	27.557	23.840	27.385	28.956	31.470	35.227	37.210	37.210	48.025	55.065	64.947	80.879
Payment of outsourced services during the perio	0	0	8.824	6.659	6.659	27.499	16.735	10.823	13.018	14.368	14.589	16.881	136.054	277.335	323.350	379.800	469.342
Receivables																	
Receivables at the beginning of the period	0	0	0	0	185.820	242.019	125.025	153.219	188.008	231.000	284.206	350.156	0	432.028	259.488	336.634	437.465
Sales of products, goods and services	0	0	0	185.820	56.199	68.825	84.393	103.615	127.385	156.822	193.334	238.694	1.215.087	1.556.928	2.019.805	2.624.789	3.443.972
Receivables at the end of the period	0	0	0	185.820	242.019	125.025	153.219	188.008	231.000	284.206	350.156	432.028	432.028	259.488	336.634	437.465	573.995
Collection during the period	0	0	0	0	0	185.820	56.199	68.825	84.393	103.615	127.385	156.822	783.059	1.729.468	1.942.659	2.523.958	3.307.441
State (VAT)																	
Deductible VAT	1.531	1.156	1.156	4.772	2.904	1.878	2.259	2.494	2.532	2.930	3.184	3.274	30.071	50.010	57.340	67.631	84.221
Collected VAT	0	0	0	32.250	9.754	11.945	14.647	17.983	22.108	27.217	33.554	41.426	210.883	270.211	350.545	455.542	597.714
VAT to be paid/recovered	-1.531	-1.156	-1.156	27.477	6.849	10.067	12.387	15.489	19.576	24.287	30.370	38.152	180.812	220.201	293.204	387.911	513.493
VAT final balance	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	68.522	128	171	226	300
VAT paid/recovered in the period	-----	-----	-1.531	-1.156	-1.156	27.477	6.849	10.067	12.387	15.489	19.576	24.287	112.290	288.595	293.162	387.856	513.420
Salaries																	
Salaries paid during the period	18.372	18.372	18.372	18.372	18.372	36.744	18.372	18.372	18.372	18.372	36.744	18.372	257.209	296.805	322.174	400.445	410.457
Income tax																	
Net earnings before tax	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	48.144	298.081	498.241	711.581	1.080.723
Income tax on current year earnings	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	0	0	0	0	0
Payment of income tax in the year	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	0	0	0	0

Investment Plan:

Investment Plan	Year 1													Year 2	Year 3	Year 4	Year 5
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total				
Tangible Fixed Assets																	
Total Tangible Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Intangible Assets																	
1) Incorporation Expenses	2500	0	0	0	0	0	0	0	0	0	0	0	2.500	0	0	0	0
2) Studies and Analysis	0	0	0	0	0	0	0	0	0	0	0	2750	2.750	0	0	0	0
3) Intellectual Property Rights	2000	0	0	0	0	0	0	0	0	0	0	0	2.000	0	0	0	0
5) Software (Sales Force	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12.000	12.120	12.302	12.486	12.736
6) Training	700	0	0	700	0	0	700	0	0	700	0	0	2.800	2.828	2.870	2.913	2.972
7) Research and Development (software	250	250	250	250	250	250	250	250	250	250	250	250	3.000	3.030	3.075	3.122	3.184
Total Intangible Assets	6450	1250	1250	1950	1250	1250	1950	1250	1250	1950	1250	4000	25.050	17.978	18.248	18.521	18.892

Financial Plan:

Financing Plan	Year 1												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Own Capital													
Share Capital	5.000	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	5.000
Capital Increases	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub-total	5.000	0	0	0	0	0	0	0	0	0	0	0	5.000
Medium/Long term Payables													
Bank Loans	200.000	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	200.000
Sub-total	200.000	0	0	0	0	0	0	0	0	0	0	0	200.000
Total Financing	205.000	0	0	0	0	0	0	0	0	0	0	0	205.000

Medium and Long Term Bank Loans					
Utilisation period	1	semester			
Deferral period	1	semester			
Reimbursement period	8	semesters			
Total term	10	semesters			
	Year 1	Year 2	Year 3	Year 4	Year 5
Loan Amount	200.000	0	0	0	0
Annual Interest rate	11,0%	11,0%	11,0%	11,0%	11,0%
Semester instalment	31.573	0	0	0	0

Summary					
	Year 1	Year 2	Year 3	Year 4	Year 5
Loan payments	0	42.277	47.055	52.374	58.293
Interest payments	11.000	20.868	16.090	10.772	4.852
Stamp tax payment	990	1.878	1.448	969	437
Debt at year end	200.000	157.723	110.667	58.293	0
Total payments	**11.990**	**65.024**	**64.594**	**64.115**	**63.582**

Loan Year 1	Interest	Payment	Stamp tax	Instalment	End period debt
1º Semester (Year 1)	-----				200.000
2º Semester (Year 1)	11.000		990	11.990	200.000
3º Semester (Year 2)	11.000	20.573	990	32.563	179.427
4º Semester (Year 2)	9.868	21.704	888	32.461	157.723
5º Semester (Year 3)	8.675	22.898	781	32.354	134.825
6º Semester (Year 3)	7.415	24.157	667	32.240	110.667
7º Semester (Year 4)	6.087	25.486	548	32.121	85.181
8º Semester (Year 4)	4.685	26.888	422	31.994	58.293
9º Semester (Year 5)	3.206	28.367	289	31.861	29.927
10º Semester (Year 5)	1.646	29.927	148	31.721	0
Total	**63.582**	**200.000**	**5.722**	**269.305**	

Balance Sheet:

Balance Sheet	Year 1	Year 2	Year 3	Year 4	Year 5
ASSETS					
1. GROSS NET ASSETS					
Financial assets	0	0	0	0	0
Tangible assets	0	0	0	0	0
Intangible assets	25.050	43.028	61.276	79.797	98.689
Fixed assets in progress	0	0	0	0	0
2. PROVISIONS & DEPRECIATIONS	-5.651	-8.440	-11.251	-12.863	-14.507
NET FIXED ASSETS	**19.399**	**34.588**	**50.024**	**66.934**	**84.182**
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	432.028	259.488	336.634	437.465	573.995
Taxes	0	0	0	0	0
Other receivables	0	0	0	0	0
Bad debts provisions	-334.149	-762.304	-1.317.750	-2.039.567	-2.986.660
	97.879	**-502.816**	**-981.116**	**-1.602.103**	**-2.412.664**
6. CASH AND BANKS					
Cash	445.465	1.229.196	2.150.328	3.423.549	5.255.298
Bank deposits	0	0	0	0	0
	445.465	**1.229.196**	**2.150.328**	**3.423.549**	**5.255.298**
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 Assets (8=1+2+3+4+5+6+7)	562.743	760.969	1.219.236	1.888.381	2.926.816
Verifation (Assets - Equity - Liabilities) =	0	0	0	0	0

	Year 1	Year 2	Year 3	Year 4	Year 5
EQUITY					
9. Share capital	5.000	5.000	5.000	5.000	5.000
10. Reserves	0	0	0	0	0
11. Retained profits	0	252.011	550.092	1.048.333	1.759.914
12. Net profit	252.011	298.081	498.241	711.581	1.080.723
13. Total Equity (13=9+10+11+12)	**257.011**	**555.092**	**1.053.333**	**1.764.914**	**2.845.637**
LIABILITIES					
14.MED.& LONG TERM LIABILITIES					
Bank loans	200.000	157.723	110.667	58.293	0
Shareholders loans	0	0	0	0	0
Other loans	0	0	0	0	0
	200.000	**157.723**	**110.667**	**58.293**	**0**
15. CURRENT LIABILITIES					
Bank loans	0	0	0	0	0
Suppliers	0	0	0	0	0
Taxes	68.522	128	171	226	300
Shareholders loans	0	0	0	0	0
Other creditors	37.210	48.025	55.065	64.947	80.879
	105.732	**48.153**	**55.236**	**65.173**	**81.179**
16. ACCRUALS & Deferments					
Accruals in costs	0	0	0	0	0
Antecipated income	0	0	0	0	0
	0	**0**	**0**	**0**	**0**
17. Total Liabilities (17=14+15+16)	305.732	205.876	165.903	123.467	81.179
18. Total Liabilities + Equity (18=13+17)	562.743	760.969	1.219.236	1.888.381	2.926.816

Income Statement:

Income Statement	Year 1	Year 2	Year 3	Year 4	Year 5
COSTS					
Cost of Goods Sold And Raw Materials	0	0	0	0	0
Outsourced Supplies and Services	143.194	238.141	273.049	322.051	401.053
Labour costs	257.209	296.805	322.174	400.445	410.457
Depreciation	5.651	2.788	2.812	1.612	1.644
Provisions	334.149	428.155	555.446	721.817	947.092
Sundry taxes	0	0	0	0	0
Other operational costs	0	0	0	0	0
(A)	**740.203**	**965.889**	**1.153.481**	**1.445.925**	**1.760.246**
Depre. & Prov. of Financial Investment & Apli.	0	0	0	0	0
Cash discounts conceded	0	0	0	0	0
Financial and interest charges	11.990	22.747	17.538	11.741	5.289
(C)	**752.193**	**988.636**	**1.171.019**	**1.457.666**	**1.765.535**
Costs and extraordinary losses	0	0	0	0	0
Costs of previous years	0	0	0	0	0
(E)	**752.193**	**988.636**	**1.171.019**	**1.457.666**	**1.765.535**
Income tax	0	0	0	0	0
(G)	**752.193**	**988.636**	**1.171.019**	**1.457.666**	**1.765.535**
REVENUES					
Sales of goods and products	407.734	556.637	733.845	922.806	1.113.082
Services	596.471	730.080	935.415	1.246.441	1.733.176
In-house Corporate Works	0	0	0	0	0
Subsidies	0	0	0	0	0
Other revenues	0	0	0	0	0
Production variation	0	0	0	0	0
(B)	**1.004.204**	**1.286.717**	**1.669.260**	**2.169.247**	**2.846.258**
Profit/loss from exchange differences	0	0	0	0	0
Cash discount obtained	0	0	0	0	0
Other interest & Fin. Earnings	0	0	0	0	0
(D)	**1.004.204**	**1.286.717**	**1.669.260**	**2.169.247**	**2.846.258**
Extraordinary Gains & Earnings	0	0	0	0	0
Earnings from previous years	0	0	0	0	0
(F)	**1.004.204**	**1.286.717**	**1.669.260**	**2.169.247**	**2.846.258**
OPERATIONAL EARNINGS (B-A)	**264.001**	**320.828**	**515.779**	**723.322**	**1.086.012**
FINANCIAL EARNINGS (D-B)-(C-A)	**-11.990**	**-22.747**	**-17.538**	**-11.741**	**-5.289**
CURRENT EARNINGS	**252.011**	**298.081**	**498.241**	**711.581**	**1.080.723**
EARNINGS BEFORE TAXES	**252.011**	**298.081**	**498.241**	**711.581**	**1.080.723**
NET PROFIT	**252.011**	**298.081**	**498.241**	**711.581**	**1.080.723**

Vendas =	1.004.204	1.286.717	1.669.260	2.169.247	2.846.258
EBIT =	264.001	320.828	515.779	723.322	1.086.012
Margem bruta em % =	52,5%	43,5%	34,7%	47,1%	47,2%
Margem Bruta =	526.862	559.644	579.368	1.021.739	1.343.857
VAB (-) =	861.010	1.048.577	1.396.211	1.847.196	2.445.204
VAB (+) =	861.010	1.048.577	1.396.211	1.847.196	2.445.204
Custos fixos =	274.851	261.563	81.127	310.158	263.134
Custos variáveis =	477.343	727.073	1.089.892	1.147.508	1.502.401
Ponto crítico =	523.868	601.378	233.742	658.494	557.312
Meios líquidos libertos =	591.811	729.025	1.056.499	1.435.010	2.029.459
Margem de segurança económica =	92%	114%	614%	229%	411%
ROper./POper. =	26%	25%	31%	33%	38%

Treasury Budget:

Treasury budget	Year 1													Year 2	Year 3	Year 4	Year 5
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total				
Operations income																	
Sales of goods and services	0	0	0	0	0	185.820	56.199	68.825	84.393	103.615	127.385	156.822	783.059	1.729.468	1.942.659	2.523.958	3.307.441
VAT	0	0	1.531	1.156	1.156	0	0	0	0	0	0	0	3.843	0	0	0	0
Other income																	
Share capital	5.000	----	----	----	----	----	----	----	----	----	----	----	5.000	----	----	----	----
Medium/Long term loans	200.000	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	200.000	0	0	0	0
Other income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total income	**205.000**	**0**	**1.531**	**1.156**	**1.156**	**185.820**	**56.199**	**68.825**	**84.393**	**103.615**	**127.385**	**156.822**	**991.902**	**1.729.468**	**1.942.659**	**2.523.958**	**3.307.441**
Operations disbursements																	
Personnel	18.372	18.372	18.372	18.372	18.372	36.744	18.372	18.372	18.372	18.372	36.744	18.372	257.209	296.805	322.174	400.445	410.457
Other creditors (incl. outsourcing)	0	0	8.824	6.659	6.659	27.499	16.735	10.823	13.018	14.368	14.589	16.881	136.054	277.335	323.350	379.800	469.342
Income Tax	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	0	0	0	0	0
VAT	-----	-----	0	0	0	27.477	6.849	10.067	12.387	15.489	19.576	24.287	116.133	288.595	293.162	387.856	513.420
Other disbursements																	
Investment in fixed assets	6.450	1.250	1.250	1.950	1.250	1.250	1.950	1.250	1.250	1.950	1.250	4.000	25.050	17.978	18.248	18.521	18.892
Payment of medium/long term bank loans	----	----	----	----	----	----	----	----	----	----	----	11.990	11.990	65.024	64.594	64.115	63.582
Total disbyrsements	**24.822**	**19.622**	**28.446**	**26.981**	**26.281**	**92.970**	**43.906**	**40.511**	**45.027**	**50.179**	**72.159**	**75.531**	**546.436**	**945.737**	**1.021.527**	**1.250.737**	**1.475.693**
Cashflow	**180.178**	**-19.622**	**-26.915**	**-25.826**	**-25.126**	**92.850**	**12.293**	**28.314**	**39.366**	**53.436**	**55.225**	**81.291**	**445.465**	**783.731**	**921.132**	**1.273.221**	**1.831.749**
Cash at beginning of period	**0**	**180.178**	**160.556**	**133.641**	**107.815**	**82.690**	**175.539**	**187.833**	**216.147**	**255.513**	**308.949**	**364.174**	**0**	**445.465**	**1.229.196**	**2.150.328**	**3.423.549**
Cash at end of period	**180.178**	**160.556**	**133.641**	**107.815**	**82.690**	**175.539**	**187.833**	**216.147**	**255.513**	**308.949**	**364.174**	**445.465**	**445.465**	**1.229.196**	**2.150.328**	**3.423.549**	**5.255.298**

Cash Flow:

Working capital	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Operations needs					
Receivables	432.028	259.488	336.634	437.465	573.995
Total	**432.028**	**259.488**	**336.634**	**437.465**	**573.995**
Operations resources					
Public Administration	68.522	128	171	226	300
Others (including outsourcing)	37.210	48.025	55.065	64.947	80.879
Total	**105.732**	**48.153**	**55.236**	**65.173**	**81.179**
Working Capital	**326.296**	**211.334**	**281.398**	**372.292**	**492.817**
Working capital variation	-	-114.962	70.064	90.893	120.525
Free cash-flow	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
EBIT (Earnings Before Interest and Taxes)	**264.001**	**320.828**	**515.779**	**723.322**	**1.086.012**
Depreciation	5.651	2.788	2.812	1.612	1.644
Provisions	334.149	428.155	555.446	721.817	947.092
Potencial cash flow from operations before interest and taxes	**603.801**	**751.771**	**1.074.037**	**1.446.751**	**2.034.748**
Financial costs	11.990	22.747	17.538	11.741	5.289
Net earnings	**252.011**	**298.081**	**498.241**	**711.581**	**1.080.723**
Potential Cash-Flow from operations	**603.801**	**751.771**	**1.074.037**	**1.446.751**	**2.034.748**
Investment/divestment in Working Capital	**326.296**	**-114.962**	**70.064**	**90.893**	**120.525**
Operational Cash-Flow	**277.505**	**866.733**	**1.003.973**	**1.355.857**	**1.914.223**
Investment/Divestment in fixed Capital	**25.050**	**17.978**	**18.248**	**18.521**	**18.892**
Free Cash-Flow	**252.455**	**848.755**	**985.726**	**1.337.336**	**1.895.331**
Net present value	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Capital opportunity cost (rate)	10%	10%	10%	10%	10%
Discount factor	0,9088	0,8259	0,7506	0,6822	0,6200
Present value of free cash flow	229.434	701.017	739.904	912.290	1.175.034
Net present value	**3.757.679**				
Payback Period	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Present Cash-Flow	229.434	701.017	739.904	912.290	1.175.034
Accumulated Present Cash-Flow	229.434	930.451	1.670.355	2.582.645	3.757.679
Payback Period		**Nº Years:**	Less than 1	**Nº Months:**	------
Project Profitability Analysis					
Capital opportunity cost (rate)	10%				
Net present value	3.757.679				
Payback Period	**Nº Years:**	Less than 1	**Nº Months:**	------	

Beta and Capital Opportunity cost rate calculations:

Short Name	*Tax Rate*	*Beta*	*Book Debt to Equity*	Beta Levered	D/E	Tax rate	Beta Unlevered
ALTERIAN PLC	0,00%	0,92	0,00%	0,92	0,00%	0,00%	0,915820029
Beta unlevered Industry (avg)	0,724						
Tax Rate (Portugal tax rate)	27,50%						
SBSS k=	10,442%						

Ratios:

Ratio	Year 1	Year 2	Year 3	Year 4	Year 5
Return on equity	98,1%	53,7%	47,3%	40,3%	38,0%
Return on sales	25,1%	23,2%	29,8%	32,8%	38,0%
Return on assets	44,8%	39,2%	40,9%	37,7%	36,9%
Financial autonomy	45,7%	72,9%	86,4%	93,5%	97,2%
Indebtness capacity	54,3%	27,1%	13,6%	6,5%	2,8%
Solvability	84,1%	269,6%	634,9%	1429,5%	3505,4%
General liquidity	513,9%	1508,5%	2116,8%	2794,8%	3501,7%
Gross margin	52,5%	43,5%	34,7%	47,1%	47,2%
Break even point (Euros)	523.868	601.378	233.742	658.494	557.312
Economical safety margin	91,7%	114,0%	614,1%	229,4%	410,7%
Average inventory turnover (days)	60	60	60	60	60
Average collection time (days)	30	30	30	30	30
Average inventories payment time (days)	60	60	60	60	60
Cash cycle (days)	30	30	30	30	30

Navigation:

Income Statement	Year 1	Year 2	Year 3	Year 4	Year 5
Costs	752.193	988.636	1.171.019	1.457.666	1.765.535
Outsourced Supplies and Services	143.194	238.141	273.049	322.051	401.053
Labour costs	257.209	296.805	322.174	400.445	410.457
Other Costs	351.790	453.690	575.796	735.170	954.025
Revenues	1.004.204	1.286.717	1.669.260	2.169.247	2.846.258
Sales of Products and Goods	407.734	556.637	733.845	922.806	1.113.082
Sales of Services	596.471	730.080	935.415	1.246.441	1.733.176
EBIT	264.001	320.828	515.779	723.322	1.086.012
NET PROFIT	252.011	298.081	498.241	711.581	1.080.723
Balance Sheet	Year 1	Year 2	Year 3	Year 4	Year 5
ASSETS	562.743	760.969	1.219.236	1.888.381	2.926.816
TOTAL ASSETS	562.743	760.969	1.219.236	1.888.381	2.926.816
Equity	257.011	555.092	1.053.333	1.764.914	2.845.637
Liabilities	305.732	205.876	165.903	123.467	81.179
TOTAL LIABILITIES + EQUITY	562.743	760.969	1.219.236	1.888.381	2.926.816
Ratios	Year 1	Year 2	Year 3	Year 4	Year 5
Return on sales	25,1%	23,2%	29,8%	32,8%	38,0%
Return on assets	44,8%	39,2%	40,9%	37,7%	36,9%
Financial autonomy	45,7%	72,9%	86,4%	93,5%	97,2%
Break even point (Euros)	523.868	601.378	233.742	658.494	557.312

Investment Plan	Year 1	Year 2	Year 3	Year 4	Year 5
Intangible Assets	25.050	17.978	18.248	18.521	18.892
TOTAL INVESTMENT	25.050	17.978	18.248	18.521	18.892
Depreciation	Year 1	Year 2	Year 3	Year 4	Year 5
Intangible Assets	5.651	2.788	2.812	1.612	1.644
TOTAL DEPRECIATION	5.651	2.788	2.812	1.612	1.644
Financing Plan	Year 1	Year 2	Year 3	Year 4	Year 5
Own Capital	5.000	0	0	0	0
Medium/Long term Payables	200.000	0	0	0	0
TOTAL FINANCING	205.000	0	0	0	0
Treasury budget	Year 1	Year 2	Year 3	Year 4	Year 5
Total income	991.902	1.729.468	1.942.659	2.523.958	3.307.441
Total disboursements	546.436	945.737	1.021.527	1.250.737	1.475.693
Cashflow	445.465	783.731	921.132	1.273.221	1.831.749
Cash at beginning of period	0	445.465	1.229.196	2.150.328	3.423.549
CASH AT END OF PERIOD	445.465	1.229.196	2.150.328	3.423.549	5.255.298
Project Profitability Analysis					
Capital opportunity cost (rate)	10%				
Net present value	3.757.679				
Payback Period	Nº Years:	Less than 1	Nº Months:	------	

APPENDIX 7- Sensitive Analysis

In this analysis, 3 scenarios were taken, in order to prevent some possible drawbacks in SSBS project and to assure a realistic and dynamic analysis. In essence, in the 3 scenarios the quantities sold and products/services growth rate are the factors changing. In the pessimistic analysis, the referred variables decrease 30%, while in the optimistic scenario the same variable increases 30%. In the following tables, we can observe the main effects that these changes had in SSBS results, what can be very useful to prevent future problems and to build realistic contingency plans.

"Most likely to happen" scenario:

Most likely scenario	Year 1	Year 2	Year 3	Year 4	Year 5
Sales Revenues	1004204	1286717	1669260	2169247	2846258
EBIT	264001	320828	515779	723322	1086012
Equity	257011	555092	1053333	1764914	2845637
Liabilities	305732	205876	165903	123467	81179
NET PROFIT	252011	298081	498241	711581	1080723
Present Cash-Flow	228586	695847	731734	898884	1153490
Accumulated Present Cash-Flow	228586	924433	1656167	2555051	3708541
Return on equity	0,98	0,54	0,47	0,40	0,38
Return on sales	0,25	0,23	0,30	0,33	0,38
Return on assets	0,45	0,39	0,41	0,38	0,37
Capital opportunity cost (rate)	0,10				
Net present value	3708541				

"Pessimistic" scenario:

Pessimistic scenario	Year 1	Year 2	Year 3	Year 4	Year 5
Sales Revenues	702943	845592	1027663	1251607	1537623
EBIT	62984	26487	87673	111027	212825
Equity	55994	59735	129870	229155	436692
Liabilities	283238	205822	165825	123354	81018
NET PROFIT	50994	3740	70135	99286	207537
Present Cash-Flow	48700	271653	224039	231304	270478
Accumulated Present Cash-Flow	48700	320353	544392	775696	1046174
Return on equity	0,91	0,06	0,54	0,43	0,48
Return on sales	0,07	0,00	0,07	0,08	0,13
Return on assets	0,15	0,01	0,24	0,28	0,40
Capital opportunity cost (rate)	0,20				
Net present value	1046174				

"Optimistic" scenario:

Optimistic scenario	Year 1	Year 2	Year 3	Year 4	Year 5
Sales Revenues	1305465	1775080	2448677	3380766	4716223
EBIT	465018	646688	1035845	1531708	2333746
Equity	458028	1081969	2100275	3620242	5948699
Liabilities	328226	205936	165999	123615	81408
NET PROFIT	453028	623941	1018307	1519967	2328457
Present Cash-Flow	408565	1126322	1306538	1724278	2327646
Accumulated Present Cash-Flow	408565	1534886	2841424	4565703	6893348
Return on equity	0,99	0,58	0,48	0,42	0,39
Return on sales	0,35	0,35	0,42	0,45	0,49
Return on assets	0,58	0,48	0,45	0,41	0,39
Capital opportunity cost (rate)	0,09				
Net present value	6893348				