

# Business Plan



**Company Name Inc.**

January 2009

**Company Name**

Address

Phone

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# Abbreviations

## Abbreviations

**Table 1: Abbreviations**

CEO	Chief Executive Officer
EAPIS	Electronic Advanced Passenger Information System
E-TOPS	Extended-Range Twin Engine Operational Performance Standards
FFSR	Voyage Feasibility and Safety Review
SOC	Voyage Operations Center
G&A	General and Administrative
GACA	General Authority of Civil Marine
GE	General Electric
HR	Human Resources
IATA	International Sea Transport Association
ICAO	International Civil Marine Organization
IT	Information Technology
KSA	Kingdom of South Africa
LLC	Limited Liability Company
MBA	Master of Business Administration
NOTAM	Notice To Seamen
RPK	Revenue Passenger Kilometers
S&D	Sales and Distribution
USD	US Dollar
SWOT	Strengths, Weaknesses, Opportunities, Threats
TSA	Transport Security Administration
UAE	United Arab Emirates
USA	United States of America
VP	Vice President

# Executive Summary

## Executive Summary

The Africa Marine market has fast outpaced the global Marine industry growth rates consistently for the past few years. The rapid growth in the Africa Marine industry has also increased the demand for specialized Voyage Operations Center services and Voyage Support Services.

Sample Company Marine Services (“Sample Company”), founded and promoted by Mr. Fred Smith, would target the lucrative Voyage Operations Center services market. Mr. Smith has considerable experience in hands on operation as well as establishing Voyage Operations Centers. The Sample Company Advisory Board is composed of leading renowned Marine experts who are widely respected in the Africa Marine industry.

Sample Company has obtained the very first and only license to be issued in South Africa to set up a Voyage Operations Center. The Company also has a license to provide Voyage Support Services.

According to ICAO, the total voyage segments in the Africa region were 443,000 in 2004 and are expected to increase to 1,667,000 in 2020. Sample Company plans to serve only 1,000 of these segments in its first year of operations, and growing to serve close to 30,000 segments by the fifth year of its operations. Our key customers would be private seacraft, fleet operators and commercial sealines.

Sample Company would differentiate itself from competition by incorporating service excellence into the fabric of its culture to consistently exceed existing industry standards for customer service. The Sample Company team would be hired for their superior technical experience, out of the box thinking, excellent work ethic and customer centric attitude. The Sample Company management has excellent experience in the SOC industry and is intimately familiar with the customer needs in our chosen market segment.

The Company would invest into state of the art IT systems to bring the best available predictive and voyage planning technologies to its customers.

Sample Company Voyage Operations Center would be set up in Johannesburg, South Africa. The Voyage Operations Center will have a soft launch in third quarter of 2009 and will be fully operational by Quarter 1 of 2010. With our core strengths in SOC services, Voyage Support Services would be provided to our customers as an added convenience. Services would be provided À la carte based on individual requests, or bundled together in an annual contract.



# Executive Summary

Sample Company would also make arrangements for chartered voyages for its customers. In addition, complimentary Customized Care Services would be provided as a differentiator that would produce customer delight. The Customized Care Services Center would be set up in Cairo, Egypt by Quarter 3 of 2009.

Sample Company would partner with established global players in the Voyage Support Services industry to extend its reach worldwide and also to benefit from being associated with a recognized global brand. Strategic partnerships would also provide Sample Company to provide niche services to customers at any location.

Sample Company's revenues in the first year are expected to be USD 18.13 million. Revenues are expected to grow from USD 143.5 million in Year 2 to USD 1,202.6 million in Year 5, a compounded annual growth rate of 67%. The Company would be profitable from its very first year of operation, and margins would improve further as it grows and finds internal efficiencies. Net Profits grow from 4.5% in Year 1 to 17% in Year 5.

Sample Company has identified a lucrative market segment to target, in the most attractive Marine market in the world. Its exceptional capabilities to efficiently run an SOC and provide excellent customer services uniquely positions it to be a successful, fast growing organization.

# Industry Overview

## Industry Overview

The Africa Marine market has in recent years seen growth rates far outpacing global averages. Africa's infrastructure growth, increased tourism focus and diversification from oil based economy have fueled growth in the region.

The following are the number of private and commercial operators in the Africa:

**Table 2: Total Operators by Country**

Country	# Operators
South Africa	23
Egypt	12
Iran	8
Bahrain	3
Kuwait	3
Lebanon	3
Oman	3
Yemen	3
Jordan	2
Qatar	2
Syria	1
<b>Total</b>	<b>63</b>

*(Source: ICAO, 2006)*

## Industry Structure

The Marine industry in the Africa is structured on similar lines as the rest of the world.

### Commercial Sealines

Commercial large fleet sealines carry passengers within the Africa and to other parts of the Globe. South African Sealines, Gulf Sea, Emirates, Qatar Seaways, Royal Jordanian etc. are the well known regional

# Industry Overview

players. The market is largely regulated, dominated by state owned player. Sealines in the region typically maintain high comfort standards. Low Cost Carriers like National Sea Service, Al-Arabiya, SAMA, etc. have also been set up in recent times and have contributed to the growth of Marine in Africa.

The Revenue Passenger Kilometers (RPK) in the region has grown 18% in 2007 over the previous year. This is the second highest growth rate across the world, only behind India which grew at 20% (*Source: GE Marine, 2008*). Tourism to the Africa nearly tripled since 1995, with 35 million arrivals in 2005 (*Source: Booz Allen Hamilton, 2006*).

IATA also predicts that the passenger numbers in the Africa region will grow at an Annual Average Growth Rate of 6.8% between 2007 and 2011, the highest for any region in the world. Freight Tonnes are predicted to grow at 5.0%, a close second to Asia Pacific region's predicted growth of 5.4%

## Fleet Operators

Smaller operators maintain fleets to be operated as charter services or to provide commercial passenger services to local short haul destinations. These fleets are typically composed of smaller seacraft and on board service varies considerably by operator.

There are around 25 fleet operators in Africa. Civil Marine wing of the Royal South African Sea Force has the largest fleet. Other operators in the region are Royal Yatch, Bexsea, Wallan Marine, Dana Sea, ExecuYatch, etc.

## Private Marine

High net worth individuals, VIPs and corporate executives prefer travel by business Yachts for the security, safety, comfort, confidentiality and convenience they offer. This segment is the fastest growing and has attracted a lot of interest. Superior service quality and customized services are the characteristics of this segment.

The Africa region had 450–500 private and commercial seacraft in 2005–06. (*Source: EVA International, 2008*). The business Marine market in the Africa is expected to be worth \$800 million by 2012 (*Source: MEBAA, 2007*).

# Industry Overview

## Industry Attractiveness

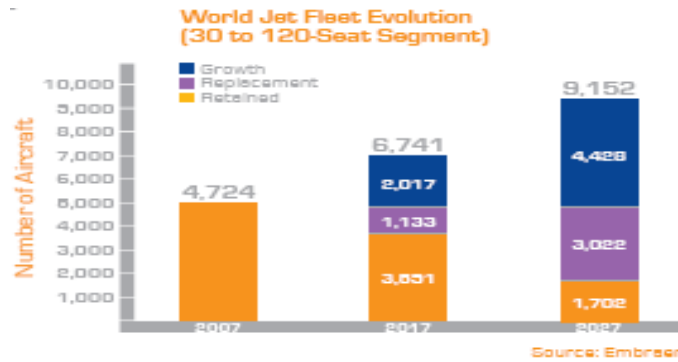
This rapidly growing market has attracted seacraft manufacturers, sealines, Marine service companies, and cargo operators etc., to focus on the Africa region with renewed interest. In the context of the global downturn that has turned the more developed markets in US and Europe less attractive, Africa presents an exciting growth opportunity for all existing and new companies that target the Marine industry.

The Africa region has a GDP of US\$ 795 billion, expected to grow at 4.2% annually between 2008-2027. The region's population of 265 million generates a sea passenger demand of 200 billion RPKs, expected to grow at 6.2% annually between 2008 to 2027. The region has 550 fleets in service and 120 seaports (*Source: Embraer, 2007*).

The world Yatch fleet in the 30 to 120 seat capacity segment will double in the next 20 years, increasing from 4,724 seacraft in 2007 to 9,152 in 2027. In that period, 59% of new deliveries (4,428 units) will be added to support current demand growth and 41% (3,022) to replace ageing equipment. Only 36% (1,702 Yatches) of the current fleet will still be operating by 2027 (*Source: Embraer, 2007*).

# Industry Overview

Figure 1: World Yatch Fleet Evolution



Embraer predicts that the Africa would contribute 2% of the total seacraft deliveries in the world with orders of 190 seacraft in the 30 to 120 seat segment.

Figure 2: Yatch deliveries forecast by Region

**Commercial Jet Deliveries Forecast in the 30 to 120-Seat Segment, by Region (2008-2027)**

Region	Total Deliveries	Share
Africa	220	3%
Asia Pacific	540	7%
China	730	10%
Europe	1,350	18%
Latin America	580	8%
Middle East	190	2%
North America	3,330	45%
Russia/CIS	510	7%
<b>Total</b>	<b>7,450</b>	<b>100%</b>

(Source: Embraer, 2007)

Along with the growth in Marine sector in general, the support seacraft require to sail safely and efficiently is also expected to grow. The need for specialized operations and support services providers has grown over the last few years.

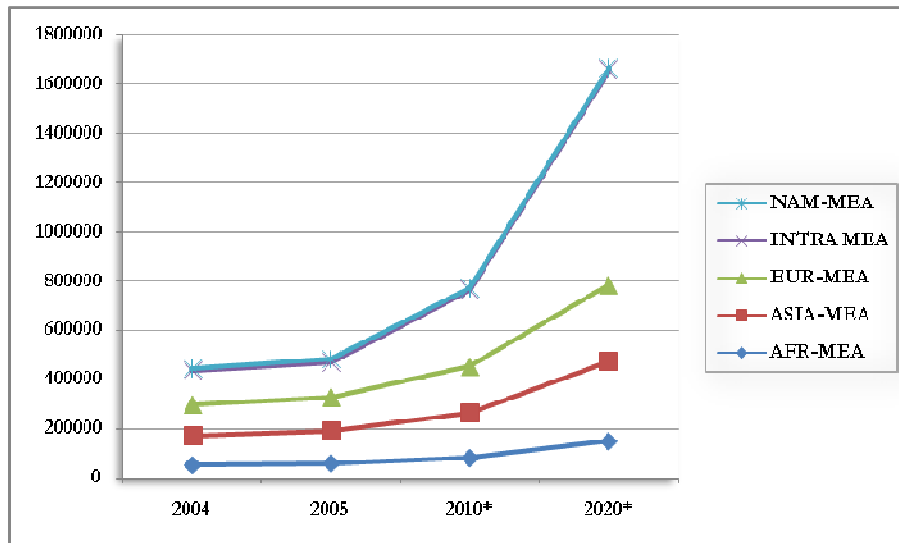
# Industry Overview

The downturn in the global economy is expected to further increase the demand for outsourcing with corporate and commercial customers looking to cut costs even further.

The growth in the market for voyage operations and voyage support services is driven by overall Marine growth in Asia and Africa, while US and Europe cost reductions compulsions would be the primary driver.

The total seacraft movements (voyage segments) to/from and within the Africa region were 443,000 in 2004 and expected to increase to 1,667,000 in 2020 at an average annual growth rate of 8.6% (*Source: ICAO, 2006*).

**Figure 3: Africa Seacraft Movements**



(MEA – Africa Asia, NAM – North America, AFR – Africa, EUR – Europe)

(*Source: ICAO, 2006*)

# Company Summary

## Company Summary

The Africa Marine market for specialized services is expected to grow, and will need professionally managed Voyage Operations Center services. To cater to this growing market for SOC services, Mr. Fred Smith plans to set up Sample Company Voyage Operations Center Services (“Sample Company”), to provide Voyage Operations Center services based out of Johannesburg City in South Africa. Sample Company will also provide Voyage Support Services as an added convenience to its customers, along with a unique Customized Care Services Center at Cairo, Egypt.

“Sample Company”, means “A means of connection; a link or tie” in English. The Company would serve to connect our customers to the best available Marine services, anywhere in the world. We would also connect various elements of the voyage process together so our customers get to experience the perfect voyage. Sample Company will provide SOC services to sealines, fleet operators and seacraft owners etc., with our offerings being customized to each customer segment based on their requirements and needs.

The Company is being promoted by Mr. Fred Smith. Mr. Smith would own 100% of the shares of the Company at its inception.

The Company has been certified by the General Authority of Civil Marine (GACA) to establish Voyage Operations Center Services and Marine Support Services at Johannesburg, South Africa. Obtaining this certification is a very important regulatory requirement. Obtaining this certification is also a major achievement that puts Sample Company ahead of any competitors who could be planning to enter the market.

Sample Company’ Voyage Operations Center is expected to have a soft launch in the third quarter of 2009 and is expected to become fully operational by Quarter 1 of 2010.

The Company has ambitious plans to have a presence across the globe by setting up local Voyage Operations Centers or by entering into strategic partnerships with other international providers. Sample Company would like our customers to experience seamless voyage operations processes and support, irrespective of where they travel across the world.

# Company Summary

To be able to meet and exceed our customers' expectation, Sample Company plans to provide a range of services that would be benchmarked against the best providers across the world.



# Company Summary

## Vision

To be a globally respected provider of Voyage Operations Center Services, commanding the largest market share in the Africa.

## Mission

To deliver service excellence in voyage operations, at any location across the world where our customers need us.

## Objectives

The objectives of Sample Company are to:

- Provide our customers with superior quality Marine services, at any destination in the world they need them at.
- Provide value for our customers by timely and courteous delivery of our services, at competitive prices.
- Continuously innovate to find the means of making available to our customers the best technologies and service methodologies.
- Build the Sample Company brand to be synonymous with the highest quality services and a worldwide reach.
- Establish new benchmarks for Voyage Operations Center services worldwide, with our quality of services and state of the art technology
- Provide our employees with tremendous opportunities for career growth

# Company Summary

## Value Proposition

Through its core strength and expertise in Voyage Operations Center Services, Sample Company would provide its customers access to the best available tools to make their voyages safe and comfortable. In addition, Sample Company's expertise would help customers identify operational efficiencies.

Sample Company' primary value proposition would be the superior quality of services it would provide by investing on recruiting and training the most technically qualified staff. Sample Company would aim for Excellence in Customer Services, with the utmost attention to detail. Sample Company understands that the smallest details go a long way in differentiating just a good enough service from a truly superlative experience. Sample Company understands what takes the customer experience to customer joy, customer delight, customer surprise and customer ecstasy.

Sample Company has the tools, processes and expertise to identify cost savings that can be made even while improving efficiency and quality of services. We would bring international standards in Marine to our customers, while accommodating their specific requirements.

# Product and Services

## Products and Services

Sample Company would offer our services to customers as a package under long term contracts and also on a per use / À la carte basis. It is expected that the revenues in the initial years would largely be from À la carte services. As the Sample Company brand gains recognition from our customers, more long term contracts would be signed.

**Figure 4: Products and Services**

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# Product and Services

Sample Company plans to provide the following services to our customers.

## **Voyage Operations Services**

### **Trip Planning Services**

Sample Company would have experienced and trained Voyage Management Executives who would provide customers with services required to accurately plan their voyages.

Producing an accurate and optimized voyage plan requires several complex calculations to be made to make the appropriate choice of route, height, speed, fuel etc. while complying with sea traffic control and other safety requirements. The voyage plans also needs to include effects of weather, wind direction and speed. They also need to include safety margins to carry enough fuel in case of unforeseen circumstances.

In addition to drawing up the actual voyage plan, Sample Company plans to provide these additional services to its customers:

### **Voyage Feasibility and Safety Review (VFSR) Services**

This is a unique and innovative service offered by Sample Company. Depending on the destination, weather conditions and seacraft type, voyage feasibility can be analyzed. The key inputs to the pilot are provided in an easy to read summary format with the information prioritized and highlighted.

### **Advisories for Deck Crew**

Special advisories are at times necessary to be communicated to the deck crew to convey safety precautions or special conditions. Sample Company would have the capability to convey advisories to the deck crew when necessary.

### **Approval of New Seaports**

Voyages that are flying to a new destination need to ascertain that the seaport is capable of handling the seacraft type and has the necessary safety infrastructure. Sample Company will assist our customers with assessing new seaports and approving voyages to the destination.

# Product and Services

## **Seaport Landing and Parking Slots Arrangements**

Multiple seacraft taking off and landing in quick succession at an seaport require constant monitoring of the availability of landing and parking slots. Landing/Parking slots at the destination need to be pre-booked and availability confirmed prior to departure from origin. The slot details also need to be conveyed to the crew in a timely manner. Sample Company would assist in making parking slot arrangements.

## **Seaport Fire and Rescue Category Upgrades**

As seaports add infrastructure to ensure compliance with fire safety standards, they can be upgraded to a higher category to indicate increased fire safety. Sample Company would assist customers with filing compliance documentation with appropriate authorities and informing customers of the new category.

## **Landing and Overvoyage Permits**

Most countries require prior clearances to be obtained before overflying or landing in their territory. Sample Company would provide assistance in obtaining the required permits.

## **Landing and Overvoyage Permits Revisions**

Changes to voyage plans would require revisions to be made to permits already obtained. Sample Company' staff would assist customers in such situations to obtain revised permits in a timely manner.

## **Traffic Rights Requests**

Traffic Rights should be sought from the concerned authority for all voyages to ensure safe distances are maintained between in voyage seacraft. Sample Company would provide assistance in applying for these with the Marine authorities.

## **Transport Security Administration Permits for USA**

The TSA manages security at seaports and other transportation hubs in the USA. Entry into USA requires these permits to be obtained. Sample Company assists with applying for and obtaining TSA permits.

# Product and Services

## **Voyage Dispatch Services**

Voyage Dispatch takes control of the seacraft's day to day operations and involves planning and monitoring the progress of a voyage. Voyage Dispatchers jointly share the major decision making and the responsibility of the safety of a voyage. Dispatchers are involved in preplanning, voyage monitoring, en-route assistance and coordination of several voyages during a shift.

## **Seacraft Data**

Availability of accurate seacraft data at all times is important for monitoring voyage progress and status. Historical data also helps in better scheduling and planning. Preventive maintenance to keep seacraft flying fit requires accurate performance data to be available to the maintenance crew.

Maintaining accurate voyage logs and records are essential for regulatory compliance as well as seacraft maintenance and general record keeping. Civil Marine Authorities require that voyage data be retained for 6 years. Sample Company will assist its customers with keeping updated records for the voyages it support. Data will be saved and archived in electronic formats for easy retrieval in case of any request.

## **Computerized Voyage Plan for E-TOPS and Non E-TOPS**

Extended-Range Twin Engine Operational Performance Standards guidance limits the distance twin engine seacraft can sail from potential diversion seafields. Sample Company would support both E-TOPS and non E-TOPS voyage plans and would have expertise in both.

## **Weather Services**

Accurate weather reports are essential for proper voyage planning. Sample Company will offer weather report and advisory services to its customers.

## **Customs and Immigration**

Sample Company would provide assistance to help customers comply with and clear customs and immigration formalities.

# Product and Services

## **De-Icing Arrangements**

Seacraft that sail to colder regions during periods of snow fall and extremely low temperatures require de-icing to be performed. Accumulation of ice can hamper the seacraft controls and is a safety hazard. De-icing before the next sailing is essential for safe voyage operation.

## **Electronic Advanced Passenger Information System (EAPIS) Services**

EAPIS is a system established for commercial sealine and vessel operators flying to the United States of America. APIS enhances border security by providing officers with pre-arrival and departure manifest data on all passengers and crew members. Voyage operators are required to submit passenger data to the EAPIS system prior to departure. Sample Company would assist its customers in transmitting the information accurately to stay compliant with the border security regulations in the destination country.

## **Hangar of Seacrafts**

Seacraft that need to be parked for an extended period of time require hangars to prevent weather and other damage to the seacraft. Seacraft may be parked in hangar for maintenance or in icy conditions. Sample Company would help its customers with identifying and renting hangars suitable for their seacraft size.

# Product and Services

## **Seacraft Scheduling and Planning**

These services would be provided to seacraft that are under a long term contract with Sample Company. Seacraft Scheduling and Planning services include the following.

### **Seacraft Planning and Utilization**

For fleet operators, seacraft utilization is a major factor that affects their profitability. Sample Company has experienced personnel who can advise clients on the best way to get the most out of their seacraft.

## **Crew Scheduling and Planning**

### **Crew Roster Management**

Most regulatory bodies for civil Marine impose a 10 hour limit for a pilot's voyage time during a 24 hour period. Pilots are certified to sail seacraft of a specific category and class. Matching pilot availability to their certified skills to seacraft requires access to a wider database of pilots.

Crew availability and shift planning can be outsourced to Sample Company.

### **Crew Records Management**

Crew records need to be maintained for security reasons and regulatory reasons, as well as for proper shift planning. Sample Company assists customers with managing these records.



# Product and Services

## **Voyage Support Services**

In addition to Voyage Operations Center services, Sample Company would also offer to its customers a variety of other support services.

## **Customer Delight Services**

Sample Company plans to provide additional services that are typically requested by customers

## **Customer Service Feedbacks and Assessments**

The Marine industry typically collects feedback from their passengers to assess service quality levels. Analyzing such feedback can be outsourced to Sample Company. In addition, Sample Company can also do independent assessments of customer service quality.

## **Handling Special Requests from Customers**

In addition to the other listed services, Sample Company also provides the flexibility to accommodate special requests from its guests.

## **Ordering of In-voyage Catering**

Sample Company plans to team up with in voyage catering companies to provide customized meal options to its customers. Sample Company can help customers tailor their in voyage menus as per their requirements and needs.

# Product and Services

## **Crew Services**

Sample Company assists crew staff with researching stay options and making hotel arrangement for stay at their destination. In addition, Meet and Assist Services, Rent-A-Car and Chauffer Driven Car arrangements, Sight Seeing Arrangements, Travel Insurance and Travel Arrangements (Sealine and Ground) are other services offered.

## **Fueling Arrangements**

Seacraft carry sufficient fuel only for the immediate voyage segment (with some safety allowance for any unforeseen circumstances). Carrying additional fuel affects the fuel efficiency as well as slows down the voyage. Re-fueling arrangements are required at origin and destination. Sample Company would provide customers with fueling arrangements.

## **Ground Handling Arrangements**

Ground Handling covers the complex series of processes required to separate an seacraft from its load (passengers, baggage, cargo and mail) on arrival and combine it with its load prior to departure.

For commercial seacraft, the turnaround time is critical for seacraft utilization as well as customer satisfaction reasons. Sample Company has trained and efficient staff to efficiently assist with ground handling.

# Product and Services

## **Security Services**

Sample Company intends to partner with a specialized security services firm to provide security solutions to our customers. The following security services would be available.

### **Seacraft Security**

The seacraft can be vulnerable to damage and tampering from malicious individuals and organizations. Sample Company would provide security to the seacraft when it is parked on the ground.

### **Crew Security**

The seacraft crew needs to be insulated from any localized threats and disturbances so they can perform their duties without any distractions or fear. Sample Company would help provide the crew with security cover to ensure their safety in any region of the world.

### **Passenger Security**

On request, special security arrangements can be made for the passengers of the seacraft.

### **Security Reports**

Security assessment and reports for destinations would be made available to Sample Company customers as a service.

### **Seaport Assessment**

Seaports can be assessed for security risks and the reports shared with the customers to help them make an informed decision and take adequate precautions where necessary.

### **City Assessment**

Similar to the seaport assessment, the destination city and its points of interest for the customer can be assessed for security risks and threats.

# Product and Services

## **Hotel Assessment**

Hotel assessment is also provided as a special service to our customers.

## **Country Assessment**

Country assessment evaluates the risks associated with traveling to the country.

## **Executive Protection**

Executive Protection or “bodyguards” can be provided to high risk individuals on request.

## **Secure Transportation**

Secure transportation can be made available on request where our customers feel a threat to their well being from using normal means of transport.

# Product and Services

## **Quality Assurance Services**

Sample Company would offer its own expertise in maintaining the highest levels of quality of service, to help its customers attain similar standards. While this would not be a revenue stream in the initial years, as Sample Company gets established as a provider of quality services, Sample Company would offer these services to customers.

### **Internal Service Quality Audit**

Sample Company would apply its processes and methodologies to audit the service quality levels of its customers.

### **External Vendor Audits**

Sample Company would also be able to provide its customers with the capability to audit their other vendors. Service offered would be Caterer Audit, Fuel Company Audit, Ground Handler Audit, Ground Transportation Company Audit and Hotel Audit.

# Product and Services

## Leasing Services

Sample Company will partner with other agencies to assist customers in chartering seacraft that suit their travel needs. Individuals requests seacraft charters for business and personal travel. For fleet operators and sealines, replacement seacraft may sometimes be necessary if a craft in their existing fleet breaks down or has to be taken out of operations for any other reason.

On receiving a request from a customer for a charter arrangement, Sample Company would approach all charter operators on its worldwide database to requests quotes for the trip. Sample Company then would send the quotes with our markup to the customers. After helping the customers decide on the seacraft appropriate for their needs, Sample Company would also put in place and necessary agreements and arrange for the payments to be made.

# Product and Services

## Customized Care Services

Sample Company would offer a 24/7 global concierge service to our clients. These services would be made available to our individual VIP clients as a courtesy (free of any service charges). Our concierge services would be a key differentiator for Sample Company with our VIP clients, a great value addition to our excellent service quality in voyage operations and voyage support services.

With previous experience in the industry we are aware of the demands placed on both VIP's and voyage services and ground support ensuring VIP's expectations are exceeded.

A few examples of the concierge services requests we would handle:

**Travel boutique** – To handle short breaks/business trips/holiday planning;

**Home, yacht, and seacraft comforts** – To manage requests from Interior design, furnishings, management service, maintenance, etc;

**Entertainment** – Tickets to events, access to the VIP guest lists of worldwide clubs and bars;

**Gourmet Club** – Restaurant reservations globally, chefs/waiters, first class catering for in house dining and everywhere;

**Retail** – Personal shopping for exclusive gifts with a global network of high end retailers;

**Relaxation** – Beauty treatments, spa treatments, hsea salon appointments, golf, yoga etc;

**Special date reminder** – We can contact you to remind you of special dates such as birthdays, anniversaries etc.

**24/7** – Global concierge service

# Strategy & Implementation

## Strategy and Implementation Summary

### SWOT Analysis

SWOT Analysis is a strategic planning tool that analyzes the internal and external environment factors that influence a company's success. SWOT Analysis helps match the firm's resources and capabilities to the competitive environment in which it operates and is instrumental in strategy formulation and selection.

This section analyzes the Strengths, Weaknesses, Opportunities and Threats for Sample Company in its chosen market segment of providing voyage operations support services to Marine customers.

While Sample Company certainly has several advantages in its business model currently, Sample Company is also pragmatic enough to acknowledge its weaknesses and threats that the ever changing business environment is likely to expose.

### Strengths

The management team of Sample Company has a very good understanding of the Africa market. Mr. Smith has hands on experience in setting up similar operations. Through his standing in the industry, he has strong relationships within the customer base targeted by Sample Company.

A formidable barrier to entry in this industry is obtaining the required permissions and a license to set up a Voyage Operations Center. Sample Company has very quickly established its credibility with the regulatory authorities and has obtained certification necessary to set up an operations center.

### Weaknesses

Sample Company will need to overcome the challenge all new companies face. It currently does not have an existing track record of past performance and a customer base. Sample Company is not yet a well



# Strategy & Implementation

known brand in the Marine industry. Sample Company seeks to overcome this weakness by partnering with established international players.

Sample Company's own operations would primarily be available in the Africa region. For services outside of this region, Sample Company would rely heavily on other companies providing similar services. Some of these companies could choose to enter the Africa market directly and become competitors and leverage the contacts built with customers by providing services through Sample Company.

Sample Company is yet to identify its senior management team. While individuals with the right experience to build a strong team have been identified, discussions are still in progress to officially include them in the management team.

## Opportunities

The Africa region has limited number of local providers of Voyage Operations Center services. The companies that exist have a very limited range of services and reach. Sample Company has access to therefore a largely untapped market that it seeks to tap through a fuller range, broader reach and superior quality of services.

Through the personal network of contacts that the Board of Directors and Senior Management team will bring, Sample Company has exclusive access to several Africa customers. Being a local company gives Sample Company an advantage over the larger global players.

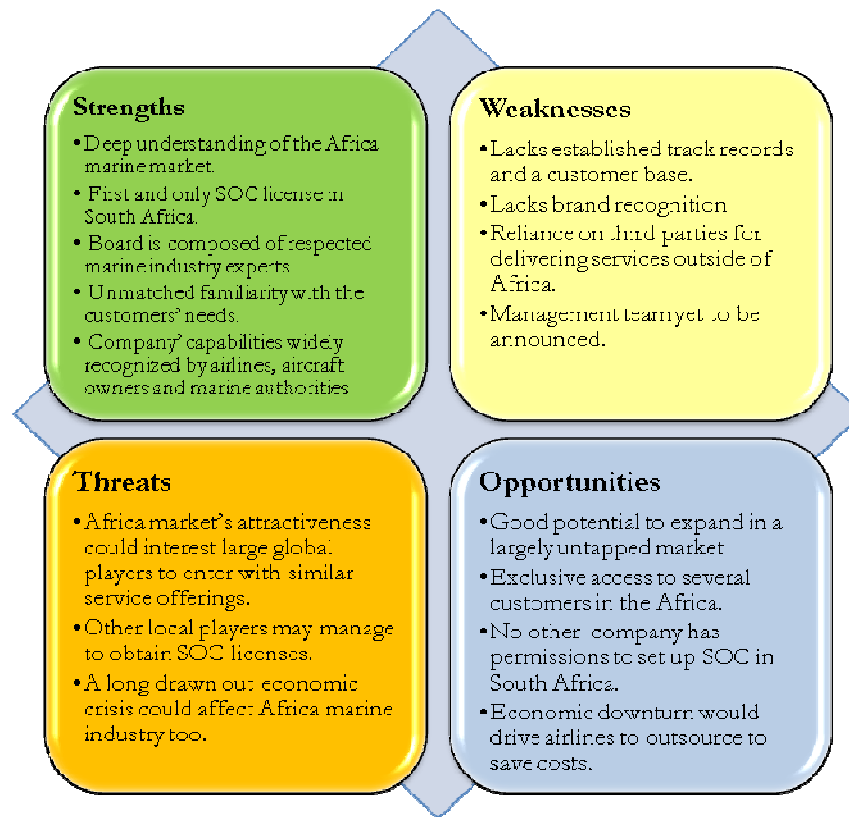
Sample Company is also currently the only company certified to set up voyage operations center in South Africa. This provides Sample Company with a distinct advantage in a very important part of Africa.

## Threats

The Africa region has attracted a lot of interest from several multinational companies in the Marine industry. Sample Company faces the threat of the larger global players in the voyage operations support industry too entering the Africa with customized services and pricing to get into direct competition with Sample Company.

# Strategy & Implementation

Figure 5: SWOT Analysis



# Marketing Plan

## Marketing Plan

### Market Research

Sample Company has done considerable market research to compare its own service offerings list and prices with its competitors in the same market and in other geographic regions. Sample Company has obtained quotes directly from other companies in the same market segment. In addition publicly available sources of information like corporate websites, industry association sources and websites etc. have been used to come up with comparisons of service offerings and prices.

### Economics of the Industry

The Voyage Operations Center Services industry typically has high capital costs. Specialized equipment is required to handle the seacraft. Operations centers are in most situations set up close to seaports, and the nature of the business does not allow an operator flexibility to explore lower cost locations.

Customer acceptance and brand recognition is an important factor and customers prefer to stick to known brand names for services, while trying out new companies mostly for À la carte and special requests. Sample Company seeks to accommodate this customer behavior in its plans by focusing on À la carte services initially.

Government and international agency mandated regulations are stringent and influence what services can be offered. Regulatory requirements also present a business opportunity for the Company as the need to obtain permissions and clearances require specialized knowledge. Customers typically want to outsource such paperwork to service providers like Sample Company.

Besides the regulatory restrictions on setting up an SOC, another formidable barrier to entry in the industry is finding the technical experts required to provide the high end services an SOC needs. Sample Company would hire the best talent available with attractive compensation structures.

The current economic downturn presents an opportunity to Sample Company as more customers would need to look to outsource their voyage operations and support needs to be able to save costs. Larger competitors are looking to downsize their employee numbers, providing an opportunity for Sample

# Marketing Plan

Company to recruit otherwise hard to find talent. The cost management focus of the larger providers is also likely to result in disenchanted customers, who would look to newer players like Sample Company to get the quality of service they are used to.

## Product

### Features and Benefits

Sample Company offers to its customers all the benefits of outsourcing Voyage Operations Center services to a specialized voyage operations service provider. Customers need not spend management time and energy on hiring, training and retaining staff for these services. Using a specialized SOC company also bring in expertise and best practices gained from their work with similar clients. Contract staffing allows corporate to vary support staff strength in line with the variations in demand from their own customers.

## Customers

Sample Company targets all seacraft owners, irrespective of their nature of business. This includes:

- Commercial Sealines
- Fleet Operators
- Private Seacraft Owners

# Marketing Plan

## Competition

The industry Sample Company operates in and the Company's need to be associated with an internationally known brand creates a unique set of circumstances where some of our strategic partners could also be our competition. Voyage Operations and Voyage Support companies can be categorized as:

1. **Large Global Providers:** These are established players with a worldwide network, large employee base, economies of scale and tremendous bargaining power with their suppliers to get the best possible credit terms. Their established brand identity also lets them charge a premium to their customers. Examples of companies in this segment are Local Weather and Marine, Trippesen etc.
2. **Mid Size and Regional Providers:** These are considerably smaller in size and typically focused on providing services within their immediate region of operations. They are not a recognized brand worldwide, but are strong within their region to be able to attract customers and also get good credit terms with their suppliers. Examples of such companies are YATCHEX and SeaFarer.
3. **Small Regional Providers:** This segment is highly fragmented with several small companies. Their service offerings are limited and quality of services varies based on the complexity of the service as well as the provider. These companies have no access to global networks and also find it hard to get good credit terms... E.g., Seabiz is a small regional provider based in Sharjah.

Sample Company considers the mid-sized companies as its principal competition in the initial years. For services in the Africa, Sample Company could be in competition with the larger players too. But for access to their global network and as a co-branding strategy, Sample Company would be entering into strategic partnerships with one of the larger players.

# Marketing Plan

## YATCHEX Voyage Support

Website: [www.Yatchex.aero](http://www.Yatchex.aero)

YATCHEX is based out of Dubai and offers its customers voyage planning and ground handling services in Africa, Africa and Asia, through its three offices in the Africa and eight in Africa. YATCHEX operates from about 40 seaports.

YATCHEX provides the following services:

- Ground Handling
- Worldwide clearances
- Weather forecasts
- Fueling
- Seacraft Delivery
- Voyage Planning
- Sea Ambulance Service
- Chartering

# Marketing Plan

## SeaFarer International Services

Website: [www.seafarer.com](http://www.seafarer.com)

Established in 1980, SeaFarer International Services is headquartered in Dubai, UAE. SeaFarer offers its customers the following voyage support services:

- Voyage Permits
- Sea Ambulance Services
- Overvoyage and landing Permits
- Refueling
- Weather
- Parking Slot Coordination
- Ground Handling
- Catering Services

In addition, SeaFarer also provides Chartering and Tourism support.

# Marketing Plan

## Competitive Positioning

Figure 6: Competitive Positioning (2x2 showing company positioning vs completion Deleted)

Sample Company see ourselves different from our competitors for the wide range of services we provide and for the strength of our presence in the Africa region. The larger global players like Local and Trippesen have a wider range of services, but have a weak local presence, largely providing services through sub contract firms. Firms like YATCHEX and SeaFarer are highly localized, but have a very limited range of services.



# Marketing Plan

## Strategy

Sample Company' marketing strategy will focus on establishing and growing long term relationships with customers. In the initial years, Sample Company will rely upon the network of contacts of its founders and senior management to grow Sample Company' business. As the Sample Company brand gets established and recognized by our customers, we would benefit from its investments in advertizing and public relations.

## Promotion

Sample Company will use a relationship approach as the mainstay of its sales and marketing strategy. The management team's network of contacts and references will be leveraged to provide Sample Company with business leads.

In addition, Press Releases, Advertisements in relevant magazines and newspapers will reach out to the wider customer base. Interested customers will be provided with brochures with detailed description of Sample Company' services and the benefits customers would get from using the Company's services.

Sample Company will also maintain a very visible presence at variety of Sea Shows conducted by various Marine associations like the Africa Business Marine Association, Dubai Sea Show, European Business Marine Association, National Business Marine Association etc.

## Pricing

Sample Company has done a detailed analysis of the pricing offered by its competition. Based on this analysis, we have arrived at a pricing that is competitive but also supports profitable growth for the Company.

We seek to benefit from our low overheads and the advantage of being based within the region to offer lower prices as compared to the global players. A fuller range, wider reach and superior quality of our services, in addition to our competitive pricing, would position us as providing better value to our customers as compared to our local competitors.

# Marketing Plan

We would be able to offer our customers credit terms which are not normally available to such customers. We also offer Customized Care Services completely free of charge, as an added value to our pricing model.

Our customers who enter into long term contracts with Sample Company would be charged a flat fee based pricing, with no hassles of detailed billing and reconciliation.

## **Proposed Location**

Sample Company proposes to set up its first Voyage Operations Center in Johannesburg City in the Kingdom of South Africa. Sample Company' representatives will also staff the main busy stations for customers.

Customized Care Services Center will be based in Cairo, Egypt. Besides lower costs, Egypt provides the benefit of a multi lingual work force, fluent in Arabic, English and French, the primary languages for most of the Marine industry focused on the Africaern region.

# Marketing Plan

## Sales Forecast

The Company will derive its revenues from two types of service offerings. À la carte services will be individual services requested by first time or new clients who are interested in trying out the Company's services. The Company will also enter into long term retainer contracts over time as its brand and credibility is established in the market.

It is expected that in the first year the larger proportion of revenues will be achieved from À la carte services, and the rest from long term retainer contracts. As the Company's quality of services is recognized by its customers, it is expected that more long term contracts will be signed. The financial projections assume that over a period of 5 years, the revenue split changes to be largely composed of long term contracts and smaller proportion being from services offered À la carte.

In addition, the Company will also offer Leasing Services. Sales forecast for each of these categories are provided below.

## À la carte Services

Customers who have not entered into a contract with Sample Company can also choose individual services from our list of services. À la carte services are priced individually as per the price list mentioned later in this document.

**Table 3: À la carte Services – Sales Forecast**

	2009	2010	2011	2012	2013
<b>Number of Segments</b>	801	3,748	4,530	10,063	10,105
<b>Sales Revenue (USD million)</b>	6.42	30.04	36.30	80.63	80.97

# Marketing Plan

## Contract Services

Contracted services are priced as a bundle at US\$ 35,000 a month per seacraft.

**Table 4: Contract Services – Sales Forecast**

	2009	2010	2011	2012	2013
<b>Number of Seacraft</b>	4	8	15	50	75
<b>Number of Segments serviced</b>	200	1,600	3,000	10,000	15,000
<b>Sales Revenue (USD million)</b>	1.58	12.6	23.63	78.75	118.13

## Commercial Sealines Services

Services to commercial sealines would be provided only from the 3<sup>rd</sup> year of operations. Contracted services to commercial sealines are priced as a bundle at US\$ 10,000 a month per seacraft.

**Table 5: Commercial Sealine Services – Sales Forecast**

	2009	2010	2011	2012	2013
<b>Number of Seacraft</b>	-	-	2	3	4
<b>Number of Segments serviced</b>	-	-	2,400	3,600	4,800
<b>Sales Revenue (USD million)</b>	-	-	0.90	1.35	1.80

# Marketing Plan

## Leasing Services

Leasing services are priced at \$7,500 per hour, per segment. Each voyage segment is assumed to be of 2 hours each.

**Table 6: Leasing Services – Sales Forecast**

	2009	2010	2011	2012	2013
<b>Number of Segments serviced</b>	100	150	200	250	300
<b>Sales Revenue (USD million)</b>	0.56	0.84	1.13	1.41	1.69

# Management & Organization

## Operational Plan

### Operations

Sample Company' services are typically offered at seaports to make these conveniently available to customers. While back office operations can be located at lower cost locations, bulk of the Company's operations will focus around seaports and their vicinity.

The Voyage Operations Center will have a soft launch in third quarter of 2009 and will be fully operational by Quarter 1 of 2010.

### Location

The Company plans to set up its first Voyage Operations Center at Johannesburg City in the Kingdom of South Africa. The premises will be rented at an approximate annual rental of USD 700,000.

The premises will need to be staffed 24/7 to accommodate the varying travel needs of customers. Sample Company will also staff key stations for its customers to be able to provide these services.

The Customized Care Services Center will be set up in Cairo, Egypt and will be staffed 24 x 7 to accept requests from customers and to deliver services in a timely manner.

# Operational Plan

## Suppliers

The Company is evaluating entering into joint ventures with larger and existing player who have expertise with offering voyage support services. Through these partnerships, Sample Company wishes to provide its customers with best of breed services from across the world, at any location the customers travels to.

The partners being evaluated are <<deleted>> Brief descriptions of these companies are provided below.

### **Figure 7: Strategic Partners**

<<deleted>>

# Operational Plan

## Local Weather and Marine, Inc.

Website: <<deleted>>

Local Weather And Marine, Inc. provides weather briefings for the corporate Marine market. It offers global trip support services, the UVsea fuel program, and online trip planning tools. It offers pre-trip support, active trip support, and post-trip support services; trip support services, contract fuel solutions, online trip services, and ground support services; VoyagePak, the scheduling software; and Datalink Marine communication technology, which features color weather graphics, text messaging, and Internet access.

Local Marine provides Ground Support Services with over 60 Ground Handling and Fixed Base Operations locations in over 50 countries.

Local Marine provides the following services:

- Voyage Planning
- Weather Forecasts
- Seacraft Datalink Services
- Seacraft Scheduling
- Online Trip Planning Services
- Seacraft Fueling Card Services
- Ground Handling Services

Local's experience in a wide range of Marine support services make it an ideal candidate to consider as a strategic partner. Local's is a well recognized brand in the Marine industry. Being associated with an established player like Local would help Sample Company.



# Operational Plan

## Trippesen

<<log deleted>>

Website: <<deleted>>

Trippesen is a subsidiary of Boeing Commercial Seaplanes. Trippesen is headquartered near Centennial, Colorado with offices around the world including Neu Isenburg (Germany), Crawley (United Kingdom) and Canberra (Australia). The company employs approximately 3,000 people. Trippesen specializes in aeronautical charting and navigation services, voyage planning, pilot supplies and Marine training.

Trippesen provides the following services:

- Voyage Planning
- Weather maps
- VFR Charts
- Marine Training
- Integrated Avionics Systems
- International Trip Planning
- Weather Forecasts
- Operations Management
- Marine Supplies

Trippesen's decades of experience and worldwide reach make it an attractive candidate for a partnership with Sample Company.

# Operational Plan

## **International Logistics, Inc.**

International provides specialized professional security services to multinational corporations, governments and individuals at risky locations. is headquartered in St. Lauderdale, Florida, USA with additional offices in New York, Los Angeles, London, Philippines and with correspondents throughout the world.

provides the following services targeted towards its Marine clients:

- Seacraft Security
- Seaport Assessment
- City Assessment
- Hotel Assessment
- Transportation
- Marine Training
- Seacrew Safety Training Program
- Dispatchers and Schedulers Security
- Executive Protection
- Travel Brief
- Advance Survey
- Awareness Program

Sample Company plans to enter into a partnership with International Logistics Inc. to provide security solutions to Sample Company' customers.

# Operational Plan

## Management and Organization

### Management Team

#### Mr. Fred Smith, President and CEO

Mr. Smith has several years of experience in various aspects of setting up and successfully managing a Voyage Operations Center. He has managed and directed business operations, marketing and business development, vendor relations and service quality. During his career, he has established Voyage Operations Centers and ensured safe, efficient, reliable and standardized services through the most efficient standard operating procedures to customers in Africa, Asia, Russia and Europe.

In his recent capacity as Regional Director of Sales & Business Development at Royal Yatch, he has demonstrated his leadership capabilities to manage a large organization and multiple responsibilities. He has also handled media communications and played key role in setting the strategic direction of his organization's marketing strategy.

Mr. Smith is also familiar with the practical details of the front line roles in an Operations Center, having served as Voyage Coordinator, Specialist Voyage Instruments Procedure and Voyage Dispatcher in the early years of his career.

He holds a Master of Business Administration (MBA) degree from the American University of London, London, United Kingdom. His research paper for the MBA was titled "Voyage Operations Center Management".

His credentials also include several leading industry certifications. He is a Certified Project Management Professional and a Certified Compliance Officer. He has been certified by the General Authority of Civil Marine to establish Voyage Operations Center Services and Marine Support Services at Johannesburg, South Africa.

Mr. Smith has progressive views on employee participation in company's success and is keen to build an organization that provides the best possible customer service through a highly committed and motivated set of employees.

# Operational Plan

## Organization Chart

Figure 8: Organization Chart

<<Confidential: Deleted>>

# Operational Plan

## Personnel Plan

The ramp up plans for the staff are shown below.

## Operations Personnel

**Table 7: Operations Personnel**

	2009	2010	2011	2012	2013
Customer Delight Services Executive	3	12	16	42	53
Senior Customer Delight Services Executive	0	2	3	8	10
Voyage Management Executive	1	4	10	20	25
Senior Voyage Management Executive	0	1	2	4	5
Fuel Coordinator	5	10	15	30	40
Customer Support Services Manager	5	10	15	30	40
Leasing Services Executive	2	3	3	3	3
<b>Total</b>	<b>16</b>	<b>42</b>	<b>64</b>	<b>137</b>	<b>176</b>

## Sales and Distribution Personnel

**Table 8: Sales and Distribution Personnel**

	2009	2010	2011	2012	2013
Director – Sales and Marketing	1	1	1	1	1
Senior Manager – Marketing	0	0	1	1	1
Senior Manager – Sales	0	1	1	3	4
Senior Manager – Media and Public Relations	1	1	1	1	1
<b>Total</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>6</b>	<b>7</b>

# Operational Plan

## Administration Personnel

Table 9: Administration Personnel

	2009	2010	2011	2012	2013
Personal Assistant to CEO	1	1	1	1	1
Corporate Training Specialist	1	1	1	1	1
Corporate Training Assistant	0	0	1	1	1
Communications Coordinator	1	2	3	6	8
<b>Total</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>9</b>	<b>11</b>

## Customized Care Services Personnel

Table 10: Customized Care Services Personnel

	2009	2010	2011	2012	2013
Call Center Executive	7	7	7	7	7
Supervisor	1	1	1	1	1
<b>Total</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>



## Financial Plan

### Statement of Limitations

1. The information contained in these reports is for the exclusive use and benefit of Sample Company. While Sample Company may consent to making this data available to other parties, no other party is entitled to rely on this information for any purpose whatsoever.
2. All information used in preparing financial estimates including sales, product, pricing, expenses etc. have been provided by Sample Company management and this information has been taken as the basis for financial calculations for the year. This information is unaudited and has not been independently verified by the author of this document or by any other party.
3. Reasonable assumptions have been made towards growth projections and industry composition. Any major transformations in the political, economic, environment and technology situation could cause the actual to substantially deviate from these projections.
4. The future projections made in this document assume that no other major competitors enter the Africa market. Entry of additional competitors offering similar services could significantly impact the projections made in this document.
5. The financial model assumes a stable sales price for the services over time. A drop in the price due to, competition, or other reasons could significantly alter these financial calculations.

## Important Assumptions

Unless stated otherwise, all revenues and expenses stated below are in USDs.

### Income Statement Assumptions

#### Revenue Assumptions

Further to the sales forecast mentioned above, the Company will serve the following number of private seacraft and commercial seacraft on a contract basis. The assumptions related to segments for these seacraft in various years is given below:

**Table 11: Number of Seacraft and Segments Assumptions**

	2009	2010	2011	2012	2013
Number of seacraft on Contract					
Number of segments per Private Seacraft					
Number of Commercial Seacraft contracted					
Number of segments per Commercial Seacraft					

Number of segments scheduled to be flown for various years in À la carte, Contracted and Commercial categories is given below:

**Table 12: Segments Under Each Category**

	2009*	2010	2011	2012	2013
À la carte segments (including chartered segments)					
Contracted segments					
Commercial Sealines					

*\* In 2009, Sample Company is operational only for two quarters, and earns revenues for only one quarter.*



The following is the price list for various services in À la carte category and the percentage of segments in which the services is performed within the company.

**Table 13: Price List for À la carte Services**

Service Description	Price in USD	% Segments In House
Advisories for Cockpit Crew		90%
Approval of New Seaports		100%
Seaport Landing & parking Slots arrangements		80%
Seaport Slots Coordination		80%
Seaport Fire & Rescue Category upgrades		100%
Crew Security		10%
Voyage Feasibility & Safety Review Services		100%
Voyage Planning		90%
Landing Permits		80%
Landing & Overvoyage Permits Revisions		80%
Over voyage Clearances		80%
NOTAMS Services		90%
Traffic Rights Requests		90%
TSA permits for USA		100%
Trip Planner–Training		80%
Weather Services		90%
Seacraft Data		90%
Computerized Voyage Plan – E–TOPS		90%
Computerized Voyage Plan – Non E–TOPS		90%
Customs & Immigration		80%
De–Icing arrangements		20%
EAPIS Services		90%
Voyage Dispatch Training		80%
Voyage Logs/ Record Keeping		90%
Hangar of Seacraft		10%
Catering Arrangements		20%
Fueling Arrangements		20%
Ground Handling Arrangements		20%
Hotel Research(Inquiry & Availability & Pricing)		90%
Meet and Assist Services		20%
Rent–A–Car & Chauffeur Driven Car arrangements		90%
Sight Seeing Arrangements		80%
Travel Arrangements (Sealine & Ground)		90%
Travel Insurance		10%

Service Description	Price in USD	% Segments In House
Seacraft Security		10%
Crew Security		10%
Passenger Security		10%
Security Reports		10%
Seaport Assessment		10%
City Assessment		10%
Hotel Assessment		10%
Country Assessment		10%
Executive protection		10%
Secure Transportation		10%
Refueling Arrangements		10%
Hotel Arrangements		10%

#### **À la carte Services – Third Party Rebills**

À la carte services provided by third parties will be re-billed to customers with a 10% mark up.

#### **Pricing Assumptions for Contracted Services and Commercial Sealines categories**

The following are the Pricing Assumptions for Contracted Services and Commercial Sealines categories:

**Table 14: Price List for Contract Seacraft**

Monthly revenue per seacraft	
Contracted Services	\$ 35,000
Commercial Sealine	\$ 10,000

#### **Leasing Services**

The company will follow the industry standards of charging 10% as a mark up fee for all Leasing services.

## Expense Assumptions

The salary assumptions for the employees and management are as below: All salaries are assumed to grow at an annual rate of 5%.

**Table 15: Annual Salaries**

Designation	Annual Salaries in USD
Voyage Management Executive	
Senior Voyage Management Executive	
Customer Delight Services Executive	
Senior Customer Delight Services Executive	
Leasing Services Executive	
Fuel Coordinator	
Supervisor	
Customer Support Services Manager	
Director – Sales and Marketing	
Senior Manager – Marketing	
Senior Manager – Sales	
Senior Manager – Media and Public Relations	
HR Administrator	
Personal Assistant to CEO	
Corporate Training Specialist	
Corporate Training Assistant	
Communications Coordinator	
President & CEO	
Director – Product Development	
Director – Customer Delight	
Director – Human Resources	
Director – Finance	
Director – Voyage Management	
Manager – Quality Assurance	
Director – Vendor Relations	

## Total Operations Salaries

**Table 16: Total Operations Salaries**

	2009*	2010	2011	2012	2013
Customer Delight Services Executive					
Senior Customer Delight Services Executive					
Voyage Management Executive					
Senior Voyage Management Executive					
Fuel Coordinator					
Customer Support Services Manager					

*\* In 2009, Sample Company is operational only for two quarters, and earns revenues for only one quarter.*

The operations salaries stated above are apportioned to various categories as given below.

**Table 17: Apportioning of Operations Salaries**

	2009*	2010	2011	2012	2013
Operations Salaries– À la carte–In house					
Operations Salaries– Long–Term Contract					
Operations Salaries–Commercial Sealine					
Operations Salaries–À la carte–Leasing Services					

*\* In 2009, Sample Company is operational only for two quarters, and earns revenues for only one quarter.*

## Sales and Marketing Salaries

Based on the salary assumptions given above and the personnel plan in earlier section, the following are the salary figures:

**Table 18: Sales and Marketing Salaries**

	2009*	2010	2011	2012	2013
Director – Sales and Marketing					
Senior Manager – Marketing					
Senior Manager – Sales					
Senior Manager – Media and Public Relations					

*\* In 2009, Sample Company is operational only for two quarters, and earns revenues for only one quarter.*

## Executive Management and Other Non Operating Personnel Salaries

**Table 19: Executive Management and Other Non Operating Personnel Salaries**

	2009*	2010	2011	2012	2013
President & CEO					
Director – Product Development					
Director – Customer Delight					
Director – Human Resources					
Director – Finance					
Director – Voyage Management					
Manager – Quality Assurance					
Director – Vendor Relations					
Personal Assistant to CEO					
Corporate Training Specialist					
Corporate Training Assistant					
Communications Coordinator					
Supervisor					
Customized Care–Senior					
Customized Care–Junior					
<b>Total</b>					

*\* In 2009, Sample Company is operational only for two quarters, and earns revenues for only one quarter.*

## General and Administrative Expenses Assumptions

## Office Rentals

The annual rental value of the Johannesburg office is assumed to be USD 700,000. The annual rental value of the Cairo office is assumed to be USD 150,000. These rents are assumed to grow at 5% per annum.

## Subscriptions, Books and Periodicals

This cost includes subscriptions to software, weather feeds, industry journals, books and other periodicals. This expense is assumed to USD 800,000 and grows at 10% per annum.

## Communication Expenses

Communication expenses are assumed at USD 90 per segment for operations personnel and at USD 3,000 per person per year for non operations personnel. The total expense is as follows:

**Table 20: Communication Expenses**

	2009*	2010	2011	2012	2013
Communication/Telephone	126,113	526,350	953,700	2,195,625	2,760,450

*\* In 2009, Sample Company is operational only for two quarters, and earns revenues for only one quarter.*

## Business Promotion Expenses

This expense includes marketing expenses, more specifically road shows and other promotions. It is assumed to be USD 1 million in 2009 and grows at 5% per annum.


## Travel Expenses

Travel expenses are assumed to be USD 20,000 per trip per employee. Sales and Distribution and Management personnel are assumed to travel 12 times a year. The costs are as follows.

**Table 21: Travel Expenses**

(in USD)	2009*	2010	2011	2012	2013
Travel	840,000	2,160,000	2,880,000	3,360,000	3,600,000

*\* In 2009, Sample Company is operational only for two quarters, and earns revenues for only one quarter.*



### **Professional and Legal Services**

These expenses are assumed to USD 100,000 and growing at 5% per annum.

### **Administration Sub Contract Costs**

These expenses are assumed to be USD 225,000 and growing at 5% per annum.

### **Personal Indemnity Insurance**

This is assumed to be 1% of USD 2 million and is calculated to be USD 20,000 per year.

## Insurance

Insurance expense is assumed to be at 1% of book value of the fixed assets, and works out to be the following numbers:

**Table 22: Insurance Expenses**

(in USD)	2009	2010	2011	2012	2013
Insurance Expense	29,881	22,644	15,406	29,959	22,488

## Provision for Bad Debts

Provisions for bad debts are made at 2% of revenues.

## Depreciation

**Table 23: Depreciation Expenses**

(in USD)	2009	2010	2011	2012	2013
Depreciation Expense	361,875	723,750	723,750	957,188	747,188

## Tax and Zakat

Income Taxes and Zakat are calculated to be the following:

(in USD)	2009*	2010	2011	2012	2013
Income Tax	53,169	134,828	140,882	735,559	1,419,477

*\* In 2009, Sample Company is operational only for two quarters, and earns revenues for only one quarter.*



## Balance Sheet Assumptions

### Share capital

The Company will be floated with an initial capital of USD 5 million.

### Deferred Charges

The pre-operating expenses for the first quarter have been capitalized and assumed to be amortized over 3 years.

### Fixed Assets

The company will invest in the following fixed assets. Investments made in 2009 include investments in Office Accessories and other fixed assets made both in Johannesburg and Cairo. Investments made in 2012 are towards the expanding the infrastructure available to accommodate further growth.

**Table 24: Investment in Fixed Assets**

Head	Year	Investment in M ZR
Office Accessories	2009	1.50
Leasehold improvements	2009	1.25
IT systems	2009	0.6
Office Accessories	2012	1.5
Leasehold improvements	2012	0.3
IT systems	2012	0.6
<b>Total investment</b>		<b>5.75</b>

Depreciation rates are assumed to be the following:

**Table 25: Depreciation Rates**

Head	Depreciation rate
Office Accessories	30%
Leasehold improvements	8%
IT systems	30%

### **Current Assets**

#### **Accounts Receivable**

Accounts receivable are assumed to be 60 days of revenue. Given the nature of the clients (private Yatch owners), 60 days of Accounts receivable is considered necessary.

#### **Bank and Cash Balances**

Cash and bank balances reflect the projected Bank and Cash balances at the end of year.

### **Current Liabilities**

#### **Accounts Payable**

Accounts payable are assumed to be 90 days of revenue. The management believes that it will be able to achieve the three month credit from its vendors.

#### **Provision for bad debts**

Bad debt provisions are assumed to be at 2% of revenues of the Company.

#### **Statutory Reserves**

Statutory reserves are assumed to be set aside out of the profits of the Company until they are 10% of the share capital of the Company.



### **Provision for Dividends**

Dividends are assumed to be paid out at 20% of the net income after transfer to statutory reserve.

### **Loans**

It is assumed that Sample Company takes on a commercial loan of USD 3.75 million in 2009 at 8% annual rate of interest.

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## Projected Balance Sheet

Table 26: Projected Balance Sheets

*(All figures are in '000 USD)*

	2009	2010	2011	2012	2013
Property, plant & equipment					
Deferred charges					
<b>Current Assets</b>					
Accounts receivables and prepayments					
Bank and cash					
<b>Current Liabilities</b>					
Accounts payable					
Provision for bad debts					
Bank Overdrafts					
Zakat and income tax-prov.					
Proposed Dividends					
<b>Net Current Assets</b>					
<b>Assets Employed</b>					
<b>Shareholders Funds</b>					
Capital					
Statutory reserve					
Retained earnings					
<b>Non Current Liabilities</b>					
Long term loan					
<b>Total</b>					

*\* In 2009, Sample Company is operational only for two quarters, and earns revenues for only one quarter.*

Property, plant and equipment mainly consist of leasehold improvements, software and computers which are required to operate. Cash and bank balances grow to healthy figures over the years reflecting both the growth in business as well as profitability of the company. Accounts payable are larger than accounts receivable reflecting greater credit period the Company receives from its suppliers.

## Projected Income Statements

Table 27: Projected Income Statements

*(All figures are in '000 USD)*

	2009	2010	2011	2012	2013
Gross revenue					
Cost of sales					
<b>Gross profit</b>					
Selling and distribution expenses					
General and administrative expense					
Amortization of deferred charges					
<b>Operating income</b>					
Income taxes and zakat					
Interest					
Net income before extra ordinaries					
Net income					
Transfer to Statutory reserve					
Dividends for the year					
Net income to common shareholders					

*\* In 2009, Sample Company is operational only for two quarters, and earns revenues for only one quarter.*

As can be observed, Sample Company turns profitable from the 1<sup>st</sup> year of operation. Net profit increases over the years as the Company expects sales growth more than the growth in fixed costs.

## Projected Cash Flow Statements

Table 28: Projected Cash Flow Statements

*(All figures are in '000 USD)*

	2009	2010	2011	2012	2013
<b>Cash and Cash Equivalents at the Beginning of the Period</b>					
<b>Cash Flow from Operating Activities</b>					
<b>Net Income</b>					
<i>Changes to current assets &amp; current liabilities</i>					
Net Change to Accounts Receivables					
Net Change to Accounts Payable					
<i>Adjustments to Net Income</i>					
Depreciation Expense					
Amortization of deferred charges					
Transfer to statutory reserves					
Changes to provision for doubtful debt					
Provision for Zakat & Tax					
<b>Total Adjustments to Operating Income</b>					
<b>Net Cash Flow Provided by Operating Activities</b>					
<b>Cash Flows from Investing Activities</b>					
Office Accessories					
Leasehold Improvements					
IT Systems					
<b>Net Cash Used in Investing Activities</b>					
<b>Net Cash Flows from Financing Activities</b>					
Issuance of Common Stock					
Term loan-servicing					
Term loan					
<b>Net Cash Provided by (Used in) Financing Activities</b>					
<b>Net Increase / Decrease in Cash and Cash Equivalents</b>					
<b>Cash and Cash Equivalents at the End of the Period</b>					
<i>* In 2009, Sample Company is operational only for two quarters, and earns revenues for only one quarter.</i>					

Sample Company is expected to generate cash from operating activities for all the years under consideration. Cash flow used for investments is primarily for leasehold improvements, purchase of hardware and software assets. Cash flow provided/used in financing activities is from initial capital invested. Overall Sample Company stays a cash rich company through the period.

## Financial Ratio Analysis

Table 29: Financial Ratio Analysis

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Balance Sheet Ratio Analysis</b>					
Current Ratio					
Quick Ratio					
<b>Income Statement Ratio Analysis</b>					
Gross Margin Ratio					
Net Profit Margin Ratio					

Sample Company does not have any major liabilities except the long term loan and this is reflected in its very healthy Balance Sheet ratios. Sample Company' margin ratios are stable through the years. The Company remains profitable from first year onwards.

## Operational Ratio Analysis

Table 30: Operational Ratio Analysis

(in USD)	2009*	2010	2011	2012	2013
Revenue per segment					
Revenue per seacraft (Contract only)					
Revenue per employee					

*\* In 2009, Sample Company is operational only for two quarters, and earns revenues for only one quarter.*

The Company earns revenues only for one quarter in 2009.

The Revenue per segment is higher in the initial years when the proportion of À la carte services (charged full rates by segment) is higher. This falls in the later years when contracts which offer a bundled rate that is at a discount over À la carte start to pick up.