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by MOHMMED MOHSIN ZAHRAN SALAT AL NABHANI .

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Group Assignment :-

CITYSCAPE BUSINESS

PLAN

Name :Mohammed al.Nabhani

Id : 11f7609

Teacher Name :Dr.Maria Teresa

Module name :Entrepreneurship and New

Venture<Buss1011>

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CITYSCAPE Business Plan

“CityScape”: Concept and Business Idea**Introduction**

The global “Information superhighway” is characterized by the presence of ² the internet and World Wide Web (WWW) which have established its backbone, considering the rapid growth in the number of people using the WWW; organizations are seeking ways of exploiting the advantage of the distribution channel. End users, however, have a hard time locating the information they want faster considering the explosion in the number of “Homepages” and online information. Additionally, WWW platforms are not easily accessible to local oriented business excluding them from using the new channel to realize efficiency and profitability.

“CitySpace” (CS) provides a solution to the aforementioned problem. It is a commercial platform and an interactive directory attending to ¹ small and medium sized business. The value of CS is realized through the following ways:

- i. It is an organization of daily information like current, weather forecasts and local happening, movie listings, guides to restaurants, address and information on local business in a user friendly directory.
- ii. It is a conduit for local business to advertise and reach the local market. The services range from posting ¹ contact address to providing interactive catalogs coupled with processing functions for integrated commercial businesses.

The innovative component of CitySpace with respect to existing products is consolidation of daily information that is normally gathered from various media sources. It additionally enables local businesses which do not have sufficient funds and capacity to come up and maintain a website, have commercial presence in the WWW and promote business ventures.

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The Business Concept

CS specialty is marketing and sales with an aim of bringing end users and local establishments together. It will integrate internet technologies, for instance, transaction processing and search engines. Providing internet access and maintaining the accompanying infrastructure are functions that will be subcontracted to Internet Service providers in the local markets.

“CityScape”: Business Plan

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Executive Summary

Purpose of CityScape Business

CityScape is a developer and marketer of interactive software designed for easy use for both local businesses and end users. The purpose of CS is two-fold:

1. Presents consumers with information on a user-friendly manner about local events, businesses, cinemas, weather forecasts and etcetera.
2. Provide a medium for local businesses to promote and advertise their businesses.

Background

Electronic commerce has been transferred to the internet and WWW platforms. Internet users have grown in the recent past and companies have formulated ways to tap into the

distribution channel. The WWW has an interactive and multimedia capacity making it ideal as an advertising and sales platform. The WWW allows easy upload of information and less-costly dissemination, allowing companies to get feedback on customer preferences.

Product

CityScape provides and ¹ interactive WWW index and a commercial platform that small and medium sized businesses can use. It organizes information in a user friendly manner and provides ¹ local businesses with a platform for advertising and sales. It is a service extending to incorporate contact addresses (which can be compared to yellow pages), complete interactive sales catalogs which offer online platforms for transactions.

Company and Management

As a company, CS will concentrate on sales and marketing services and integrate different internet aspects, for instance, search engines. The management team comprises of four people with extensive knowledge in sales and marketing as well as financial and technological knowhow.

Business System

¹ The goal is to create CS into the de facto system for local information management and web management of transactions for local and regional businesses. CityScape is generally free for consumers. When end users use the platform enough, business will have an incentive to pay to be featured on CityScape. Charges will be a one-time installation and monthly payments.

Financing

Growth forecasts have sales of 50 million in the first five years. The net profit is forecasted at 12% of sales after tax. In five years, the platform will be available in over 100 towns. The

start-up capital will be provided by founders amounting to \$ 200,000. The platform will seek investors in the industry to actively support the team. ² The first financing round will provide investors with 60% stake in the business for \$ 1.5 million. A further \$ 2.0 million will be needed within 12 months and \$1.0 12-15 months later. An IPO is seen as a possibility within 5 years of operation.

Service Idea

Current Situation

The internet and WWW are no longer a preserve of government and academic institutions. They have, in the recent past, grown into a tool with potential benefits for businesses. With the scale of utilization, businesses have integrates “Virtual shop windows,” “electronic shopping” as part of their WWW presence. The internet provides small businesses with a competitive condition that until recently was enjoyed by ² large companies.

Information Management on WWW

The benefit offered by the internet is not in the infrastructure but the overwhelming information abundance available to users. The information is de-centrally organized and presented making it time consuming and complicated to locate information. Although users enjoy using the internet, it is frustrating to locate certain information. Small businesses want to address internet users locally to create awareness on their presence.

CityScape: The Product

CS packages offers and ¹ interactive WWW directory and a commercial platform for businesses, small and medium sized. The CS value is in the presentation and distribution of information about local businesses in a quicker and user friendly manner to end users. Local information is organized and availed to consumers. Local business are presented with a sales

and advertising platform. Possibilities offered by CS are listing the addresses of companies and offering interactive sales catalogs. ¹ CS will assist local businesses in coming with economical internet pages through:

Basic Service- it is a one page graphics and text service that comprises of, for instance, a company's brief description, the address, directions and phone number.

Deluxe Service- constitutes of ¹ up to 10 pages of graphics and texts; provides ¹ advice on a website's best setup, ¹ monthly reports to a company's management about visitors to a web page and their demographic characteristics.

Catalog Service- this will comprise of a complete catalog coupled with transaction processing. It will be a ¹ comprehensive service enabling companies to conduct business over the internet. It will incorporate details on advising, frequent updates to the site and reports to the management.

⁴ Management Team

The management comprises of the four individual strengths of CityScape founders who will ³ make up a committed management team with a common vision.

Mark Dwayne, General Manager and Head of Finance

Mark has experience in marketing having worked for 7 years in Proctor and Gamble. He has, in portfolio, the success of a manager in regional sales having annual sales of \$ 12.5 million. His academic achievements include an MBA awarded from the Northwestern University in 2001; he ¹ holds a degree in Computer Science and Economics.

Harold Farley, Sales Manager

Farley holds a degree in Business Economics and his practical experience is gained from sales in an international platform having served as an assistant to ¹ a medium-sized mechanical engineering Sales manager.

Maria Lofigoe, Development Manager

Maria serves as an assistant in an academic institution and will be completing her doctoral thesis. Research fields of her specialty are computer networks and communication system. Her practical experience is derived from *Siemens* in programming (C++ and Assembling). She freelances as a ¹ software developer and holds a degree in Electronics.

Pia Lupe, Marketing Manager

Pia holds a degree in Computer Science and is currently taking Business Economics. Her experience is traced to her work at IBM where she was a ³ hardware designer for optical data communication. She has conducted research on strategy consultancy.

Positions to be Filled

An Internet Specialist with knowledge of WWW technologies, for instance, designs of home pages and search engines. The Internet Specialist is needed ¹ to complete the capability base of CS. A person conversant with the technical section of electronic trading who will be tasked with handling business transactions online is also needed.

1 Market and Competition

Market Size

CS potential customers will be companies, small and medium sized who market products using orthodox means like print media and Yellow pages. Geographically, CS initial launch will be in the local areas and then gradually advance to regional places. The local scene has over a million businesses that have less than 250 employees. Every sector is a potential customer for CS. Operating under the assumption that 50% of the market can be reached, the target is to have 50,000 customers within 5 years, representing a market penetration of 5% of the market potential.

Customer Needs

Retailers are looking for a distribution channel enabling them to reach the maximum number of consumers possible in an efficient manner. The services and products must be presented in an attractive manner, the channel should be easily accessible and user friendly, have an interactive communication feature and regular updates.

To obtain a better understanding of the needs of businesses from the distribution channel perspective, information was obtained from potential customer. Most businesses expressed interest in an internet presence at the proposed prices. The following factors were identified as the requirements for CS customers:

- i. Publicity; businesses need an interactive advertising platform that is comparatively cheaper prices.
- ii. Business transaction; businesses are after a feature that enables them to complete transactions from placing an advertisement, order processing and payment receipts.

- iii. Information feedback; businesses are seeking for feedback, rapid and reliable, regarding the behavior of consumers and their patterns of purchasing.
- iv. Marketing support: businesses are fully involved in their day-to-day running of businesses hence need support to market their merchandise.
- v. Sales enhancement; ultimately, businesses will use a sales channel if it has the power to positively influence the revenues.

CS will address the aforementioned business needs. The general belief is that it will be ¹an attractive offer for the target segment of customers.

Competitor Analysis

CS is foreseeing competition with conventional methods of connectivity used by companies

- i. ¹**Yellow Pages**

This has been the primary source of information for small businesses within the local and regional setting. ¹Companies listed in Yellow Pages are required to pay a fee proportional to the entry size. Providers of Yellow Pages do not have the advantage of exploiting web capacities considering their business model is different, i.e. data is not updated on a regular, and they do not provide a service component and advice to customers.

- ii. **Print Media**

Newspapers and magazines have been used by businesses for a long time. With the introduction of CS, a portion of their revenue will be lost ⁴to the WWW. The market already has online newspapers that run classified ads. It is, however, highly unlikely that publishers will take up a new role of information organizers considering they have conventionally been information suppliers.

iii. ¹ **Own Networks**

Access providers ranging from T-Online, CompuServe and Metronet provide services for a monthly charge which is representative of a considerable portion of their income. Such services have a low probability of survival considering private consumers are unwilling to continue paying for such.

iv. **Telecom and Cable Providers**

Such telecom companies own the physical networks that Internet is made accessible to users through. They, additionally, provide “Value-added” services like T-Online. The advantage of CityScape is that, as compared to this category of competitors, it has a regional orientation and is particularly attractive to the “corner-shop” establishment.

v. **Internet Presence Providers**

These form part of CityScape’s most direct competitors considering they have features like directories, transaction processing, “shop-window” space and text components. Such companies exist in large number. The conclusion drawn from research show that most of these presence providers operate at their early development stages and their progress is random. In general, they have few customers and attracting clientele is the greatest challenge. CityScape’s intention is to come up with skills in these areas. Using the strengths of sales and marketing, CS will establish partnerships with existing presence providers.

Competitive Advantages

Some of CityScape’s sustainable competitive advantages are:

i. “First-Mover”

When most of the local businesses have their presence on CS, competitors will have a hard time enticing them away.

ii. Advertising economies of scale

The advertising campaigns of CS will be cost-efficient; competitors will have a hard time matching it, unless they have the capacity to spread their costs over a broad customer base. As CS expands to neighboring regions, their capacity to develop and run campaigns simultaneously will be high, using such insights to promote the impact of such campaigns.

iii. Brand Name

The brand name represents an information medium providing updated, comprehensive information on ¹ businesses. For businesses, the brand name will highlight a service, reasonably priced that creates awareness of their websites enabling on-line shopping.

iv. Technological Development Economies of scale

The service will use cutting-edge technology to attract consumers and latest website features. Some of the field’s specialist will be engaged in the development. Experience from individuals in towns will be incorporated in the CS network.

v. Sales and Marketing Orientation

Most of the businesses providing internet presence are characteristic of a “One-stop shop”. This means that they offer all the needed services for an internet presence. On the other hand, CS concentration will be on sales and marketing to ensure their services to local businesses are continually improved.

Marketing and Sales

Between the first three and five years, CS will be an established local users' web index. The service provider will expand to neighboring regions to maintain growth while concentrating on sales and marketing.

Promotion and Distribution

CS focuses on both consumers and trade. One incentive for business presence will be a large customer base, with the aim being ¹ to get as many businesses on CS as possible to ensure the directory is attractive.

i. Trade

The acquisition of consumers will begin with a campaign of direct mail to local business. Crucial sectors and companies that have expressed an interest will have a follow up phone call. CS sales force will personally contact potential customers. Sales representative will be added depending on the new ¹ number of customers.

ii. Consumers

CS consumers will be reached using local channels of advertising like TV, print and radio. The campaigns will concentrate on one side of town at a time and control the expenditures and at the same time reap the synergies from the neighboring consumers who CS already services.

¹ Advertising Budget

The budget for CS consumer and trade advertising is \$ 100,000 in every year. Within ¹ the first year, CS will be introduced to a new town, an additional \$ 100,000 is allowed for developing brand identity, hence making it \$ 200,000 per town. The calculation is based on the

assumption that if a town has 2,000 businesses, 500 will be CS customers. Considering every town will have a similar CS introduction, savings on costs are expected especially with developing campaigns. Emphasis will be placed on continuous improvement of advertising campaigns to ensure that the money spent is maximized.

1 Pricing

Customers will pay a one-time fee for installation and a monthly fee as they keep using CS services.

Customer service

The aim of CS is to achieve consumer and customer loyalty on a high level. Efforts will be made to put the consumer at the center of operations and establish that attitude in the organizational culture. The customer service number will be serviced by trained personnel.

Business System and Organization

The Business System

CS will build on the development of marketing and sales skills and integrating internet technologies. Installation and maintenance of home pages will be outsourced. CS will give Internet presence Providers with the software to enable them to independently offer their services. CS will take part in invoicing customers and paying presence providers,

Partnerships

Considering the providers in the market who offer installation and designing homepage services, CS will enter into partnerships with them. The partnership will offer the below benefits:

i. Customer acquisition

Marketing campaigns are not popular among existing providers because of size and inexperience. CS will set up sales and marketing teams to guarantee a continuous customer flow.

ii. Broad service range

Existent presence companies offer few of the solutions that CS envisages. The partnerships will enable CS to exploit presence providers strengths guaranteeing rapid growth. The CS system provides that presence providing partners get 75% of installation fees and 25%-50% of monthly charges.

Organizational Structure

2 The management team is made of four founding members. The functions fulfilled by this team are CEO, head of finance, development and marketing. CS seeks additional members to strengthen the team which might change the current responsibilities. The management will have a corporate feature. Remuneration is performance-related and team members share in the financial company development. A considerable part of CS start-up is set aside to create an incentive system.

Personnel Planning

CS personnel forecast in the operations of the first five years will be such that **1** staff will be employed in customer service, sales and marketing. Increase in the number of workers depends on the number of new customers. To achieve the goal of developing and maintaining innovative software, development department is also needed.

Financial Plan

The forecast is a 50,000 customer base in 5 years with sales of up to \$ 50 million and an ¹ after tax profit of \$ 8 million.

Sales Forecast

The forecast is founded on the expected customer distribution between different services. The estimates project that 70% of customers will opt for the basic service; restaurants (making part of 25%) will choose the deluxe service; and 5% will choose catalog option- which is comprehensive hence expensive. The expectation is that deluxe and catalog customers will require regular updating.

Projected Sales growth

The assumption is that in the first five years of operation, CityScope will have reached 20% of their customers. Considering the fixed businesses, ¹ growth will be less rapid in the years following the first 5. The growth scene is calculated on the average of there being 2,000 businesses in a town, 50,000 inhabitants and CS having 500 paying customers.

Summary of Financials

The assumptions ¹ of the financial calculations are rate of company growth, total revenue from customers and percentage of sales revenue that is given to partners. The initial \$200,000 will come from founders. The ¹ sum will be used for the initial stage, developing application software, testing it and seeking investors. The forecast is to have \$ 1.5 million for 47% of the company. The money will be used to develop applications and software for ready-to use, marketing and sales staff. This is the first financing round lasting for a year.

CS is looking for venture capital with extensive knowledge on the sector to attract software development and sales staff. CS will raise \$ 2 million for a second financing round used for

growth ¹ for 24% of share capital. More growth will be financed using \$ 1 million for a third financing round. The envisaged scene is the ¹ sale of 5% equity. This round will enable CityScape ¹ to proceed until the IPO at the end of five years.

Conclusion

The World Wide Web has registered tremendous growth in the recent past. It presents a great opportunity for businesses as a distribution channel and as a form of connection between consumers and businesses that surpasses the conventional methods of yellow pages and media. CityScape is a business idea that bridges the gap between consumers and small businesses by offering a platform where they can interact. Consumers can get local information on new businesses, their locations and timings while businesses are provided with a means of advertising and publicity at a fee. Through partnerships with local internet and presence service providers, CityScape hopes to help businesses tap into the benefits associated with the World Wide Web.

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