



# Telematics Business Plan Tanzania



2023



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# 1. Business Venture Summary





### **Business Description and summary:**

iSpear Africa is a pioneering cloud infrastructure and telematics company that specializes in reducing the cost of IoT cloud infrastructure. With a track record of delivering telematics projects at scale, iSpear Africa holds 7 patents in the field of IoT and telematics, which are groundbreaking innovations in telematics, analytics and asset tracking.

iSpear Africa in partnership with trusted tech companies was entrusted with developing and scaling the entire technology stack for the iSpear Smart Kit, and over the years boasts to have over 30,000 active deployments across India, Tanzania and South Africa.

Since its inception, iSpear Africa in partnership with its developing partners has deployed over 100,000 telematics devices in 3 continents, and provided key strategic analytics to corporations, governments and fleet owners.





## Key services to offer:

- Agriculture equipment owners- tracking, status of vehicle, and monitoring of fuel & work done, accessories (implements) or even irrigation equipment
- Construction equipment owners - tracking, status of vehicle, and monitoring of fuel & productivity
- Fleet owners- Tracking, fleet management, asset utilization reports and geographical insight

Apart from creating the value to end users, IoT based telematics solution offers accountability, control and productivity benefits to key stakeholders in process like channel partners and financial institution. AI powered telematic helps iSpear Africa to generate more revenue through listing of customer maintenance schedules, its services and spares in platform. It also helps financiers to have better relationship with customers through its highly customized web-based dashboards and customized levels of dashboards for financiers.

Through Telematics business we see the projection of \$6.2 million cumulative revenue by 2028, and \$1.9 million additional revenue from tractor and implement sales leveraging the continuous engagement with customers.

## Key partners

- Agri dealers
- Agri equipment supplier
- Financial institutions
- Government
- Block farm management

## Key activities

- Business development for telematics
- Sell iSpear smart kit
- Sell Tractors and Implements

## Key resources

- supplier back end team
- BD and sales team
- Tele callers
- iSpear dealers

## Value proposition

### Agriculture equipment + Construction equipment :

- Track the location, position and status of machine
- Know the area served/productivity by machine
- Monitor the fuel in it
- Tracking history of 6 months

### Fleet Owners :

- Manage the complete fleet with dashboard – machine in operation, idle, use/not in use
- Geographical insights – Area which is served better, and which is not

## Customer relationships

- BBT Program (established)
- Banks (established)
- Customers (tested)
- To start retail with customers

## Distribution Channels

- iSpear network
- Financiers
- BBT Program
- Tele Callers

## Customer segments

- Agriculture equipment owners
- Construction equipment owners
- Fleet owners- example of multiple agri equipment

## Cost structure

- Inventory and CoGs to iSpear for kits and subscription
- Manpower cost – BD+Sales, Tele Callers
- Marketing and travel cost
- Investment of \$130,777

## Revenue streams

- Revenue from per kit sales @\$194/kit
- Revenue from yearly subscription sales @\$156/kit
- Revenue from tractor sale @35% margin on per unit kit
- Revenue from tractor sale @30% margin on subscription
- Revenue streams based on tractor requirements

# Investment & Source of funds



Fixed Assets	Amount
Computers & accessories	US\$12,000.00
Furniture & Fittings	US\$48,000.00
Motor vehicles	US\$144,000.00
System development	US\$152,000.00
Generator	US\$5,000.00
<b>Total Fixed Assets</b>	<b>US\$361,000.00</b>
Operating Capital	Amount
Incorporation cost	US\$16,000.00
Pre-operational salaries	US\$7,875.00
Legal fees	US\$4,800.00
Deposits	US\$1,000.00
Rent	US\$12,000.00
Supplies ( Initial units ordered)	US\$300,000.00
Branding	US\$8,000.00
Website development & hosting	US\$1,000.00
Uniforms	US\$5,000.00
Working Capital (Cash On Hand)	US\$33,325.00
<b>Total Operating Capital</b>	<b>US\$389,000.00</b>
<b>Total Required Funds</b>	<b>US\$750,000.00</b>

Sources of Funding	Percentage	Totals
Owner's Equity	212.50%	\$306,000.00
Outside Investors	0.00%	\$0.00
Additional Loans or Debt		
Commercial Loan	0.00%	
Commercial Mortgage	0.00%	
Credit Card Debt	0.00%	
Vehicle Loans	100.00%	\$144,000.00
LC Facility	208.33%	\$300,000.00
<b>Total Sources of Funding</b>	<b>520.83%</b>	<b>\$750,000.00</b>



# Investment and KPIs

iSPEAR  
AFRICA

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## Investment

Manpower WC (1 Head to start with Y1)	\$42,200	
Marketing Cost	\$24,000	
Travel Cost	\$19,200	
3 months of Inventory	<i>(360 kits but we can start with 120 to lower)</i>	\$43,200
Total Initial Investment	\$130'777	

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## KPI Analysis

EBIT BE	Year 1 (2024)
Kit Sales @ BE	311
Subscription Activations	311
Initial Investment	\$130'777
Payback (Cash flow BE)	Year 1 (2024)
60 Month total Return on Investment	\$1,594,447
ROI multiple over 5 yr term	12.19

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# Way Forward

Way Forward	Terms of Reference
Approval of business plan by iSpear Board	<ul style="list-style-type: none"><li>• Discuss the business plan with board</li></ul>
Inventory purchase for telematics business launch in TZ	<ul style="list-style-type: none"><li>• Order 300 kits from iSpear</li></ul>
Registering the entity in TZ	<ul style="list-style-type: none"><li>• Re-assign the objectives of already existing shell corporation</li></ul>
MoU sign off iSpear - supplier	<ul style="list-style-type: none"><li>• Align the roles and responsibilities of iSpear – supplier</li><li>• Kick off the dashboard development process</li></ul>
Prelaunch marketing	<ul style="list-style-type: none"><li>• Launch teasers in social media</li><li>• Put up poster in iSpear branches</li><li>• Send product broacher to financiers</li><li>• Brief Government institutes and BBT</li></ul>
Bring the team	<ul style="list-style-type: none"><li>• Recruit the resources</li><li>• There will be team member from supplier coming to TZ for training and to secure financial customers for which we already pitched</li></ul>
Train the team	<ul style="list-style-type: none"><li>• Provide training to team by supplier</li><li>• Develop digital video/tool for training team and customer by supplier</li></ul>
Soft launch	<ul style="list-style-type: none"><li>• Launch the solution with iSpear branches</li><li>• Launch the solution with selected financiers</li></ul>
Learn from soft launch	<ul style="list-style-type: none"><li>• Collect the feedback from customers, dealers</li><li>• Adopt the feedback, and make changes in solution and customer engagement (training, sales, after sales, warranty etc)</li></ul>
Hard Launch	<ul style="list-style-type: none"><li>• Go for full commercialization plan</li><li>• Achieve the volume forecasted</li></ul>



# Road Map

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Activities	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	M13	M14
Approval of business plan by iSpear Board														
Inventory purchase for telematics business launch in TZ														
Inventory receiving by iSpear														
Registering the entity in TZ														
MoU sign off iSpear - supplier														
Dashboard customization for channel partners														
Communicate to iSpear branches about upcoming venture														
Prelaunch marketing														
Bring the team														
Train the team														
Soft launch														
Learn from soft launch, to the open market														
Hard Launch, as a separate entity														



## 2. Core Market Size



## Market Size:



- Tractor segment has grown for three years consecutively for annual growth of 63% pa and implements has risen over the period from 1 : 0.4 to 1 : 0.95 (tractor to implement ratio).
- Powertillers total market share segment has grown to 2900 from 2000 units for past 3 years,
- Agriculture ministry of Tanzania has fleet of 14K motor bikes for Agriculture extension workers. Government is eager to know the geographical uses, and productivity of this large fleet via tech solution as a pilot.

## 3. Competition & Positioning



# Market Positioning



## Target Customers

- Agriculture equipment owners
- Construction equipment owners
- Fleet owners- example of multiple agri equipment

- Agriculture equipment owners
- Fleet owners

- Truck and fleet owners
- Mining equipment owners
- Stationary asset owners
- Agriculture equipment owner commercial

- Truck and fleet owners
- Agriculture equipment owner

- Car owners
- Truck and fleet owners
- Bike owners

- Truck and fleet owners
- Bus service company

## Key Benefits

- Tracking – location, position, status of equipment
- Area served by the equipment or productivity of fleet
- Fuel level in machine
- Alerts – Geofence, fuel (theft and refill), service, overspeed, long idling and tempering
- 6 months history of tractor

- Tracking – location and position
- Operator management
- Alerts- maintenance fuel. and Tempering
- Farmer bookings.
- Fuel level in machine

- Tracking – location, position, status of equipment
- Fleet dashboard
- Driver behavior monitoring

- Tracking – location, position, status of equipment
- Fuel level in machine

- Tracking – location, position, status of equipment
- Fleet dashboard
- Driver behavior monitoring

- Tracking – location, position, status of equipment
- Fuel level in machine

## Differentiating propositions

- **Productivity management**
- **Visibility of equipment use and application (haulage, ploughing and harrowing etc.)**
- **Realtime area calculation**
- Customized dashboard for channel and financier
- Help channel to generate more revenue through service retention, BTL activities and smart analytics

- Farmer bookings App

- Customer support after sales
- Fleet KPI analysis
- Off the shelves (not customizable)

- Affordable price
- Off the shelves (not customizable)

- Cost optimization through driver behavior monitoring
- Off the shelves (not customizable)

- Cargo tracking
- Off the shelves (not customizable)

# Market Positioning



Specific to Agriculture use case

ispear



Considering market entry for commercial activity



Market Readiness

Market opportunity for tracking mobility sits in agriculture space! It represents 65% of GDP of country

## 4. Price Positioning & Partners' SWOT



# Price Positioning



*Value propositions offered by iSpear is customized to agriculture use case. iSpear offer flexible user experience depending upon the channel partner unlike all other competitors in market*



# Supplier SWOT



## S

- Leader in India in Agri rentalization services
- Network of +20'000 UIO's and c.40 tested in Tz
- Pitched to the banks – all accepting to provide
- Customizable products and services
- Focussed on productivity management
- Unique Algorithm that differentiates applications
- Real time area calculation
- Has all the benefits that other fleet tracking devices include but highlight is ease of customization
- Ability to rentalize and platform to do so
- SIM cards which interswitch with networks without any surcharge
- Competitive pricing and strong tech support capacity
- Backed by supplier supplier as its investor
- Standalone company for services to all types of equipment
- Simple to use by customers with all android phones

## O

- Ability to work with multiple channel partners
- iSpear network for PoS towards the industry
- Ability to train up staff and channel partners including banks
- Retail model that can be deployed to multiple channel partners (customers online, direct via PoS or even through banks)
- Value-add solution and can be phased (for service up to rentalization progressively)
- Customizable for projects on fleet or rental models for growers
- Capacitation and education road map done in other markets like India which can be redeployed/tweaked for TZ
- Create a stand alone entity for partnership to ease uptake of the solution

## W

- Requires boots on ground to deploy
- Little know how on the Tanzanian market
- Product presentation needs customization for Tz
- No structure in country or within East Africa yet

## T

- Self proclaimed competition claiming in Agriculture
- Mobility tracking is still not understood in the small holder market (uptake would be progressive)
- Other tracking solutions which are currently in use by the banks for tracking (mentality change)
- Arrival of Hello tractor which could result in confusion on the differentiating proposition
- Regulatory approvals if required may be slow
- Other agri brands may associate the brand as an iSpear product (affecting uptake)

## 5. Five Forces Analysis



# Porter's 5 Forces Presented

The model is widely used to analyze industry structure and the sought after corporate strategy measuring competition intensity, attractiveness and profitability of an industry or market:

## Competition

Number of competitors with equivalent products and services can lessen the edge

## New Entrants

Is this an emerging sector and how strong are the barriers to entry as a competitor

## Power of Suppliers

How strong are the suppliers in driving the cost of inputs high and how many suppliers

## Power of Customers

Ability for customers to influence price and how influential customers are on value

## Substitution Threat

Substitute goods or services that can be used in place of ours which pose a threat

# 5 Forces Analysis

We analysed the national mobility tracking sector with known players, so as to dissect the opportunity the mobility tracking sector presents for Agri:

Competition –

High

The national mobility tracking sector is quite crowded as technology of gps kits are widely available and they are set across a number of equipment/vehicle sectors.

New Entrants –

Low

Takes a lot of resources and capital to create a market in Tanzania unlike other countries (*boots on ground*) for new entrants hence they do it from a foreign country.

Power of Suppliers -

Low

Suppliers of gps kits are available but the correct technology / service for correct Channel customers i.e. specifically in Agriculture are rare.

Power of Customers –

Medium

Promoting on back of financiers, iSpear Africa and unique projects suggests it is not that easy to switch devices due to the customized services it offers for their customers.

Substitution Threat -

Low

There is no real substitute in the market due to the lack of comparable customizable solutions in the market that curtail to the needs of the channel partners only in Agri.

# Corporate Strategy

The **Corporate Strategy to follow** is determined on how we will deal with the 5 Forces to anchor the service:

Competition –

High

Being specific and differentiating ourselves from the players in the market as only mobility Agri specialists with clear brand, marketing and promotional tactics pivoting on measuring productivity and introduction of aggregation (rental) services. There is less quality or over diverse solutions in market.

New Entrants –

Low

Through the partnership with supplier - iSpear , there are partner +15 POS's and training capability coupled with resources that will be hired, can provide the *boots on ground* needed to service clients.

Power of Suppliers -

Low

Supply of the tech coming from India, having realized 20'000 installations in the Agri sector and 32 in Tz - a unique Algorithm, SAAS code superior to what is available and also commercial rentalizing of along with customization (a unique proposition) for banks in place no supplier has (*we are know how*).

Power of Customers –

Medium

The Buying power customers have is large due to the price point and advantages it offers to measure productivity and base of customers is worth 65% of GDP. Customers are price sensitive but need to be upsold on value proposition to the service/opportunity – hence why customization is important.

Substitution Threat -

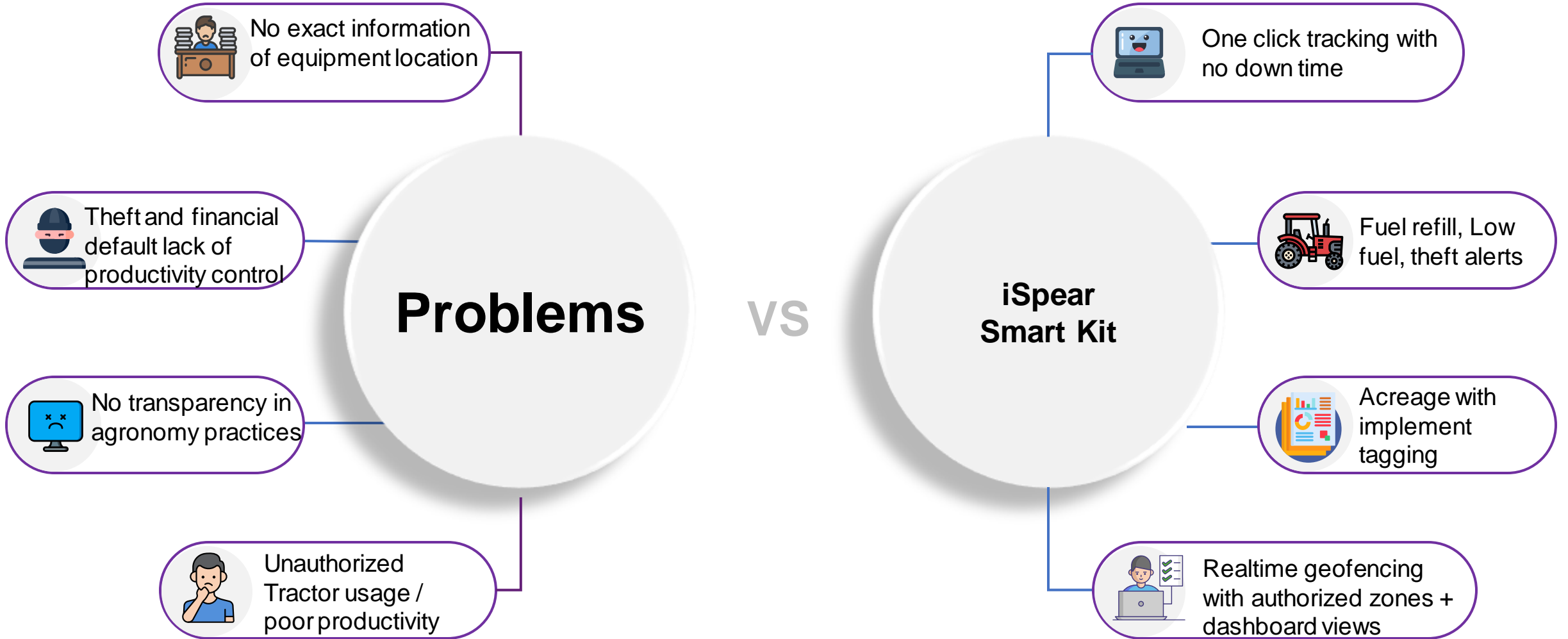
Low

Use partnership models with channel partners as there are NO real substitute other than one new entrant Hello Tractor which provides no customized solutions and no *boots on ground* or support.

## 6. The Product Features



# What problems we are solving?



# 7. Customer Segmentation



# Customer Segment and value creation



## Customer Segment

## Customer Needs

## Value to customers

## Channels to serve value

### *Agriculture Equipment Owners*

- Know the location of equipment/machine
- Know the work done by equipment
- Know the fuel level in machine

- Track the location, position and status of machine + job done
- Know the area served by machine and productivity
- Monitor the fuel in it
- Tracking history of 6 months

- iSpear Branches (partner sales)
- Financial institutions
- BBT Program
- Tele callers (direct sales)

### *Construction Equipment Owners*

- Know the location of equipment/machine
- Know the productivity of machine
- Know the fuel level in machine

- Track the location, position and status of machine
- Know the productivity by machine
- Monitor the fuel in it
- Tracking history of 6 months

- Financial institutions

### *Fleet Owners (agri equipment)*

- Know the uses of machine – how many are working on what date
- Geography machines are serving


- Manage the complete fleet with dashboard – machine in operation, idle, use/not in use
- Geographical insights – Area which is served better, and which is not

- iSpear customers
- Commercial farms
- Other OEM brands distributed in Tz

## 8. Business Financials



# Assumptions

Revenue	Value/Assumption
Target Market 	Tanzania
Channels	<ul style="list-style-type: none"><li>• iSpear branches</li><li>• Tele callers (After market + telephone sales)</li><li>• Financial institutions</li><li>• Government institutes</li><li>• Block farms</li></ul>
<b>Revenue Assumptions:</b>	
Retail price of iSpear smart kit to all other channels	\$195/kit, with 35% margin by iSpear over cost
Retail price for yearly subscription	\$156/kit, with 30% margin by iSpear over cost
YoY growth for equipment sales in Tanzania market	20%
Existing agriculture equipment count sold by all players in Tanzania	5000
% of iSpear smart kit users will purchase tractor basis continuous engagement with customers	3.5%
Average tractor retail price	\$15.8K, with 20% margin by iSpear on retail price
% iSpear smart kit user will purchase implements basis continuous engagement with customers	4.5%
Average implement retail price	\$3.2K, with 15% margin by iSpear on retail price
Equipment price rise YoY	5%

# Assumptions



iSPEAR

Cost Assumption	Value/Assumption
<b>Kit Cost assumption:</b>	
Cost price of (CIF) iSpear smart kit by supplier	\$120/kit
Cost price of yearly subscription by supplier	\$120/kit
Custom duty, freight from port to iSpear branches considered	20% of cost of kit
<b>Manpower assumption:</b>	
Sales through iSpear branches	Managed by iSpear existing manpower
1 resource for BD + sales of financial institution channel (senior person who will handle the corporate customers)	9.5 million TZ shilling/month CTC (start + 1 <sup>st</sup> year)
1 resource for BD + sales of Government institutes, BBT and special projects	6 million TZ shilling/month CTC (from 2 <sup>nd</sup> year)
1 resource for sales, after sales and onboarding competitive machines	6 million TZ shilling/month CTC (from 2 <sup>nd</sup> year)
1 tele caller from F25, and total 2 tele callers from F26 considered for after market sales (call and sale the telematics solution to iSpear existing customers + competitive machines) – Tele callers should handle 1000 enquiries per month	2 million TZ shilling/month CTC (from 2 <sup>nd</sup> year)
Manpower cost YoY increase considered	10%

*Above mentioned manpower will onboard customers and train the customers at iSpear branches, but empower the iSpear branches to sell on*

Product Lines	Units	Cost Per Unit		Margin Per Unit
		Sales Price Per Unit		
Smart Kits	Pcs	\$194.40	\$148.00	\$46.40
Subscriptions	No.s	\$156.00	\$120.00	\$36.00
Bluetooth beacons	Nos	\$70.00	\$50.00	\$20.00
Subscription renewals	Nos	\$156.00	\$120.00	\$36.00

# Projected P&L



	Year1	Year 2	Year 3	Year 4	Year 5
<b>No. of units</b>	2000	2500	3000	3500	4000
<b>Income</b>	\$840,800.00	\$1,050,000.00	\$1,260,000.00	\$1,470,000.00	\$1,680,000.00
<b>Cost of sales</b>	\$636,000.00	\$795,000.00	\$954,000.00	\$1,113,000.00	\$1,272,000.00
<b>Gross Profit</b>	\$204,800.00	\$255,000.00	\$306,000.00	\$357,000.00	\$408,000.00
<b>GP%</b>	24%	24%	24%	24%	24%
<b>Admin costs</b>	\$93,864.00	\$95,741.28	\$97,656.11	\$99,609.23	\$101,601.41
<b>Payroll costs</b>	\$97,339.00	\$102,205.95	\$107,316.25	\$112,682.06	\$118,316.16
<b>Net Profit</b>	\$13,597.00	\$57,052.77	\$101,027.65	\$144,708.71	\$188,082.42
<b>NP%</b>	2%	5%	8%	10%	11%

# Financial Metrics



ROI	4%	16%	28%	40%	52%
Breakeven point ( units)	455.25	471.30	488.03	505.46	523.61
Payback Period	4.5 years				



## 9. Way Forward



# Way Forward

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Soft launch	<ul style="list-style-type: none"> <li>• Launch the solution with iSpear branches</li> <li>• Launch the solution with selected financiers</li> </ul>
Learn from soft launch	<ul style="list-style-type: none"> <li>• Collect the feedback from customers, dealers</li> <li>• Adopt the feedback, and make changes in solution and customer engagement (training, sales, after sales, warranty etc)</li> </ul>
Hard Launch	<ul style="list-style-type: none"> <li>• Go for full commercialization plan</li> <li>• Achieve the volume forecasted</li> </ul>



# 10. Road Map





Activities	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	M13	M14
Approval of business plan by iSpear Board	█													
Inventory purchase for telematics business launch in TZ	█													
Inventory receiving by iSpear		█												
Registering the entity in TZ	█	█												
MoU sign off iSpear - supplier		█												
Dashboard customization for channel partners		█	█	█										
Communicate to iSpear branches about upcoming venture		█												
Prelaunch marketing		█												
Bring the team			█	█	█									
Train the team				█	█	█		█	█	█				
Soft launch							█	█						
Learn from soft launch, to the open market									█	█				
Hard Launch, as a separate entity												█	█	█

