



ATHENA CORE TECHNOLOGIES LIMITED

BUSINESS PLAN FOR SERVICE PROVIDER TO ICT INDUSTRIES

ATHENA CORE TECHNOLOGIES LIMITED
P O BOX 31119
DAR ES SALAAM

1.0 INTRODUCTION

1.1 BACKGROUND

This study covers the carrying out of the project for providing maintenance services to internet provider and all other ICT companies. This includes tower installments and servicing.

Essentially the ultimate purpose of this write up is to ascertain the financial and techno- economic statuses of the undertaking

1.2 PROJECT SPONSORS

The project sponsors are ATHENA CORE TECHNOLOGIES LIMITED whose shareholder directors are experienced in the initiation/operation of multi projects, the one in question inclusive.

1.3 BRIEF DESCRIPTION OF THE STUDY

This report presence a full-fledged financial and techno- economic analysis status relevant to the project of providing maintenance services to internet provider and all other telecommunication companies.

2.0 EXECITIVE SUMMARY

2.1 INTRODUCTION

The report accounts for the financial and techno- economic analysis on providing maintenance services to internet provider and all other telecommunication companies based in Dar es Salaam

The project undertakers are M/S ATHENA CORE TECHNOLOGIES LIMITED whose shareholder. Directors are renowned for experience in initiating operating multitude of projects, the one in question inclusive

2.2 MARKET AND MARKET ASSESSMENT

The market analysis has revealed that there is adequate demand in services to ICT sector.

The same market analysis reveals that there is substantial demand-supply gap because such services in ICT happened to be expensive and not all players in the sectors have adequate financial resources to meet their own requirements.

In order to reflect the demand of such sector has been made to cover the market situation on leasable and rentable premises in the country, especially for Dar es Salaam upcountry need.

2.3 LOCATION/ SITE FOR HEADQUARTERS

The Headquarters are based on within Dar es Salaam municipal boundaries

The management of M/S ATHENA CORE TECHNOLOGIES LIMITED is conscious so as to ensure their rates are at competitive price levels. The observance of these aspects in turn enables M/S ATHENA CORE TECHNOLOGIES LIMITED to secure its rightful market share of services in question.

2.4 FUNCTIONAL BASIC NEEDS

The project is involved the purchase of heavy machinery and equipment appropriate for providing the their services .These include:

- Field equipment:
 - Graders
 - Excavators
 - Compactors
 - Compressors
 - Low Loaders
 - Trucks
 - Field Generators
 - Assortment of Spares
 - Work shop equipment tool and field hand tools

2.5 MANPOWER REQUIREMENTS

Manpower needs according to the proposed organization, it has been estimated at 50 persons. This again has been derived taking into account the types of activities that are intended to be undertaken..

However when the project is in full swing more people will be recruited and the envisaged level will be 80 people

2.6 IMPLEMENTATION SCHEDULE

The project will need a total of 36 months to carry out the implementation and taking off.

2.7 INVESTMENT STRUCTURE

Then investment in fixed assets and working capital is estimated at USD580,000. The breakdown of which will be in Annexures

2.8 INVESTMENT STRUCTURE

The total additional investment costs on the project will be at the level of US\$ 580,000 as annexed.

2.9 OPERATION COSTS

The structure of operating costs in the context of the renovated rentable premises is as hereafter presented.

2.10 FINANCIAL INDICATORS

The financial indicators show that the project is viable as hereafter confirmed here below:

2.10.1 Internal Rate of Return (IRR)After Tax

The project's internal rate of return after tax is 21% well above the lending rate of 10% for long term loan and 14% for the bank overdraft.

2.11 ECONOMIC BENEFITS

The successful carrying out of this expansion in its rightful position contributes economic benefits to the Dar es Salaam region people and the whole country. In summary the benefit being realized are as follows:

- i. The executive of this expansion will improve creation of additional direct employment opportunities for 50 employees that will man the various operation of the project.
- ii. Provides better availability of machinery/equipment that are needed the various functional roles in the said sectors
- iii. The income earned by the employees will bring about the improvement of standard of living of these very workers along with their families.
- iv. The operation of this undertaking will have a positive impact on the performance of the sector
- v. In a way the undertaking also contributes to the expanded tax base to the Treasury and local Government authorities.

2.12 CONCLUSION

This document has provided a full analysis on the financial, Techno- economic viability on the continued operation of the integrated providing maintenance services to internet provider and all other telecommunication companies undertaking along with the financial requirements/parameters have been considered. It has been established that this project is technically sound, financially viable, and economical / social beneficial

3.0 MARKET ANALYSIS BRIEF UP

3.1 GENERAL

The marketing for the ICT services to be offered by **M/S ATHENA CORE TECHNOLOGIES LIMITED** will be such that all efforts will be geared securing the needs of the said sector. It is a known fact that there are not less than 300 ICT firms 20 medium to large scale firms and thousands small scale ICT operation the country.

The majority of these, with the exception of a few of them, do not own any of the standard service providers that are needed for the various operations.

The company will operate its service covering the whole country, with depots situated in appropriate locations. A reflection of the market potential has been attempted in the context of an ICT company with an assumed market share of six percent, as here after presented

A company can operate in any zone of Tanzania such as Central and North East Zones .In these zones all types of roads may require services at any particular period in a year.It has thus been projected that the total length of roads and the relative market for each type will be as follows:

4.0 PROJECT ENGINEERING

4.1 GENERAL

As stated elsewhere in this report the Headquarters of **M/S ATHENA CORE TECHNOLOGIES LIMITED** are in Dar es Salaam

The company will execute the services throughout Tanzania especially the following zones:

- a) Eastern Zone (Dar es Salaam, Morogoro, Coast)
- b) South Western Zone (Iringa ,Mbeya, Rukwa)
- c) South Zone (Lindi, Mtwara)
- d) Lake Zone (Mara, Mwanza, Shinyanga, Kagera)
- e) Mid- West Zone (Tabara, Kigoma)
- f) Central Zone (Dodoma, Singida)
- g) North- East Zone (Arusha, Kilimanjaro, Tanga)

It is assumed that the company when in full operation will be able to secure adequate requests for its services as by the various firms, and individuals.

5.0 CIVIL WORKS AND BUILDINGS

5.1 GENERAL

As noted elsewhere in this report the project operation are based on within the boundaries of Dar es Salaam Municipality.

5.2 ACCESSIBILITY OF THE SITE

The project site is accessible full provision of all the basic necessities Electricity and Water

5.3 AUXILIARY SERVICE REQUIREMENTS

5.3.1 Power Supply System

➤ **Main Power System**

Its power supply is through the national grid prevailing in the Municipal .This power sometimes can prove highly unreliable because of the frequent cuts and fluctuating voltages

➤ **Emergency Power Supply**

A standby generator is provided to supply all the essential loads in and event of TANESCO power failure.

➤ **Power Distribution**

Power distribution in the compound is via underground cables installed with TANESCO requirements

➤ **Fire Protection**

Is provided in terms of fire detection and fire fighting systems. Fire detection system is consist of automatic and manual detection devises, alarm and communication system whereas fire fighting system is feature portable extinguishers , hose reels , wet and dry rises and automatic sprinkler system

5.3.2 Access Entrance

Wide inlet/ entrance is provided so as to facilitate smooth passage of the workers and vehicles.

5.3.3 A Parking Space for the plant

The compound has ample parking space adequate to accommodate several vehicles at any given time

5.3.4 Water Supply

➤ **Source of Water**

The source of potable water for the premises is through the Dar es Salaam water supply system

5.3.5 Storm Water Drainage and Sewerage System

➤ **Storm Water Drainage**

Storm water- run- off is collected from the building by means of spouts and full boras through down pipes and is discharged into the open channel and deposited into the road side drains.

➤ **Sewerage System**

Waste and foul water is collected from building by means of UPVCP pipes of different sizes e.g 75 mm and 150 mm to the municipal sewer lines.

6.0 IMPLEMENTATION SCHEDULE

6.1 GENERAL

Both local and external factors have been taken into account when drawing out the proposed schedule of implementation. Factors such as acquisition of machinery and equipment, recruitment of qualified personnel and other factors have been looked into.

6.2 PRELIMINARY FORMALITIES

On the finalization of the study duration of about 4 weeks will be needed for executive of the preliminary formalities of the project.

6.3 PROJECT STAGE

6.3.1 Ordering of Machinery/Equipment / Vehicles/ Furniture

On having secured rented premises for the initial housing of the operation then will follows timely ordering, that will have to be executed to match the rate of project implementation which basically means that executive of jobs acquisition efforts. Time needed will run into several weeks.

6.3.2 Setting up of Machinery/ Equipment/ Furniture

This will be done in rented premises in the context of both office and machinery / equipment storage sheds. However as already noted elsewhere in this report on completion of the own premises, all these will be shifted.

7.0 MANPOWER REQUIRMENTS

7.1 MANAGEMENT

The success of venture of this kind depends on the competence of the personnel recruited to manage. It is assumed that relevant personnel with requisite skills shall be available within the country. There will be need of recruiting expatriates in some key positions

The overall in charge, responsible for the day to day operations are under the Project Manager who will in turn is answerable to the Board of Directors.

7.2 ORGANIZATION SET UP

The operation are broadly be divide into the following:-

- Finance Department
- Administration Department
- Operation Department
- Marketing Department

7.3 MANPOWER REQUIREMENTS

7.3.1 Total Manpower Requirements

Based on the organization structure in place the project was initially to employ a total of 50 persons

The breakdown down of the initial work force in terms of its categories is an after presented in table 7.1

7.3.2 Salaries and Wages

Total wage bill for the proposed resort has been computer at US\$124,538

7.4 RECRUITMENT AND TRAINING

7.4.1 Recruitment

All new staff would be recruited at least one month before the completion of the project.

7.4.2 Training

All other supporting staff will be trained on the job .However , it is expected that most of them will have some basic knowledge and experience in hiring/ leasing of heavy machinery/equipment business

8.0 INVESTMENT AND FINANCING

8.1 ASSUMPTIONS

- The project construction time is assumed to be one year
- The economic life of the project is 10 years
- The currency exchange rate of Tsh 2,300/= to in US\$ has been adopted
- Re- investment in vehicle shall be done after every four years
- Interest on OD is 14% and on long term loan is 10%
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8.2 INVESTMENT STRUCTURE

The total initial investment in fixed assets is estimated at US\$580,000 whose of which is as at appendixes.

8.2.1 Machinery and Equipment

The additional machinery/ equipment needs for the undertaking are estimated at cost of US\$210,000

8.2.2 Vehicles

These are estimated at US\$ 30,000

8.2.3 Land and rent

These are estimated at US\$130,000

8.2.4 The Working Capital

The initial working capital is computed as annexed

8.3 RE- INVESTMENT

There shall be need for re- investment in vehicles after every four years, ie in year 4 and year 8

8.4 FINANCIAL PATTERN

The initial total investment of US\$ 580,000 shall be financed as here after presented in Table 8:2 and further outlined in Appendixes

9.0 OPERATION COSTS

9.1 ASSUMPTION

The prices of inputs are assumed to remain constant over the ten years period because under rising inflation the prices and services will rise including those of output hence leaving the profit margin unchanged

9.2 OPERATION COST STRUCTURE

The main items which will constitute the operating costs are as hereafter outlined in Table as annexed when unit will be in full operation

9.3 BREAKDOWN ON THE OPERATING EXPENSES

The main cost items will include salaries and wages, vehicle running expenses, electricity, water, insurance, office rent, advertising/ marketing equipment shed rent, maintenance of machinery equipment, maintenance of civil works, maintenance of furniture / fittings and administrative overheads.

The details of all projected operating expenses are shown in Appendixes however a brief mention of each is as hereafter presented.

9.2.1 Salaries and Wages

These averages at US\$ 12,538 per annum for the existing manpower operating the factory

9.2.2 Vehicle Running Expenses

This is one of the cost items and it is averaging at US\$ 4,000 per annum

9.2.3 Electricity

The total cost per year is averaging US\$2,000 per annum

9.2.4 Water

The envisaged annual cost is estimated at US\$600

9.2.5 Office Rent

This is estimated at US\$ 2,000 PER annum

9.2.6 Equipment Storage Shed Rent

This has been computer at US\$8,000 annum

9.2.7 Maintenance: Machinery / Equipment

Annually this will cost US\$30,000

9.2.8 Maintenance; Furniture and Fittings

The annual amount will be US\$800

9.2.9 Marketing /Advertising

This is estimated at US\$30,000 per annum

9.2.10 Administration Overheads

The administrative expenses are estimated at US\$50,000 per annum. These will include items such as stationary, telephone, fax, uniforms and other adhoc services

9.2.11 Depreciation

Depreciation rates have been calculated as follows

Land, Building and civil works	4% Straight Line
Vehicle	25% Straight Line
Pre- operational Expense	20% Straight Line
Equipment	12.5% Diminishing value

9.2.12 Tax

Corporation tax is charges at 30% on profits before tax. Tax in year six is estimated at US\$14,453 in year 1 rising to US\$46,551 in year 10

Details of financial costs and corporation tax are shown in Appendix 8:C

9.4 FINANCIAL INDICATORS

Financial indicators showing the financial viability of the project are summarized below:

9.4.1 Internal Rate of Return (IRR) After Tax

The project's internal rate of return after tax is given in Appendix 9:D .This is estimated at 21% well above the lending rate of 7% for term loan

9.4.2 Payback Period

This has been computed and found to be 4 years months as indicated in appendix 9:E

9.4.3 Break – even Analysis 3rd Year

The break- even analysis in the 3rd year of operation shows break even sales at US\$ 462,275 and breakeven capacity of 32%- Details are given in Appendix 9:F

9.5 SENSITIVITY ANALYSIS

A sensitivity analysis has been carried out on the project's IRR responsiveness to changes in sales price, operating costs or initial investment. And the result of the sensitivity analysis has shown that the IRR is more sensitive to changes in sales prices than changes in either operating costs or initial investment.

9.6 ECONOMIC BENEFITS

The successful operation of this undertaking in its rightful position contributes economic benefits to the Dar es Salaam Region people and the whole country. In summaries the benefit being realized are as follows:

- i. The execution of this expansion will improve creation of additional direct employment opportunities for 50 employees that will man the various operation of the project
- ii. The executive of this project will facilitate creation of direct employment opportunities for 50 employees that will man the various operations of the project.

Financial Statements

INVESTMENT BREAKDOWN

PARTICULAR	AMOUNTS USD
Land and Buildings	130,000
Plant & Machines	210,000
Motor Vehicles	30,000
Furniture & Fixtures	10,000
Pre Expenses	50,000
Working Capital	150,000
TOTAL	580,000

FIXED ASSETS SCHEDULE

NAME OF ASSETS		YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings		123,500	117,000	110,500	104,000
Plant & Machines		168,000	126,000	84,000	42,000
Motor Vehicle		25,000	20,000	15,000	10,000
Furniture & Fixtures		8,750	40,000	35,000	30,000
Total		325,250	303,000	244,500	186,000
Depreciation		YEAR 2	YEAR 3	YEAR 4	YEAR 5
Land and Buildings		6,500	6,500	6,500	6,500
Plant & Machines		42,000	42,000	42,000	42,000
Motor Vehicles		5,000	5,000	5,000	5,000
Furniture & Fixtures		1,250	1,250	1,250	1,250
ANNUAL DEPRECIATION		54,750	54,750	54,750	54,750
CLOSING FIXED ASSETS		270,500	248,250	189,750	131,250

OTHER OPERATIONS COST

Other Operations Cost	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Motor Vehicle running expens	24,000	24,400	24,800	25,200	25,600
Salaries and Wages	35,000	38,500	42,350	46,585	51,244
Adminitrative Overhead Costs	24,000	26,400	29,040	31,944	35,138
Utility Costs	20,000	22,000	24,200	26,620	29,282
Interest on Loan	43,000	47,300	52,030	57,233	62,956
Communication Exepnses	4,000	4,400	4,840	5,324	5,856
Total Costs	150,000	163,000	177,260	192,906	210,077

PROJECT BALANCE SHEET

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Fixed Assets	380,000	325,250	303,000	244,500	186,000
Long term Assets					
Depreciation	54,750	54,750	54,750	54,750	54,750
Total long term assets	325,250	270,500	248,250	189,750	131,250
Current Assets					
Cash	406,100	684,700	979,050	1,292,735	1,625,723
Account Receivable	105,000	110,250	216,535	421,763	527,628
Inventory	214,710	376,383	438,469	402,292	467,493
Total Current Assets	200,000	200,000	200,000	200,000	200,000
Total Assets	525,250	470,500	448,250	389,750	331,250
Curent Liabilities					
Accounts Payable	84,000	88,200	92,610	97,241	102,103
Other Current Liablit	70,000	73,500	77,175	81,034	85,085
Subtotal Current Liabi	154,000	1,616,700	169,785	178,274	187,188
Long term Liabilities					
Long term Liabilitie	1,820,000	1,820,000	1,820,000	1,820,000	1,820.00
Total Liabiities	325,250	270,500	248,250	189,750	131,250
Net Assets	820,810	877,633	951,268	1,044,516	1,157,656
Captil and Reserves					
Owners Contribution	780,000	780,000	780,000	780,000	780,000
Retained Earning	40,810	97,633	171,268	264,516	377,656
Total Capital	525,250	470,500	448,250	389,750	331,250

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR5
Sales Revenue	630,000	756,000	907,200	1,088,640	1,306,368
Cost of Sales	126,000	126,000	126,000	126,000	126,000
Gross Profit	504,000	630,000	781,200	962,640	1,180,368
Operating Expenses					
Administrative Overhead					
Costs	105,000	106,050	107,111	108,182	109,263
Motor Vehicle running	5000	5,050	5,101	5,152	5,203
Expenses	8,000	8,080	8,161	8,242	8,325
Salaries and Wages	78,000	78,780	79,568	80,363	81,167
Depreciation	81,000	81,810	82,628	83,454	84,289
Marketing Costs	6,500	6,565	6,631	6,697	6,764
Utility Costs	10,500	10,605	10,711	10,818	10,926
Insurance	10,000	10,100	10,201	10,303	10,406
Interest on Loan	12,200	12,322	12,445	12,570	12,695
Communication	1,750	1,768	1,785	1,803	1,821
Total Expenses	207,950	210,030	212,130	214,251	216,394
Profit before Tax	296,050	419,971	569,070	748,389	963,974
Tax (30%)	207,235	293,979	398,349	523,872	674,782
Profit After Tax	88,815	125,991	170,721	224,517	289,192