

Business Plan for Viaservice Container Solution

1. Executive Summary

Viaservice Container Solution

Overview of the Solution

Viaservice's Container Solution (VCS) is an innovative financial product designed to address the pressing challenges of container deposits in the emerging markets shipping and logistics sector. Developed in strategic collaboration with key industry stakeholders, this solution directly responds to the liquidity challenges faced by Small and Medium-sized Enterprises (SMEs) in the region, offering a unique alternative to traditional container deposit insurance products.

The Container Guarantee Solution eliminates the need for container deposits, thereby enhancing cash flow for SMEs and improving operational efficiency in the logistics sector. Container deposits, which are required by shipping lines from shippers and clearing and forwarding agents (CFAs) to release containers from ports or depots, have long been a major barrier to smooth supply chain operations. By removing this financial hurdle, Viaservice's VCS provides a sustainable solution that drives growth and efficiency across the shipping and transport logistics industry in East Africa.

The Challenge

Container deposits currently represent a significant burden on SMEs operating in East Africa's trade sector, with an estimated \$1.5 billion annually tied up in these deposits. The requirement for shipping lines to secure the return of containers through deposits creates a liquidity strain, reducing the operational capacity of SMEs. Furthermore, the high cost of deposits diminishes the competitiveness of SMEs, impeding business opportunities and driving up the cost of doing business.

Traditional deposit systems also fail to adequately protect the interests of shipping lines, as they do not fully mitigate the collection risks or guarantee the timely return of containers. The administrative complexity involved in managing deposits further complicates operations, leading to delays in the import/export process and inefficiencies across the entire supply chain.

The Viaservice Solution

Viaservice's Container Solution directly addresses these issues by providing a financial product that eliminates the need for container deposits. Positioned strategically between shipping lines, shippers, and CFAs, Viaservice acts as a trusted intermediary, offering a seamless solution that benefits both parties while enhancing overall compliance within the logistics community.

The solution offers a sustainable and scalable alternative to the traditional deposit system by:

- **Eliminating Container Deposits:** SMEs no longer need to tie up critical cash flow in container deposits, enabling them to redirect capital into more productive areas of their business.
- **Mitigating Financial Strain:** By removing the need for container deposits, Viaservice alleviates the \$1.5 billion annual liquidity burden on SMEs in the region, improving their financial flexibility and competitiveness.
- **Enhancing Operational Efficiency:** The solution simplifies the management of container releases and returns, reducing administrative costs and delays in the supply chain.
- **Payment of Demurrage, Damage, and Loss Charges:** Viaservice facilitates the payment of container demurrage, damage, and total loss charges on behalf of shippers and CFAs, with reimbursement terms that enhance cash flow and protect both parties' interests.

Strategic Positioning

With strong institutional partnerships across East Africa, Viaservice is uniquely positioned to bridge the gap between shipping lines and CFAs, ensuring compliance and operational efficiency. The Container Solution enhances the financial and operational dynamics of the logistics sector, providing a win-win scenario for all stakeholders involved.

Company Vision

Viaservice's vision is to unlock sustainable growth in emerging markets by removing barriers to trade. We aim to facilitate seamless trade across emerging markets through the provision of innovative digital and financial solutions that address critical inefficiencies in the logistics and supply chain industry. By enhancing cash flow, reducing operational costs, and

promoting a more competitive trade environment, Viaservice is committed to advancing the logistics sector in East Africa and beyond.

2. Project Objectives (as per MEMART)

The objectives of the project are clearly outlined in the Memorandum and Articles of Association (MEMART) as follows:

The purpose for which the Company is established is the transaction of any and all lawful business for which companies may be incorporated in the United Republic of Tanzania and the Company shall have powers, and the objects for which the Company is established shall include the powers, (without limitation):

Primary Objectives:

- To carry on the business of providing financial products and services to customers and central banking operations in the microfinance sector.
- To carry on the business of offering all kinds of credit guarantee services to the logistics industry, in particular shipping, at the exclusion of those services regulated by the insurance laws and regulations.
- To carry on the business of providing microcredit and trade facilitation solutions for improvement of shipping logistics.
- To enter into any arrangements and contracts with any Government or authorities supreme, municipal, local or otherwise or any corporations, companies or persons (including quasi-governmental bodies and bodies owned by any government) and to obtain from any such Government, authority, corporation, company or persons any contracts, decrees, rights, privileges and concessions.

Secondary Objectives:

- To improve, manage, develop, exchange mortgage, let or rent or in consideration of share of profits, either in money or kind otherwise grant license, easements and other rights of and over and in any manner dispose of the property and rights of the Company.
- To provide administrative, financial and other services and facilities for any company in which the Company is interested, or for other people.
- To purchase or otherwise acquire and undertake the whole or any part of the business properties and liabilities of any persons, firms (or partnerships), societies or companies carrying on any business which the Company is authorized to carry on, or possesses property suitable for the purposes of the Company, and to conduct and

carry on, or liquidate and wind up any such business; to sell or dispose of the undertaking or any property or assets of the Company for such consideration as may be thought fit, including the share or loan capital or other obligations of any body corporate.

- to borrow and raise money and to secure or discharge any debt or obligation of, or binding on, the Company in such manner as may be thought fit and in particular by mortgages and charges upon all or any part of the undertaking, property and assets (present and future) and the uncalled capital of the Company, or by the creation and issue of debentures, debenture stock or other securities of any description

3. Investor Profile and Project Management

Company Overview

- **Parent Company: Viatrans SA**

Established in 1987, Viatrans is a holding company fully owned by the Foundation of International Road Transport. Through its subsidiaries, Viatrans shapes and implements future transport and mobility models, connecting societies in a responsible and effective manner.

- **African Subsidiaries:** Viaservice Tanzania and Viaservice Kenya (both fully owned).
- **Ownership Structure:** Viatrans SA is the primary shareholder of Vialp Global Trade SA, which owns the African subsidiaries.
- **Sector:** Transport and Logistics.
- **Investment Goals:**
 - Long-term capital for expansion in emerging markets, including Africa.
 - Focus on sustainable growth for financial returns.
 - **Optimize Internal Operations:** Enhance market share within the logistics and trade sector.
 - **Technology Integration:** Incorporate technology to streamline operations and elevate service offerings.
 - **Partnership Development:** Forge strong partnerships with local businesses and governments to expedite market penetration.

- **Strategic Interests:**
 - Expansion into sub-Saharan Africa and new regions.
 - Enhancing operational efficiency through advanced technology.
 - Strengthening supply chain management.
 - **Use of Funds:**
 - Market expansion, especially in additional African countries or increasing market penetration in Tanzania and Kenya.
 - Infrastructure development.
 - Technology enhancements in logistics management, AI, automation, etc.
 - Talent acquisition and development to support growth.
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3.2 Project Management Team

- **Project Manager:**

Morgan Lepinoy serves as the Managing Director & Global Head of Trade Facilitation at Viatrans. With over a decade of international experience in Maritime Logistics, Trade Finance, and Supply Chain across regions including EU, LATAM, W-E Africa, and Asia, Morgan has a track record of successfully launching and managing global ventures. In his current role, he oversees trade facilitation strategy and expansion into emerging markets through the Viaservice Group. Morgan's leadership and strategic expertise are complemented by his ability to drive growth, improve cost-efficiency, and manage teams effectively.

- **Key Management Personnel:**
- **John Mathenge (Managing Director):** John brings over 25+ years of experience as including as the Executive Director and Founder of the Federation of East African Freight Forwarders Associations (FEAFFA). He has been instrumental in the development of regional programs in freight logistics, trade, and transport facilitation across East Africa.
- **Veronica Mhenga (Chief Finance Officer):** Veronica has over 12 years of experience in Finance and Audit, previously working as Finance Manager at Weir Services Limited

and as a Senior Auditor at Ernst & Young (EY). Her expertise spans financial management, risk analysis, budgeting, and internal controls.

4. Foreign Exchange Generation, Import Substitution, and Employment Creation

Viaservice Container Solution (VCS) aims to address financial and operational inefficiencies in the East African logistics sector while fostering broader economic growth. The solution promotes trade, improves liquidity, and enhances regional competitiveness.

Foreign Exchange Generation and Savings

- **Reduction of Container Deposit Strain:** The VCS eliminates container deposit requirements, freeing up capital worth over \$1.5 billion annually across SMEs in East Africa. This enhances liquidity and allows businesses to reinvest in productive growth areas.
- **Increased Export Activity:** By alleviating the burden of container deposits, SMEs are positioned to scale, boosting exports and contributing to foreign exchange generation.
- **Improved Trade Balance:** Reduced operational costs make East African products more competitive globally, driving further exports and improving the region's trade balance.

Employment Creation

- **Logistics and Operations:** Simplified container management increases logistics demand, requiring expanded personnel in operations.
- **Technology and Digital Support:** With digital platforms driving the solution, new roles will emerge in technical support, customer relations, and software management.
- **Financial Services and Compliance:** The solution's financial management needs, including handling reimbursements and compliance, will create positions for analysts, accountants, and compliance officers.
- **Sales and Marketing:** Expanding the VCS market footprint necessitates sales teams to build client relationships and promote the benefits of the solution.
- **Research and Product Development:** Ongoing market adaptation and user feedback will lead to the creation of product development roles.

Broader Economic Impact

- **Enhanced Business Competitiveness:** The removal of container deposits addresses a major barrier to SME growth, enabling businesses to compete more effectively, capture market share, and expand operations regionally and internationally.
 - **Long-Term Economic Sustainability:** VCS supports a sustainable logistics ecosystem by enabling efficient trade practices, fostering SME growth, and boosting regional economic development.
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5. Investment Costs and Capital Expenditure

The expected capital expenditure (CAPEX) for the project is outlined as follows:

- **Total Project Cost:** USD +3million being a combination of both foreign equity and loans
 - **Breakdown of Costs:**
 - Office set up and assets acquisitions: \$ 110K
 - Working capital: \$ 1.5-2.5M
 - Licensing and permits: \$ 5K
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6. Financing of the Project

The project will be financed through a combination of equity and debt, with the following structure:

- **Sources of Finance:**
 - **Equity Investment:** Approximately USD 1.3million from the Company's shareholders Viaservice SA and Viatrans SA , with the shares of Viaservice SA being acquired by Vialp Global Trade.
 - **Debt Financing:** Intercompany Loans of USD 2.1million from the Company's shareholders.
 - **Grant/Foreign Investment:** External financing worth USD 1.5Million to be pursued.
- **Terms of Financing:**

- **Loan Terms:** The intercompany loans are expected to be repaid within 3 years at an annual interest rate of 5.5 %, the external loans will be repaid according to the agreed term sheets.
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7. Market Study of Products and Services

The project will focus on producing [product/service], which is in high demand in [local, regional, international] markets due to [market trends, growing demand, gaps in current supply].

Target Market: The primary target market for Viaservice's Container Solution (VCS) is regional and international SMEs namely Freight Forwarders, Shippers and Consignees in the shipping and logistics sectors, specifically in emerging markets such as East Africa, South-East Asia, West Africa, and Latin America. VCS addresses the unique needs of these SMEs by alleviating the financial strain caused by container deposits, making it an essential solution for businesses that rely heavily on containerized shipping.

Market Size and Trends: The current container logistics market dealing with deposit solutions in emerging markets is valued at **approximately \$7 billion** annually, primarily tied up in container deposits by SMEs, driven by increasing trade volume, a rising number of SMEs involved in global supply chains, and the need for innovative financial products to improve cash flow and operational efficiency, the trend toward digital transformation and streamlined logistics services further supports demand for VCS as businesses look for ways to reduce financial barriers and enhance liquidity.

The logistics landscape in East Africa, including Tanzania, is advancing with technology and infrastructure improvements, but several barriers remain that impact efficiency, one of which is the issue of container deposits. These deposits can create significant challenges, especially for small and medium-sized enterprises (SMEs), which often face financial strain when trying to pay for these deposits upfront. This issue is compounded by logistical inefficiencies, such as delays in container returns, underutilized shipping capacity, and the lack of an efficient container tracking systems.

Innovative solutions like the Container guarantee offer a promising way to address these barriers. The Container guarantee aims to digitize and streamline the management of container deposits by providing a more flexible, transparent system. Instead of businesses needing to pay large deposits upfront, the Container guarantee could allow them to access containers more efficiently without heavy financial burdens. The system works by offering guarantees that are managed within a digital platform, helping ensure the return of containers without the traditional bottlenecks. This approach not only minimizes financial

barriers for smaller players but also reduces operational friction caused by container delays . Moreover, the shift towards digital logistics platforms, already a growing trend in East Africa can be leveraged to make systems like the Container guarantee more effective towards smoother container handling and improving the turnaround time.

In conclusion, integrating solutions like the Container guarantee into East Africa's logistics framework addresses a critical financial barrier while complementing ongoing trends such as digitalization and infrastructure investment. It creates a more efficient, sustainable, and accessible logistics environment, especially for smaller businesses, contributing to the overall growth and competitiveness of the region's logistics sector

Competitive Landscape: Key competitors include traditional container deposit systems and insurance solutions. However, VCS differentiates itself by eliminating the need for container deposits altogether, thus providing SMEs with immediate cash flow benefits and removing a significant barrier to efficient operations. Unlike traditional insurance solutions, which only partially offsets risks, VCS also simplifies the logistics process by handling payments for demurrage, damage, and loss charges. This unique approach positions VCS as a cost-effective, cash-flow-friendly alternative in the logistics market, enabling SMEs to operate with greater financial flexibility and efficiency.

This positioning makes VCS a pioneering solution in the container logistics sector, offering sustainable growth potential and strategic value for SMEs across the targeted emerging markets.

8. Project Production Capacity

Annual Production: The VCS facility is targeted to guarantee over 15k container units over the first four years to meet demand in emerging markets, initially focusing on Tanzania, then expanding to Kenya to cover the East Africa area , then later on to **South-East Asia** (deployment by Q2 2025) and **West Africa** (deployment between Q4 2025 and Q1 2026), with Latin America assessments planned for **H2 2025**.

Service Delivery Process: Leveraging streamlined financial processes and collaboration with logistics stakeholders, the VCS service delivery process includes seamless customer onboarding, and claims handling, specifically designed to address liquidity challenges and enhance cash flow for SMEs.

Scalability: Designed to scale considerably within the next 3-5 years, VCS will support increased demand across additional markets as highlighted above addressing the

significant liquidity burden SMEs face with traditional container deposits and driving growth in the logistics sector.

9. Environmental Protection Commitment

Viaservice's Container Solution (VCS) not only addresses financial challenges in the logistics sector but also aligns with the company's commitment to environmental protection. The solution's ability to streamline operations and reduce inefficiencies has positive environmental implications in several ways:

Reducing Idle Container Time:

By eliminating the need for cash deposits, the VCS facilitates quicker container releases and returns. This reduces the amount of time containers sit idle at ports and depots, lowering the need for prolonged energy usage and reducing congestion in logistics facilities. Minimizing these inefficiencies cuts down on emissions associated with port congestion and container handling.

Lowering Carbon Emissions through Enhanced Supply Chain Efficiency:

VCS's emphasis on improved cash flow and operational efficiency allows SMEs to better manage and optimize their logistics. With faster and smoother container turnover, transportation routes can be planned more efficiently, potentially reducing unnecessary travel and fuel consumption, which in turn reduces the carbon footprint of the logistics sector.

Promoting Digital Solutions over Paper-Based Systems:

By digitizing processes and removing administrative burdens related to managing deposits, Viaservice minimizes the need for extensive paperwork. A more streamlined, paperless workflow conserves resource and contributes to reducing the logistics industry's overall environmental footprint.

Through these initiatives, Viaservice demonstrates a strong commitment to sustainable business practices. By optimizing logistics operations, reducing emissions, and encouraging responsible resource use, VCS supports both environmental protection and operational efficiency across the logistics sector.

10. Project Implementation Schedule

The implementation of the project is planned as follows:

- **Phase 1 – Planning and Approvals:** 2016- 2018
 - Activities: Feasibility studies, permits, land acquisition, etc.
 - **Phase 2 –Setup:** Jan 2019- Dec 2019
 - Activities: Office set up, procurement of equipment, and staff hiring.
 - **Phase 3 – Trial Run and Operations Start:** Jan 2020 -Onwards
 - Activities: Customer onboarding, piloting and full-scale service delivery.
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11. Employment Creation

The Viaservice project has the potential to directly employ approximately 20 individuals across a variety of roles within the organization, with opportunities for both skilled and semi-skilled workers as well as support staff. Here's how these roles will be distributed:

Skilled Workers: Approximately 8 positions

Roles: These include key positions such as the Managing Director, Software Engineer, Product Owner, Chief Finance Officer, Commercial Manager, Accounts Receivable Manager, Accounts Payable Manager, Marketing Manager, Operations Officer. Skilled workers in these roles require expertise in areas like finance, marketing, technology, and operations.

Semi-Skilled Workers: Approximately 10 positions

Roles: Semi-skilled positions could include Operations Assistant, Administration Officer, Digital Marketing Officer, Business Development Officers, Sales Coordinator, and Accounts Receivable Officers. These roles involve tasks in logistics, marketing, and finance that require some level of specialization but may not necessitate advanced professional qualifications.

Unskilled Workers: Approximately 1 position

Roles: These roles include positions such as **Office Assistants**, and entry-level support roles within administration and basic logistics tasks. These positions often require basic training and offer entry-level opportunities for workforce integration.

12. Financial Projections (5-Year Forecast)

The financial projections for the project are as follows (in USD):

Discounted CashFlow - Viaservice Tanzania Limited 2022-2026						
	2021	2022	2023	2024	2025	2026
Best Case Scenario Volume	1'263	3'842	8'373	16'979	50'937	101'874
Best Case Scenario Income	\$	241'157	\$ 538'820	\$ 1'039'342	\$ 3'252'405	\$ 6'519'936
Conservative Discount		100%	100%	90%	85%	80%
Income	\$ 81'420	\$ 241'157	\$ 538'820	\$ 1'030'765	\$ 3'790'285	\$ 6'467'238
OPEX	\$ 601'124	\$ 574'695	\$ 675'085	\$ 1'077'742	\$ 1'601'034	\$ 2'087'138
EBITDA	\$ -519'704	\$ -333'538	\$ -136'265	\$ -46'977	\$ 2'189'251	\$ 4'380'100
Change in WK	↗ \$ -232'941	↗ \$ -91'978	↗ \$ -295'497	↗ \$ -34'715	↗ \$ -1'200'343	↗ \$ -353'870
Investment in FA	\$ -	\$ -5'000	\$ -12'500	\$ -25'000	\$ -25'000	\$ -20'000
Debt reimbursement						
Funding				\$ 400'000		
CashFlow	\$ -752'644	\$ -430'516	\$ -444'262	\$ 293'308	\$ 963'909	\$ 4'006'230

13. Conclusion

The Viaservice Container Solution (VCS) is set to make a substantial impact on economic growth, employment, and technological advancement in emerging markets. By alleviating the financial strain of container deposits, VCS empowers Small and Medium-sized Enterprises (SMEs) to thrive, driving operational efficiency and supporting regional employment growth across logistics, technology, and financial services.

With strong financial backing, a clearly defined market, and a dedicated team, this project offers a sound investment. Viaservice's strategic expansion into high-growth regions such as Southeast Asia, Latin America, and Africa positions the company to capture a significant market share. In the coming years, VCS is expected to drive profitability, reinforce its market leadership, and continue advancing sustainable trade solutions on a global scale.