SOL-ERP Business Plan

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Toptron Computer Systems

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1.1 Background

This business plan is done for a Solicitor Firm software, named **Solicitors-ERP** (**SOL-ERP** in short), developed by **Toptron** Computer Systems. **SOL-ERP** stands for Resources Planning. In other words, it is a software which assists Solicitor Firms to plan and maximize their resources so as to sustain the business and increase business competitiveness. This plan also details a business's financial, operational goals as well as the benchmarks. Besides, the plan contains descriptions of the company, product, market, customer management, forecasts, management team, financial analysis, and implementation.

SOL-ERP is a software caters for Hong Kong Solicitor Firms operations. It has been developed for over 10 years and under many revises. Gathered from these years experience, **SOL-ERP** is able to solve most Hong Kong Solicitor Firms operational problems, like un-structure business data, inefficient share of business data in doing business, cannot accumulate pass working experience, overlooked schedule and appointment, facing penalties and the like.

At the mean time, there is no similar software available in the market. It is a good time to take action to dominate the market in this industry. Furthermore, **Toptron** would like to make **SOL-ERP** to be a standard software adopted by the industry.

1.2 Vision

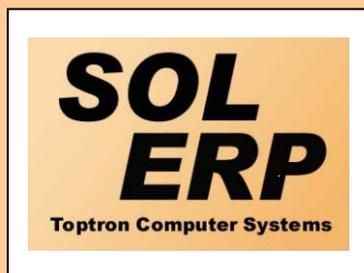To be a leading IT company in Solicitor Firms industry.

1.3 Mission

Assist Hong Kong Solicitor Firms in doing business.

1.4 Value

Provide Quality, Excellent, Reliable IT service to customers to attain Win-Win situation.

1.5 Logo

1.6 Ambition

The following sections are showing **Toptron**'s idea of how to make **SOL-ERP** to be the leading software in the industry. Besides doing good business, **Toptron** also wants to sell this brand in good price in future acquisition and or list in the stock market after 5 years. Then **Toptron** will have more resources to develop overseas business or acquire other business.

2. Descriptions of the company

2.1 Company Background

Toptron Computer Systems was established In 1992 and solely owned by KY Yiu. The company started with providing general computer services, like hardware repair and maintenance, software installation, network projects, selling computer parts, conducting computer courses, and developing softwares to both SMB and corporate customers. As customer grew, at the year of 2005, **Toptron** consolidated its resources to serve corporate customers and abolished domestic sector. Business model changed from a general IT company to a One-Stop-Shop IT service company for corporate customers on all they need, like network and IT systems maintenance, web page design, email service, web hosting, software development and consultancy. During this period, **Toptron** found a sector which no company is involved, the Solicitor Firms. Then **Toptron** spends over 10 years in developing the software named **SOL-ERP** from DOS version to Windows version with its close customers.

2.2 Current Status

Due to business re-organization, **Toptron** would only focus on the **SOL-ERP** software and give up its side business so as to establish a leading IT company to Hong Kong Solicitor Firms. Hence **Toptron** is seeking investors to invest on the **SOL-ERP** Project.

2.3 Strengths

- Over 15 years knowledge and service experience in servicing Solicitor Firms.
- Over 20 years experience in software development, deployment, training and maintenance.
- Over 25 years customer sense and management.
- Technical oriented.
- Industry connections to different vendors, like hardware supplier, software vendors and other technical vendors.
- Process basic company structure (BR, website, customers, business experience,…)

2.4 Weakness

- Lack of resources to develop **SOL-ERP**.
- Lack of knowledge in Marketing and Sales.

2.5 Prospect

Toptron believes there is a wide window of opportunity to take advantage of introducing the **SOL-ERP** to Solicitor Firms, which has the potential to dominate the market, as no similar software is available. **Toptron** has confidence to gain a significant piece of the market share and turn **SOL-ERP** as a standard software in this industry, as common as MS-Office.

One day, every practitioner in Solicitor Firms must process the knowledge of using **SOL-ERP**. **SOL-ERP** will be a leading software in this particular industry.

2.6 Toptron Official Website

www.toptron.com.hk

2.7 Toptron Company Photos

Training Room

Office

**Shop**

Shop

Training Room

3. Product

SOL-ERP is a suite of self-developed software programs poised for the growth in the Solicitor Firms. It is dedicated for Hong Kong Solicitor Firms operation and Accounting System. As there is no competition and hence it is easily to dominate the market with least effort.

3.1 Major Program Modules – 3 different versions designed for different staff and applications.

3.1.1 SOL-Full Version (with sub-modules)
- SOL-Reference Book (Ref Book, Voucher, Receive Doc, Stop Deed, Land Registry, Close File, Reports)
- SOL-Accounting   (Ref Book vouchers, A/c vouchers, Clients A/c, Office A/c, Financial Reports)
- SOL-Conveyancing   (Capture deadline, schedule dates)
- SOL-Litigation   (Litigation procedures, Time line, Time sheet)
- SOL-Reminder and Calendar   (Powerful reminding system to users to manage his work)
- SOL Admin   (SOL Administration)
- SOL-User Management & Access Control   (Data Privacy & Security)
- SOL-Supporting System   (Supporting Tables, Lists)
- SOL-Backup   (Data Protection)
- SOL-Other Matters   (Plan to develop for Solicitor Firms other Biz)
- SOL-Apps   (Plan to develop for Solicitor Firms' client enquiry)
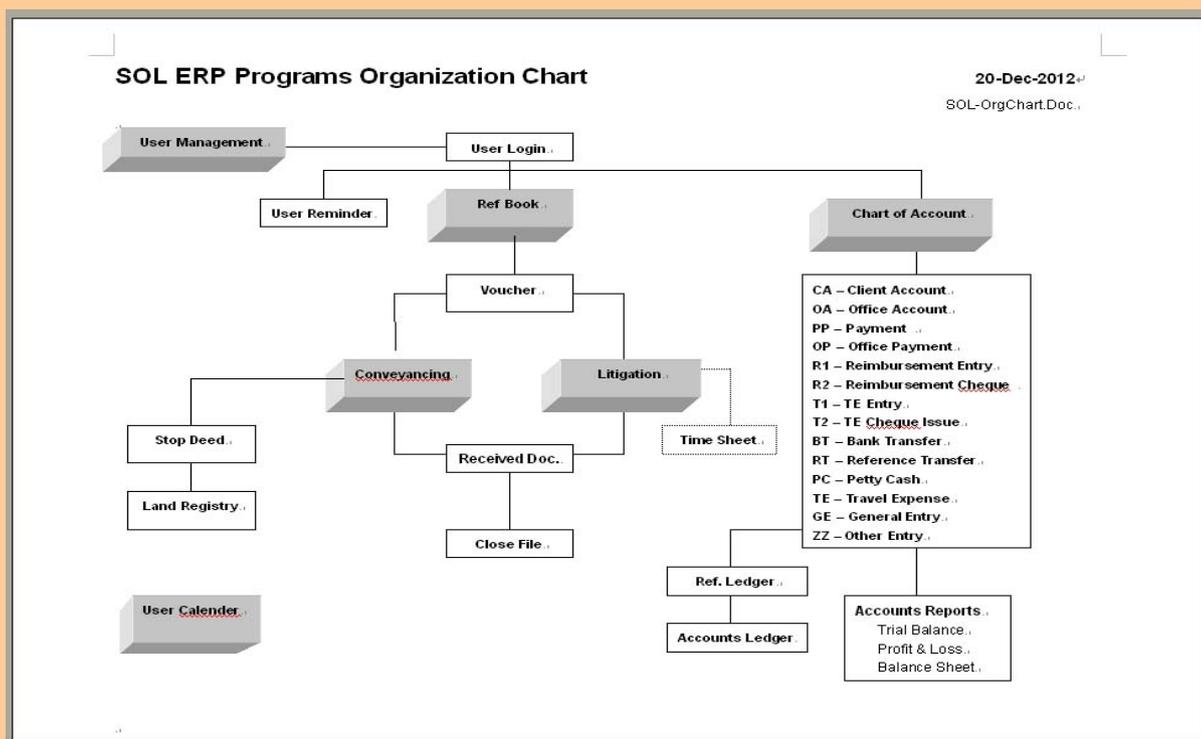
Customer's Login Screens (Tailor Made)
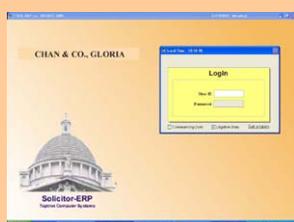
3.1.2 SOL-Starter Version

It is a very simplified **SOL-ERP** for new customers a trial. This version includes 4 small programs: Ref. Book, Voucher, Received Document and Ref Book Enquiry.
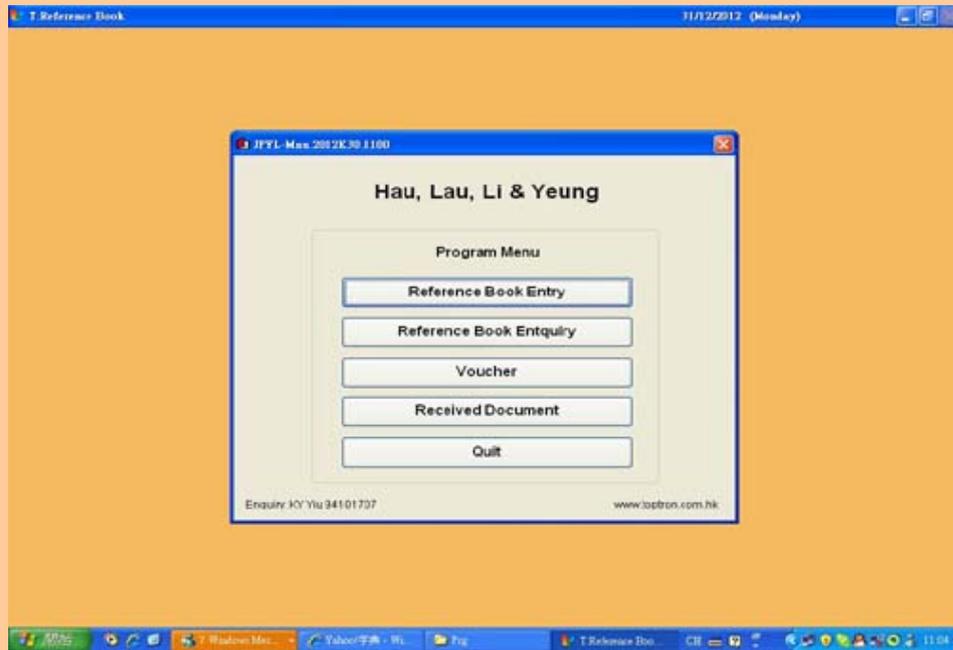
3.1.3 2 SOL-Stand Alone Programs – Ref Book Enquiry and Voucher

To suit different users. For Receptionists, SOL-Enquiry is good enough as they will not touch any business data. They will use this SOL-Enquiry to reply customer's enquiries. Give a professional and real time response to customers. (It will leave customers a very impressive image to the Solicitor Firm)

For junior operation clerk, a simple SOL-Voucher program is good enough for their simple work. They do not need to access any sensible business data. The program operation is direct and easy.
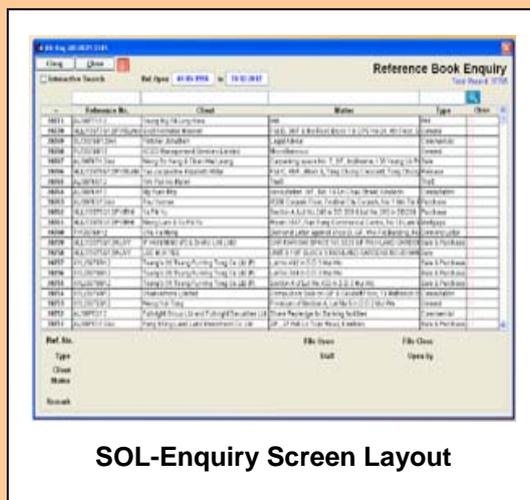
SOL-Enquiry Screen Layout
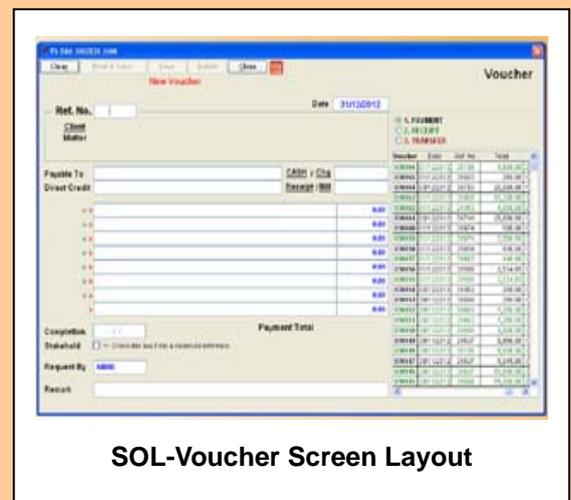
SOL-Voucher Screen Layout

3.2 General Requirement

- Operating environment: Windows and Windows network.
- No. of users: Single user to over 100 users
- User Computer requirement: Windows XP or above
- Premises: Single area (Plan to expanse this function)

3.3 Benefits of using SOL-ERP

3.3.1 Savings

- Save Penalties due to overdue dates.   *(by User Reminder)*
- Save time in doing paper work.   *(Build-In different templates and Covers)*
- Save time in making Reports and Lists   *(Build-In Reports and Lists)*
- Save time in Searching document and business data.   *(by SOL-Enquiry)*
- Reduce missing schedules and important appointments.   *(by User Reminder and Calendar)*

3.3.2 Manage Business Data

- Well organize valuable business data, for years, for business. *(Central Management)*
- Share and re-use of valuable business data in doing business, very efficiently.
- Store and reuse past working experience, processes and procedures

3.3.3 Favored to Customers

- Value-Added in **Toptron**'s service website which lists all current **SOL-ERP** customers to visitors. Which is a way to promote customers' business.
- Free software upgrade
- Minimum hardware requirements.
- Flexible payment – Monthly charge (Pay-As-You-Use), Rent-Buy and Buy-Out.
- One-Stop programme – On-site installation, Test, User Satisfaction, Training and Support.

3.3.4 Others

- Establish a professional image to clients (refer 3.1..3)

3.4 Outstanding feature - Data Flow to User Calendar
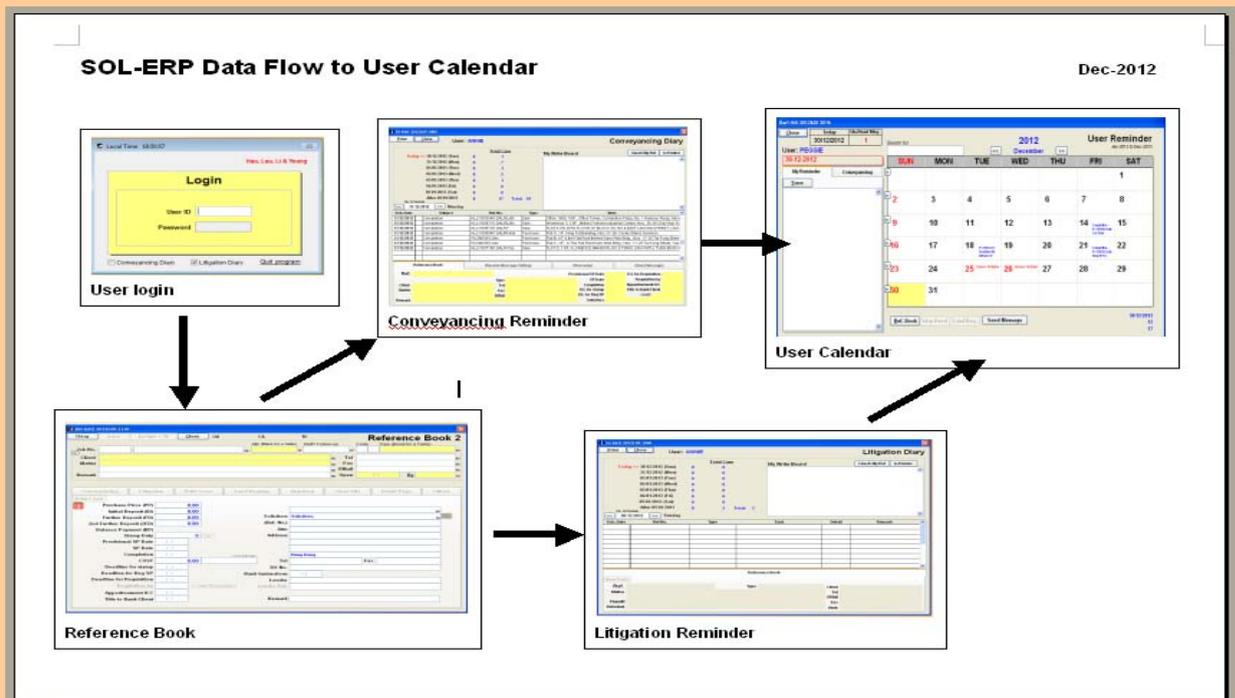
3.5 SOL-ERP Improvements

Although **SOL-ERP** has been developed for over 10 years, there are many areas need to be improved so as to work in other Solicitor Firms smoothly. There are expected items to be done:

1st stage improvement

- Complete Chinese Traditional and Simplified version.
- User Calendar – more power in message sharing between users.
- Besides Conveyancing and Litigation - cover more operating areas, like Mediation, …
- Better User management – enhance user access control, logging.
- Data Privacy – enhance data privacy and security.

2nd stage improvement

- Internet access – run on web base, can be accessed anywhere, anytime.
- Change access model and Database – user calendar, check cases, contacts,…
- Mobile devices development – more flexible to users, can access **SOL-ERP** schedule in mobiles.
- Develop **SOL-Apps**.

3rd stage improvement

- Develop web based legal services which save Solicitor Firms rescources.
- Develop Solicitor Firms' client enquiry service.

4th stage improvement

- Centralize Legal Documents – enhance Legal Document storage and retrieval process.
- Digitize Legal Documents   - save storage fee, easy to access.

3.6 Product Refine

SOL-ERP has many features needed to be refined to work in line with the real life. Besides, creativity is also important to make the product more sustain in the market. One most efficient way is to collect feedbacks from current customers / users to fine tune the product, to make it more suitable to the market and fulfill user requirements.

3.7 Branding

Have to consult professional company for the Branding and Management.

3.8 SOL-ERP Promotion leaflet (in A4 size) and Name card

Front

Back

3.9 Pricing (in HKD)

SOL-Modules for 5 Users	List Price	Margin	Salesman
SOL-Conveyancing Mini SOL-Admin, SOL-User Mgt, SOL-Supporting System, SOL-Ref Book, Voucher, Ref Book Enquiry, Close File, Reports)	8,500	6,500	**Salesman offers special discount to Customers (Must NOT less than Margin column)** **35% comm. On price difference**
SOL-Conveyancing Full version SOL-Admin, SOL-User Mgt, SOL-Supporting System, SOL-Ref Book, Ref Book Enquiry, Voucher, Receive Doc, Stop Deed, Land Registry, Close File, Reports)	16,000	12,500	
SOL-Litigation SOL-Admin, SOL-User Mgt, SOL-Supporting System, SOL-Ref Book, Ref Book Enquiry, Voucher, Litigation procedures, Time sheet, Close File, Reports)	16,000	12,500	
SOL-Admin (SOL-Admin module)	6,000	4,500	
SOL-Calendar (per user) (Powerful reminding system to users to manage his work)	1,600	1,200	
SOL-Accounting (Ref Book vouchers, A/c vouchers, Clients A/c, Office A/c, Financial Reports)	18,000	13,500	
SOL-Starter (SOL-Ref Book, Ref Book Enquiry, Voucher, Receive Doc)	Free	Free	

SOL-User License

	List Price	Margin	Salesman
Each 3 Users / set On-site 1-time	1,500	1,200	

SOL-Installation

	List Price	Margin	Salesman
SOL-Installation On-site 1-time	3,500	2,500	

SOL-Training

	List Price	Margin	Salesman
SOL-Training On-site 3 hours for 3 –5 users	1,800	1,350	

SOL-Backup

	List Price	Margin	Salesman
Install and Schedule SOL-Data Backup Excl hardware and installation	6,500	4,500	

Maintenance Charge

Each Maintenance Contract	List Price	Margin	Salesman
1-Year	18% of total amt	15% of total amt	
3-Year	15% of total amt	12% of total amt	
5-Year	10% of total amt	8% of total amt	

SOL-Service charge

	List Price	Margin	Salesman
General Service per man-hour	450 - 800	350 - 600	

4. Market Analysis

4.1 Positioning the Target Market

The Target Market is all Hong Kong Solicitor Firms size from a few to 50 staff members. Their major business is conveyancing and Litigation. Besides, they work on a single premise and running a Windows network system. **SOL-ERP** is the sole solution. **Toptron** wants to dominate this market and to be the leading IT company by deploying **SOL-ERP**. It must be done before similar softwares emerge in this industry at the later time.

4.2 Industry Overview

There are 806 Solicitor Firms in Hong Kong. (according to the information dated 26-Dec-2012 by hklawsociety.org.hk, http://www.hklawsoc.org.hk/pub_c/memberlawlist/mem_firm.asp). Their major business are conveyancing, Litigation, Immigration, Financial projects, Patent, Family matters and the like. Among these sectors, Conveyancing and Litigation are core businesses of most HK Solicitor Firms. Most company size is lying between 5 to 20 staff members.

Furthermore, there are 7485 Practicing certified solicitors in Hong Kong (according to the information dated 26-Dec-2012 by hklawsociety.org.hk, http://www.hklawsoc.org.hk/pub_e/memberlawlist/mem_withcert.asp.) They are moving arround within this industry. This factor is an advantage to **SOL-ERP** as these moving Solicitors will bring **SOL-ERP** knowledge and skill to other Solicitor Firms.

In the market, there is no similar software to compete. In the industry, there is no standard software available. **Toptron** wants to deploy **SOL-ERP** in the market and turns it into a standard software in the industry. Every Solicitor Firm should adopt **SOL-ERP** as a daily tool to run their business, like Windows, MS-Office and so on. No matter how big is the firm. In addition, **SOL-ERP** will become a communication means between their business partners.

For sure, the industry should need a standard software in doing business, like Windows or MS Office. Every Solicitor Firm should need **SOL-ERP** in their daily operation.

4.3 General Problems of Hong Kong Solicitor Firms
- Lack of Legal Document Control and storage.
- Expensive storage expenses in storing the expanding Legal Documents.
- No structure of Business Data.
- Poor use of Business Data.
- Poor share of business data in doing business, both internal and external.
- lack of organized work flow.
- Missing overdue dates.
- Facing Penalties.

4.4 No Competition

It is almost a myth to find a No Competition market. And **SOL-EPR** is the one dedicated for Hong Kong Solicitor Firms operation and Accounting System. At this moment, there is no similar software available in the market. Solicitor Firms Accounting System is different from general companies as there are 2 separate sets of accounts, the Clients Account and the Office Account. **SOL-ERP** is capable to handle these 2 sets accounts.

4.5 Marketing Strategy

A marketing personnel will be hired to handle product campaign and promotion.
- Conduct mass promotion campaign to raise industry awareness.
- Ad in Law Society Publications, newsletters and related Web sites.
- Approach Hong Kong Law Society, look for opportunity
- Ad Printings / leaflet / Name cards / Souvenirs for promotion and product introduction.
- Setup a web site for **SOL-ERP**, wwwsol-erp.com.hk for product introduction.
- Participate related Expo.

4.6 Work on Customer's Profitable Areas

To seek the most profitable sectors of Solicitor Firms in the target market overall, **Toptron** will focus on the following areas:
- Conveyancing   (by SOL-Conveyancing)
- Litigation   (by SOL-Litigation)
- Save Penalties   (by SOL-Reminder and Calendar)
- Promote using diary for appointments   (by SOL-Reminder and Calendar)

4.7 Modules Stability

Solicitor Firms has no seasonal factors. No matter the economy situation, there are Litigation matters all round the year. Conveyancing maybe affected by policies and economy. According to past years experience, the affects were not obvious and the properties trading were still active. Other modules are less influenced.

SOL-Reference Book	- No affect, a MUST to every solicitor firm
SOL-Accounting	- No affect, a MUST to every solicitor firm
SOL-Conveyancing	- Easier affected by Policy and Economy
SOL-Litigation	- Less affected by Policy and Economy (Stable)
SOL-Reminder and Calendar	- No affect, very useful and helpful tool
SOL-User Management & Access Control	- No affect, data privacy and security
SOL-Supporting System	- No affect, a MUST to every solicitor firm
SOL-Backup	- No affect, Data Protection
SOL-Other Matters	- Less affected by Policy and Economy (Stable)

4.8 Review Marketing Strategy

Meetings every week to review the Marketing Strategy.

4.9 Market Expansion

Number of Solicitor Firms will not decrease in the future. Moreover, many Qualified Solicitors granted every year. They will form a new Firm after some years experience. Besides, the **SOL-ERP** users are moving around within the industry and they will bring **SOL-ERP** knowledge and skill to other non-**Toptron** customers. To **Toptron**, **SOL-ERP** is its core business. Size businesses may derive from **SOL-ERP**, like system maintenance, web hosting, email services, networking and the like, and finally dominate the Solicitor Firms.

5. Sales Strategy

5.1 Sales Personnel

Propose to hire 2 persons to handle the marketing and sales strategy for the **SOL-ERP**. At the beginning, a mass promotion plan is required to raise awareness. A part-time staff may be required for sharing the marketing workload, estimated for 3 – 6 months.

5.2 Sales Strategy

5.2.1 Investment will start more in the beginning then gradually less to stable.
- Conduct product promotion campaign for first 2 weeks.
- Conduct **SOL-ERP** product seminars.
- Prepare a detail list of Hong Kong Solicitor Firms.
- Plan for Concession: eg. first 20 customers, extend 6 moths maintenance, rebate, reward,…
- Bundle sales (software + Server) + Concession.
- Offer Free software Trail, **SOL-Starter.**
- Referral Reward Programme.

5.2.2.After weeks 2 product promotion
- Direct approach Solicitors Firms (by Salesman) by a List of HK Solicitor Firms.
- Record of visits: date time, who, details,…
- Revise Sales Strategy

5.3 Selling Points Highlight
- Assist in doing business, Savings resources, Reduce Penalties, Improve Efficient,
- Centralize Data Management, Share data among users, Promote Professional Imaging,
- Value-Added to customers – indirect web advertising.

5.4 Increase Cash Flow

Salesman has to promote more Pre-Pay service by offering more discount to customers so as to increase Cash Flow to the company.

5.5 Sales Approach

First target to achieve: Successfully sell the product
If not, second target: Look for Right Person
If not, third target: Raise awareness and Education
If not, forth target: Leave Contact: name card
If not, fifth target: Leave good impression

5.6 Commission 35% incentive to successful Sales Orders

Propose to offer 35% in price different (refer section 3.9) to sales person as an incentive and motivate for more business.

5.7 Sales Workflow

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│     │   Approach Customer   │   │
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│                 ▼               │
│     ┌───────────────────────┐   │
│     │   Invoice - Deposit    │   │
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│     │ Implementation, Test, Training │ │
│     └───────────┬───────────┘   │
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│     │  Invoice – Balance Payt │   │
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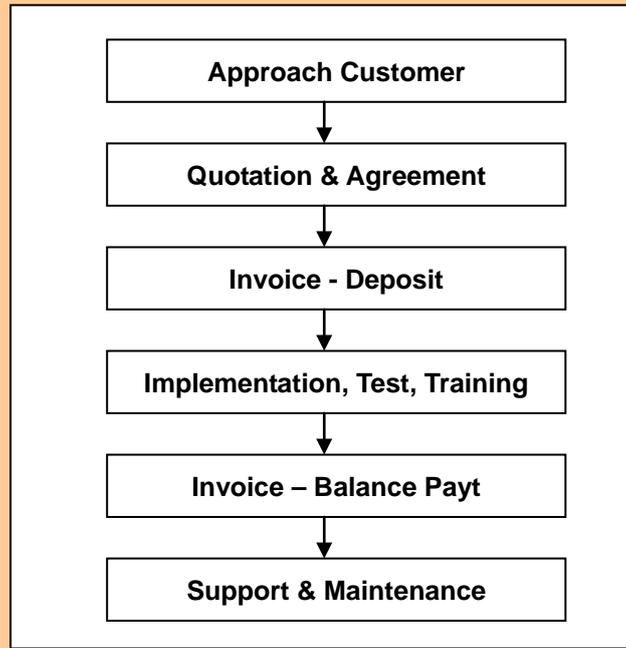
5.8 Sales Cycle
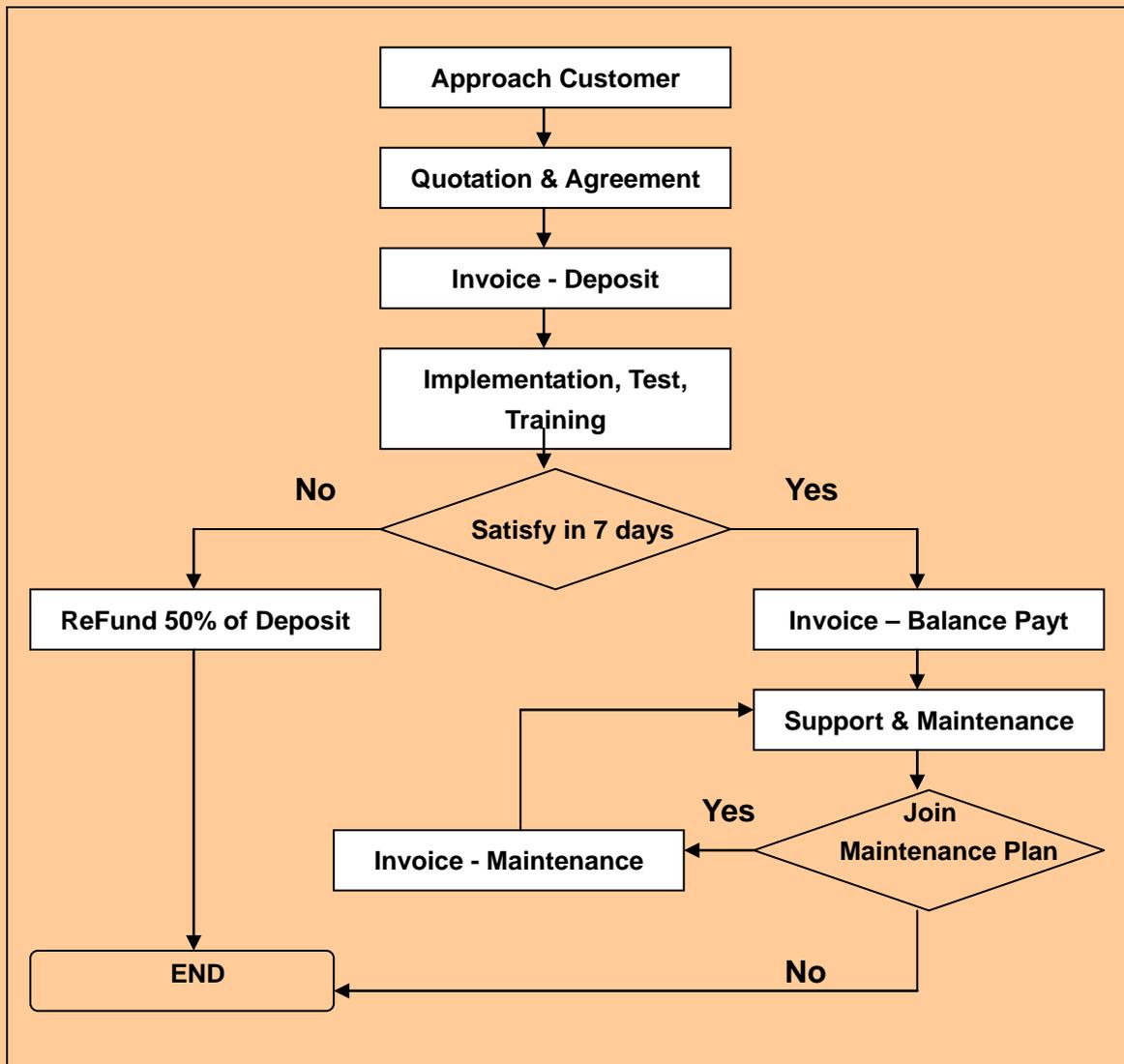
6. After Sales Service

The job will be shared among programmers to answer and fix customer enquiries on operation or program errors.

6.1 General procedure:

1. Quick Response to customer enquires is very important for Customer Satisfaction.
2. Understand customer enquiry patiently and explain the solution in detail.
3. Obtain a Tracking No. to customer for later reference.
4. If the enquiry cannot be settled, explain to customer and pass it to senior staff with a FeedBack date.
5. After the service, clearly record the process and store it in file.

6.2 Work-Flow of Handling Customer Enquiry

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                    │   Quick Response +   │
                    │     Tracking No.     │
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    │                                                │  Pass to senior Staff│        │
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│     END      │                                     │   Look for solution  │ ───────┘
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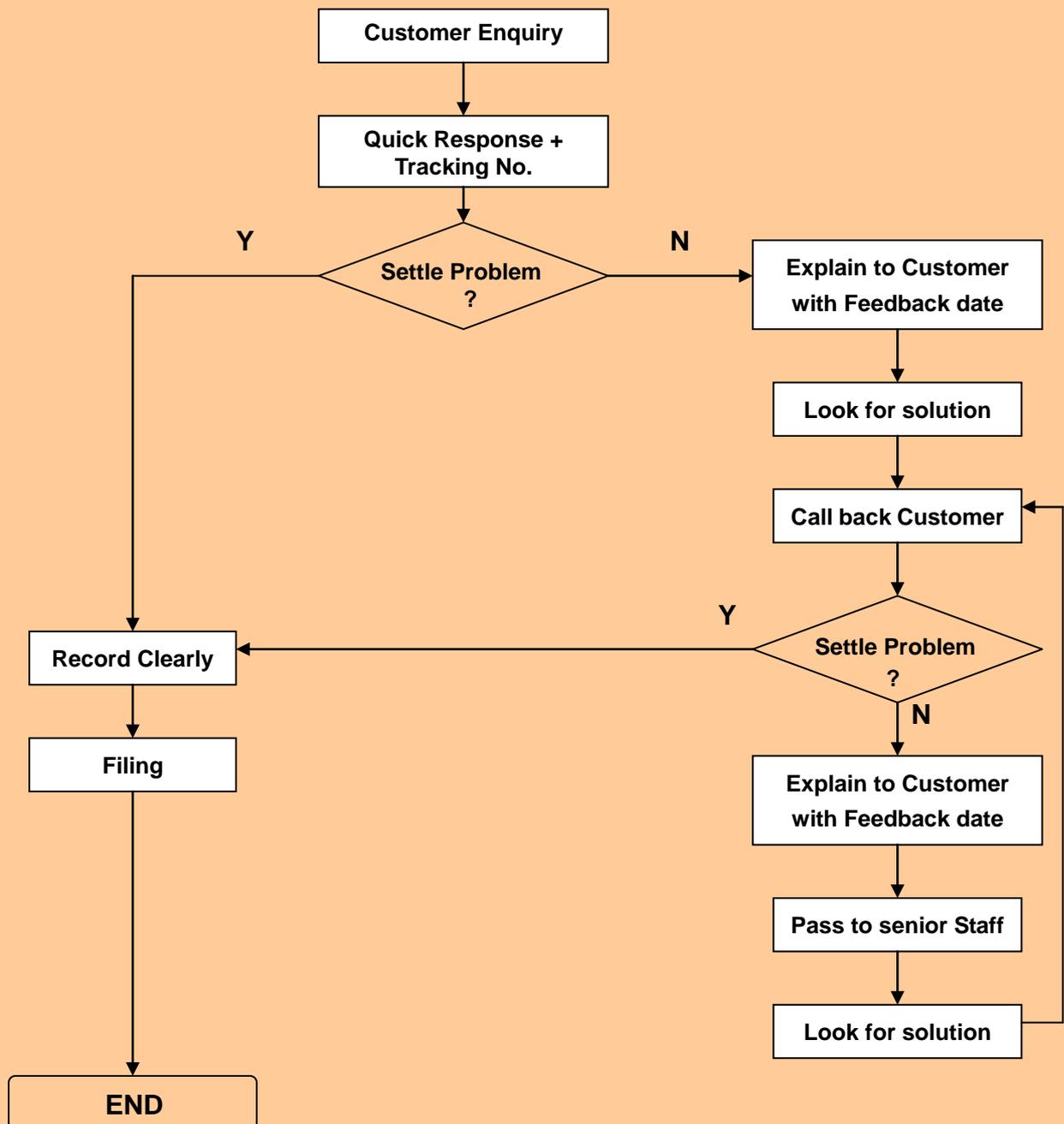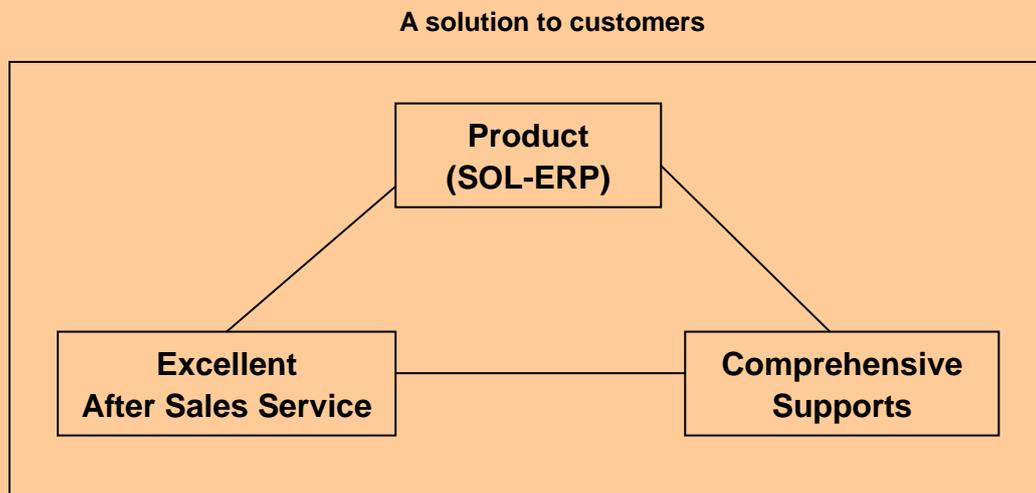
7. Customer Relation Management (CRM)

Maintain good customer relationship and communication will make business last for long. **Toptron** is selling a complete set of product:

A solution to customers

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                    ┌─────────────────┐
                    │    Product      │
                    │   (SOL-ERP)     │
                    └─────────────────┘
                     /               \
        ┌─────────────────┐     ┌─────────────────┐
        │    Excellent    │─────│  Comprehensive  │
        │ After Sales Service│  │    Supports     │
        └─────────────────┘     └─────────────────┘
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7.1 CRM Purpose
- Keep business continue, secure business.
- Explore customer needs.
- Refine **SOL-ERP** and other product to the market.
- Establish Good Will in the industry.
- Expanse business – by Customer Referral programme.

7.2 CRM for Current Customers
- Monthly **SOL-ERP** information update.
- Enjoy Free Upgrade of **SOL-ERP**.
- Enjoy gift, vouchers, souvenirs at Chinese New year, Easter, Mid-Autumn Festival and X'mas.
- Visit customer during Festivals
- Greeting cards in special festivals.
- Post customer info to **Toptron** website.
- Post Customer Ad to **Toptron** website
- Loyalty Programme
    - 3-Year Rewards
    - 5-Year Rewards
    - 10-Year Rewards
- Sponsor customer company activities

7.3 CRM Potential Customers
Keep contact with potential customers and explore business opportunities.
    - Monthly **SOL-ERP** information update.
    - Greeting cards in special festivals.
    - Keep informing promotion campaigns.

7.4 Standard Customer Follow-up and Contact Procedures

Establish a standard work-flow to follow-up and contact existing and potential customers. It is easy to follow by other staff members.

- Keep customers contact every month.
- Keep update customers with new information of **SOL-ERP** and **Toptron**.

7.5 Customer Fund

Setup a Customer Fund for sponsoring customers' activities, buying gifts or souvenirs to customers at special days or festivals. Propose amount at HKD5,000 per month.

8. Management

8.1 Apply Six-Sigma in Management

"Change" is the way that exist anywhere in a corporate, especially management. In order to sustain the business in a market, worst-change has to be kept in almost zero. Six-Sigma is a method, which seeks for an ideal and prefect management in a corporate. It applies the statistics theory and probability in planning strategies, business goal, product development, process improvement, quality upgrade, after sales service and improve customer satisfaction.

- Define by 5W2H (What, Why, When, Where, Who, How, How Much
- Measure is based on clear problem definition which is the key of success.
- Analyze can be measured by statistic data in charts.
- Improvement comes from Analysis result.
- Control is applied on problems and management affairs.

8.2 Build-up a Toptron Working Team

Members should consists of a CEO, a CTO, a Sales Director, a CFO and a COO.

Build-up Working Sprite and Sense of Belonging by the following strategy:

- Appreciate remarkable staff members.
- Keep communication between staff members.
- Encourage comments for company improvement.
- Assist staff to achieve job target.
- Weekly meetings to collect comments and explain company trends.
- Sponsor staff member to attain related trainings for their job.
- Regular staff activities with their family members.
- Celebration on company Achievements.

8.3 2-Major Departments to Focus

Software Development and Market & Sales are the 2 major departments.

For Software Development – Assign projects and have regular progress meetings.

For Marketing & Sales – Assign sales targets and have regular Performance meetings.

8.4 Company Regulation and Job Target

Everyone has to strict follow the company regulation. Job Target is a way to measure the achievement subjectively.

8.5 Green Management

- Promote Environment Protection concept to staff.
- Green Energy.
- Recycle and Re-Use of resources.

8.6 Social Liabilities

Toptron welcomes all applicants to join its family no matter their race, gender, disabled or age provided they are quality to the position.
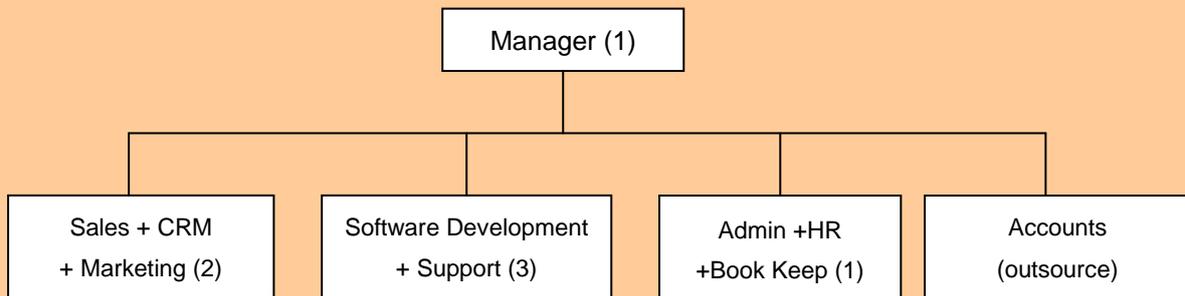
8.7 Staff Beneficial Fund

Setup a Staff Beneficial Fund for **Toptron** staff activities, buying gifts or sponsor trainings at company special days or festivals. Propose amount at HKD3,000 per month.
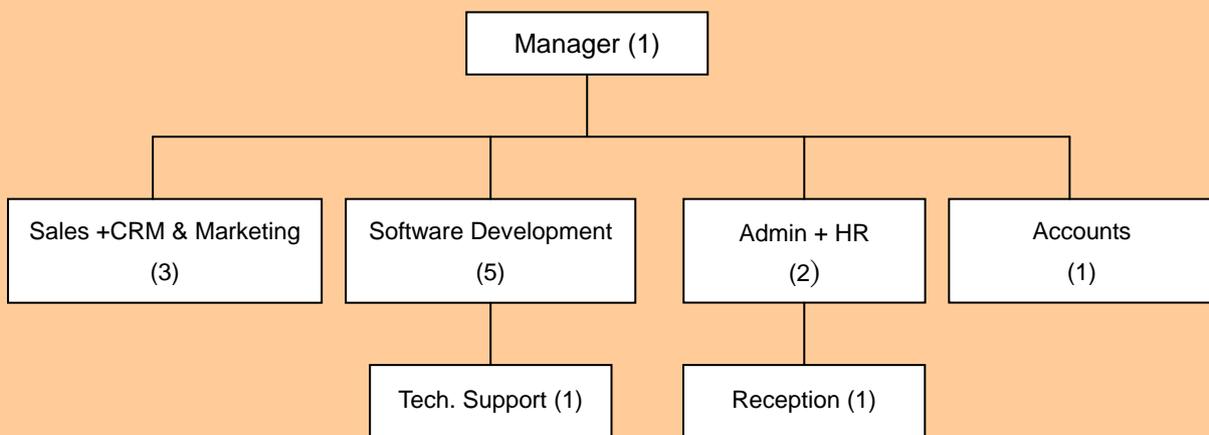
8.8 Organization Chart

As an IT company or a software house, the company structure is simple in the beginning.

1st year Organization Chart

```
                          ┌─────────────┐
                          │ Manager (1) │
                          └──────┬──────┘
        ┌────────────────┬───────┴────────┬────────────────┐
┌───────────────┐ ┌────────────────┐ ┌──────────────┐ ┌──────────────┐
│  Sales + CRM  │ │   Software     │ │  Admin +HR   │ │   Accounts   │
│ + Marketing(2)│ │  Development   │ │ +Book Keep(1)│ │  (outsource) │
│               │ │  + Support (3) │ │              │ │              │
└───────────────┘ └────────────────┘ └──────────────┘ └──────────────┘
```

Expected After 3 years Organization chart

```
                          ┌─────────────┐
                          │ Manager (1) │
                          └──────┬──────┘
        ┌────────────────┬───────┴────────┬────────────────┐
┌───────────────┐ ┌────────────────┐ ┌──────────────┐ ┌──────────────┐
│ Sales +CRM &  │ │   Software     │ │  Admin + HR  │ │   Accounts   │
│ Marketing (3) │ │ Development(5) │ │     (2)      │ │     (1)      │
└───────────────┘ └───────┬────────┘ └──────┬───────┘ └──────────────┘
                  ┌────────────────┐ ┌──────────────┐
                  │Tech. Support(1)│ │ Reception (1)│
                  └────────────────┘ └──────────────┘
```

9. Financial Analysis

9.1 Required Fund

This Business is looking for investment funding at HKD3,500,000 to 4,000,000 for the first 2 years operation. Financial projections forecast a break-even point and Conservative estimates will be presented in 3 ways: pessimistic, general situation and optimistic, refer section 7.4.

Funding is required to start the business, like company setup, staffing, marketing, promotion, product selling, daily operation and further development.

The Funding Request in this Business Plan outline the major start-up expenses associated with this business. Other expenses include repair and maintenance, sales and production expenses. Regular monthly expenses are estimated at $124,900 for paying the employee salaries and other regular business expenses. This amount is earmarked for effectively marketing the products as described below in the 4. Market section of the business plan, around $300,000 for Marketing. For the expected profit/(Loss) analysis and gross profit, please refer to section 7.4.

9.2 Revenue Model

9.2.1 Principle

Pre-Paid and Pay-in-Advanced. Every customer has to pay-in-advanced for the **SOL-ERP** service, like paying deposit, join maintenance programme. Cash-Flow is easier control.

9.2.2 Charging Model

9.2.2.1 Monthly Charge (Pay-as-You-Use)
- **SOL-ERP** sell by no. of users (License Programme) per month.
- Pre-Paid 3 months fee as deposit.

9.2.2.2 Rent-to-Buy
- Pay to 12, 18 or 24 months then own the program modules, pre-paid 3 months fee as deposit.

9.2.2.3 Buy-Out
- One-Time sell the software + Installation + Training + One Year Support & maintenance

9.2.2.4 SOL-Maintenance
- Pre-pay yearly maintenance plan for 12, 24 or 36 months.
- May have different plans of different charges.

9.2.2.5 Others
- User license
- SOL Training, Installation and other related service charges
- Software modification requests.
- Possible to get customer's IT projects like network, hardware maintenance, software upgrade,…
- Will charge customer per job.

9.3 Expenses (in HKD)

9.3.1 Breakdown of Setup Expenses

Deposit of premise (500 – 600 sq feet)	= 50,000
Renovation	= 120,000
Office equipment for 6 persons	= 150,000

    (Staff: 6 Desks + 6 chairs +Cabinets +
      Meeting Room: TV + Table + 4 chairs +
      Network: 7 PC + 1 Server + Hubs + Router +
      Copier, Notebook computers, License, Printer,…

Printing & Stationary	= 20,000
Ad and Commission for staffing	= 20,000
Others	= 40,000

Total Setup Expense: $400,000

9.3.2 Breakdown of Monthly Operation Expense (for first year)

Salaries & MPF (for 7 persons)

1 Manager	($25,000 + 1250 / month)	= 315,000	
3 Programmers	($20,000 +1000 / month)	= 756,000	
1 Marketing	($12,000 +600 / month)	= 151,200	
1 Salesman	($8000 +400 / month	= 100,800	
1 Admin	($12000 + 600 / month)	= 151,200	
1 Part-Time – Marketing	($5000 x 6 月)	= 30,000	
Accounts & Audit	(Outsource)	= 20,000	
Commission	(Reserve)	= 60,000	Staff $1,584,200
Rent	($25,000 / month)	= 300,000	
Registration Fee (BR, phones, Internet,…		= 10,000	
Insurance premium		= 10,000	
Communication	($1000 / month)	= 12,000	
Internet (Email, Hosting, Web Pages)		= 5,000	
Water & Electricity	($ 500 / month)	= 6,000	
Traveling & Transport	($1000 / month)	= 12,000	
Marketing, Promotion & Advertising ($6000 / month)		= 72,000	
Repair & Maintenance	($ 500 / month)	= 6,000	
Printing & Stationary & Postage ($ 1,000 / month)		= 12,000	
Consumables	($ 1,000 / month)	= 12,000	
Bank charges		= 5,000	
Customer Fund	($5000 / month)	= 60,000	
Toptron staff Beneficial Fund ($3000 / month)		= 36,000	
Entertainment (for Customers $2000 / month)		= 24,000	
Others	($5000 / month)	= 60,000	$642,000

Total 1ˢᵗ Year Operation Expense: $2,226,200

(Average $185,520 / month)

Grand Total Expense for Setup + First Year operation: $2,626,200

Second year should generate more revenues through product selling and Maintenance.

9.4 Break-Even Chart and Growth Trend for 24 months operation

Assumptions:

1. There are 806 Solicitor Firms in Hong Kong (refer section 4.2 Industry Overview).

2. Approach 360 potential customers a year (30 potential customer each month).

3. Turn out: 10 turn to true customer, 10 turn to potential customer. 10 never buy (each month)

4. No inflation and no selling price adjustment.

9.4.1 Forecast – Pessimistic

Assume each customer can generate $20,000 revenue each month.

1st Year: No. of customers = 120

1st Year: Total Revenue =120 x 20,000 = $2,400,000

1st Year: Setup Expense +Total Expense = $400,000 +$2,226,200 = $2,626,200
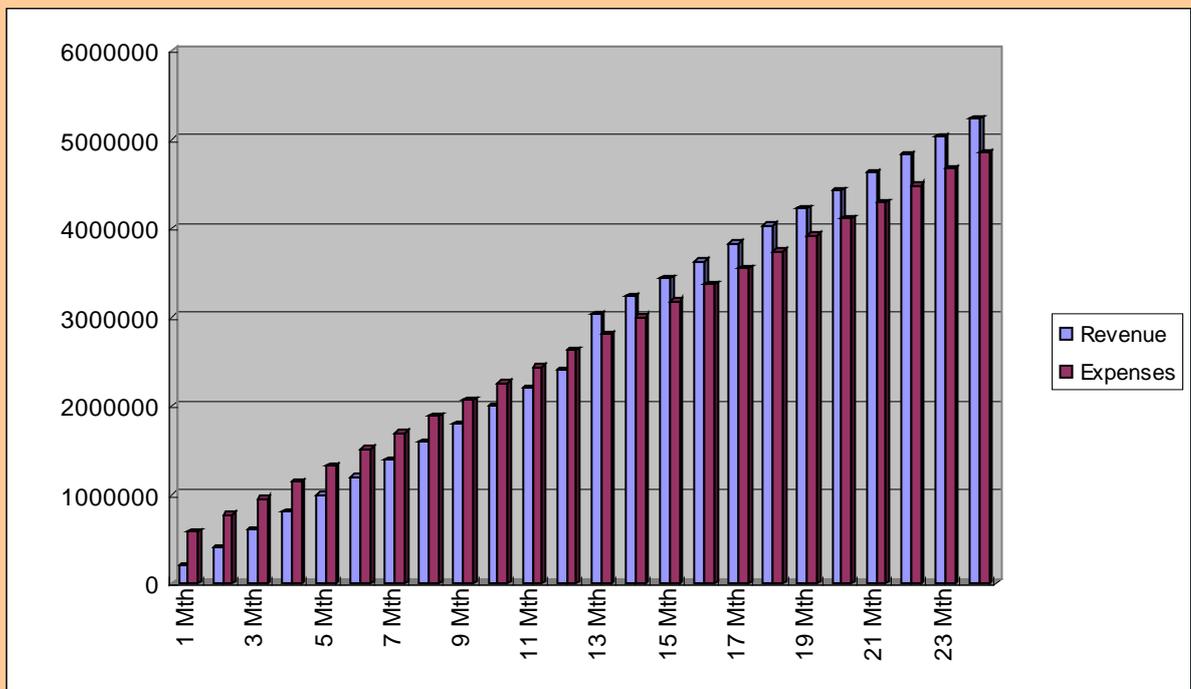
1st Year Profit/(Lost) = ($226,240)

2nd Year: No. of customers = 240

2nd Year: Total Revenue 120 x 20,000 =$2,400,000 +18% Pre-pay Maint. Fee $432,000 = $2,832,000

2nd Year: Total Expense = $2,226,200

2nd Year Profit/(Lost) = $379,520

Financial projections forecast a break-even point at the 13th month after production introduction. Conservative estimates show as least a $379,520 return on the investment by the end of the second financial period.

Monthly Breakdown (24 months)

	1 Mth	2 Mth	3 Mth	4 Mth	5 Mth	6 Mth	7 Mth	8 Mth	9 Mth	10 Mth	11 Mth	12 Mth
Expenses	585520	771040	956560	1142080	1327600	1513120	1698640	1884160	2069680	2255200	2440720	2626240
Revenue	200000	400000	600000	800000	1000000	1200000	1400000	1600000	1800000	2000000	2200000	2400000
Profit/Lost	**-385520**	**-371040**	**-356560**	**-342080**	**-327600**	**-313120**	**-298640**	**-284160**	**-269680**	**-255200**	**-240720**	**-226240**

	13 Mth	14 Mth	15 Mth	16 Mth	17 Mth	18 Mth	19 Mth	20 Mth	21 Mth	22 Mth	23 Mth	24 Mth
Expenses	2811760	2997280	3182800	3368320	3553840	3739360	3924880	4110400	4295920	4481440	4666960	4852480
Revenue	3032000	3232000	3432000	3632000	3832000	4032000	4232000	4432000	4632000	4832000	5032000	5232000
Profit/Lost	**220240**	**234720**	**249200**	**263680**	**278160**	**292640**	**307120**	**321600**	**336080**	**350560**	**365040**	**379520**

9.4.2 Forecast – General Situation

Assume each customer can generate $25,000 revenue each month.

1st Year: No. of customers = 120

1st Year: Total Revenue =120 x 25,000 = $3,000,000

1st Year: Setup Expense +Total Expense = $400,000 +$2,226,200 = $2,626,200
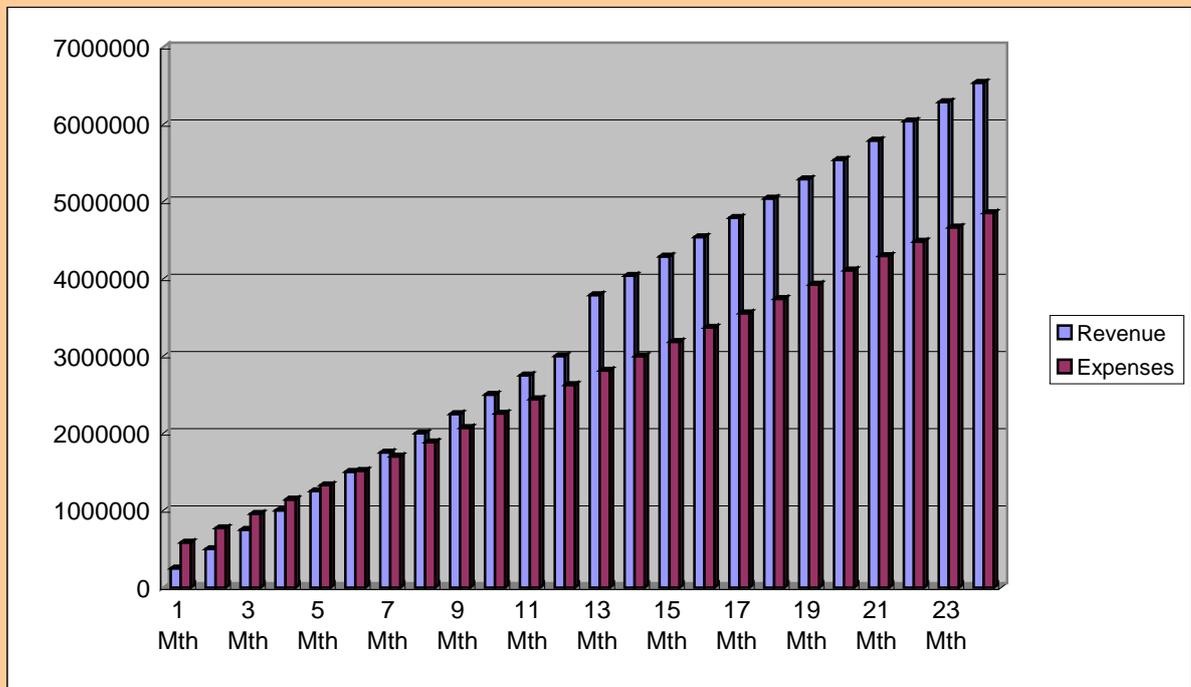
1st Year Profit/(Lost) = $373,760

2nd Year: No. of customers = 240

2nd Year: Total Revenue 120 x 25,000 =$3,000,000 +18% Pre-pay Maint. Fee $540,000 = $3,540,000

2nd Year: Total Expense = $2,226,200

2nd Year Profit/(Lost) = $1,687,520

Financial projections forecast a break-even point at the 7th month after production introduction. Conservative estimates show as least a $373,760 return on the investment by the end of the first financial period and second financial period will be $1,687,520.

Monthly Breakdown (24 months)

	1 Mth	2 Mth	3 Mth	4 Mth	5 Mth	6 Mth	7 Mth	8 Mth	9 Mth	10 Mth	11 Mth	12 Mth
Expenses	585520	771040	956560	1142080	1327600	1513120	1698640	1884160	2069680	2255200	2440720	2626240
Revenue	250000	500000	750000	1000000	1250000	1500000	1750000	2000000	2250000	2500000	2750000	3000000
Profit/Lost	**-335520**	**-271040**	**-206560**	**-142080**	**-77600**	**-13120**	**51360**	**115840**	**180320**	**244800**	**309280**	**373760**

	13 Mth	14 Mth	15 Mth	16 Mth	17 Mth	18 Mth	19 Mth	20 Mth	21 Mth	22 Mth	23 Mth	24 Mth
Expenses	2811760	2997280	3182800	3368320	3553840	3739360	3924880	4110400	4295920	4481440	4666960	4852480
Revenue	3790000	4040000	4290000	4540000	4790000	5040000	5290000	5540000	5790000	6040000	6290000	6540000
Profit/Lost	**978240**	**1042720**	**1107200**	**1171680**	**1236160**	**1300640**	**1365120**	**1429600**	**1494080**	**1558560**	**1623040**	**1687520**

9.4.3 Forecast – Optimistic

Assume each customer can generate $30,000 revenue each month.

1st Year: No. of customers = 120
1st Year: Total Revenue =120 x 25,000 = $3,600,000
1st Year: Setup Expense +Total Expense = $400,000 +$2,226,200 = $2,626,200
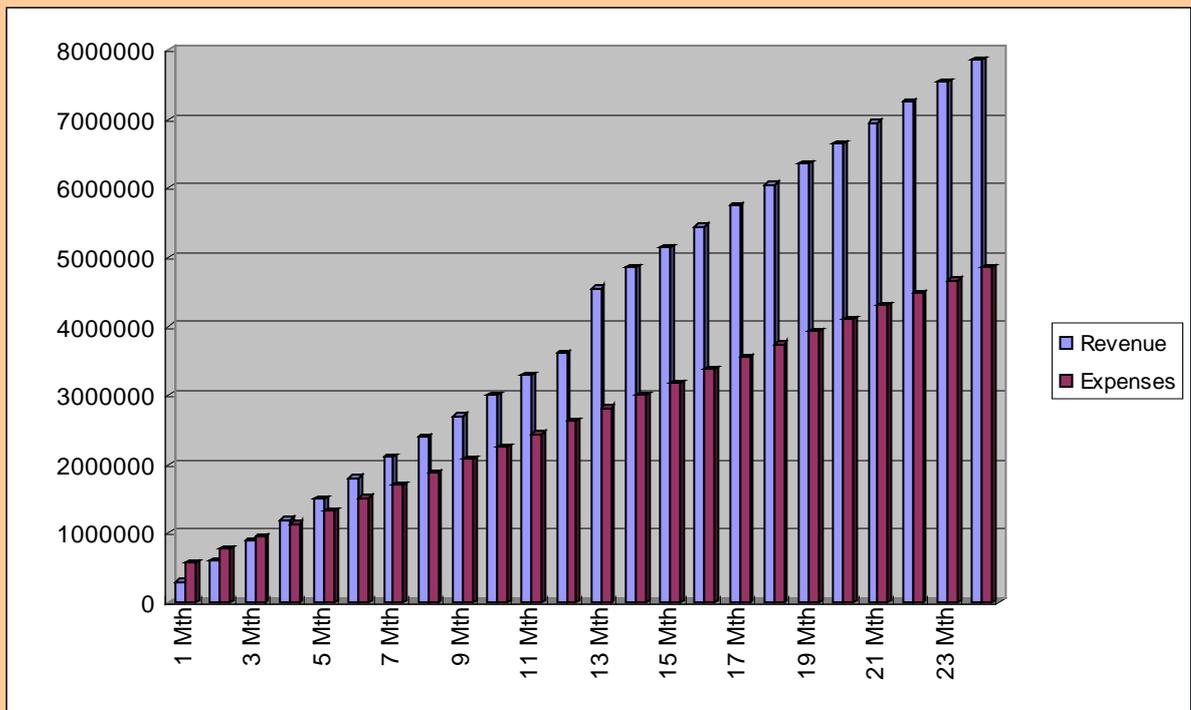1st Year Profit/(Lost) = $973,760

2nd Year: No. of customers = 240
2nd Year: Total Revenue 120 x 25,000 =$3,000,000 +18% Pre-pay Maint. Fee $648,000 = $4,248,000
2nd Year: Total Expense = $2,226,200
2nd Year Profit/(Lost) = $2,995,520

Financial projections forecast a break-even point at the 4th month after production introduction. Conservative estimates show as least a $973,760 return on the investment by the end of the first financial period and second financial period will be $2,995,520.


Monthly Breakdown (24 months)

	1 Mth	2 Mth	3 Mth	4 Mth	5 Mth	6 Mth	7 Mth	8 Mth	9 Mth	10 Mth	11 Mth	12 Mth
Expenses	585520	771040	956560	1142080	1327600	1513120	1698640	1884160	2069680	2255200	2440720	2626240
Revenue	300000	600000	900000	1200000	1500000	1800000	2100000	2400000	2700000	3000000	3300000	3600000
Profit/Lost	-285520	-171040	-56560	57920	172400	286880	401360	515840	630320	744800	859280	973760

	13 Mth	14 Mth	15 Mth	16 Mth	17 Mth	18 Mth	19 Mth	20 Mth	21 Mth	22 Mth	23 Mth	24 Mth
Expenses	2811760	2997280	3182800	3368320	3553840	3739360	3924880	4110400	4295920	4481440	4666960	4852480
Revenue	4548000	4848000	5148000	5448000	5748000	6048000	6348000	6648000	6948000	7248000	7548000	7848000
Profit/Lost	1736240	1850720	1965200	2079680	2194160	2308640	2423120	2537600	2652080	2766560	2881040	2995520

10. Implementation

10.1 Benchmarks

The following diagrams denotes the benchmarks of company setup to on-going business operation. A new company will be formed and named **Toptron Technology Consultation Ltd.**
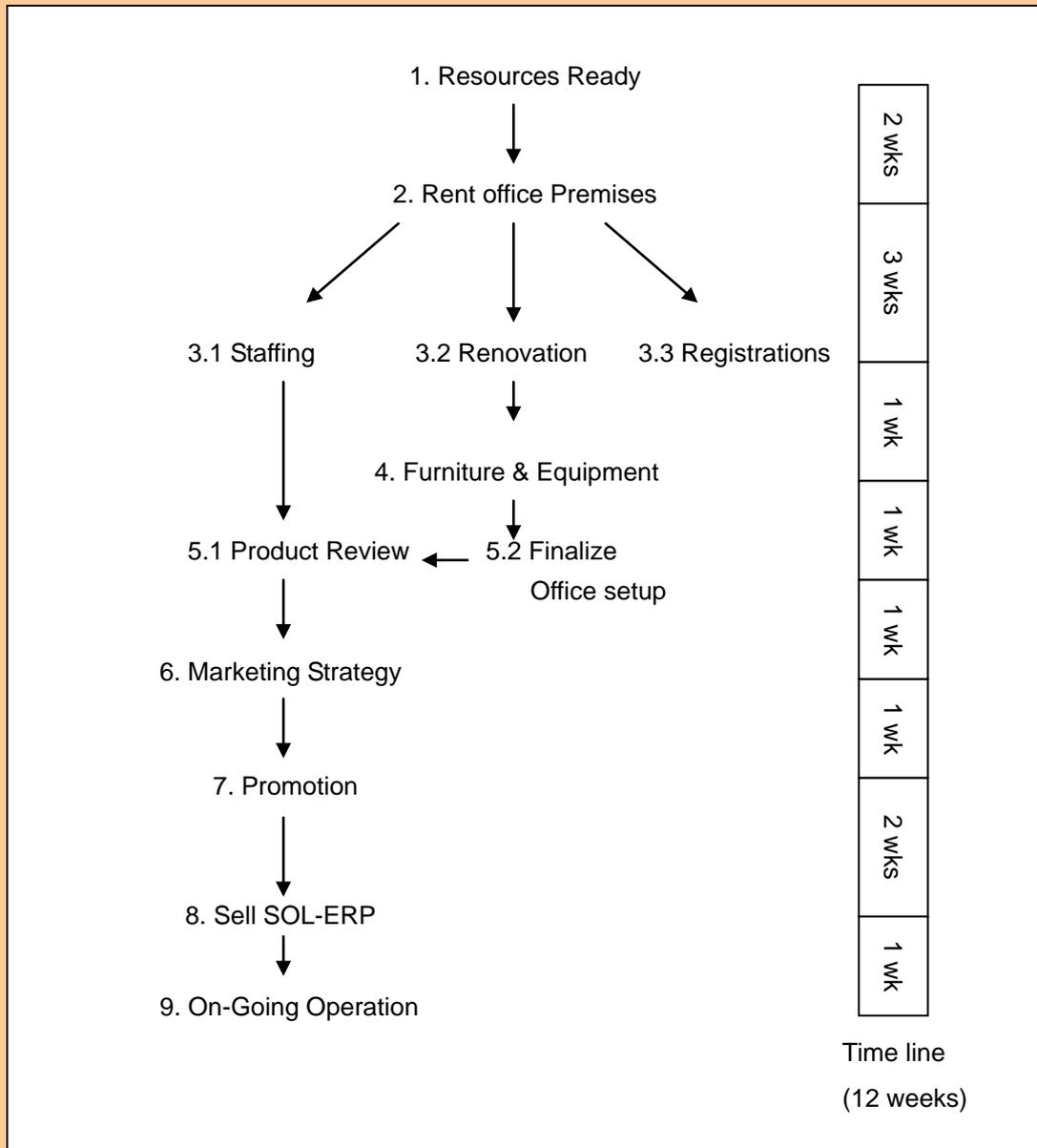
10.2 Office Location

Prefer located in commercial districts, like Central, Admiralty, Wanchai or MongKok. As most Solicitor Firms are centralize in these areas.

10.3 Patent

Apply patent for **SOL-ERP.**

11. Risk Evaluation

11.1 Un-control Market

Although there is no obvious competitor exist in the Solicitor Firms industry and this industry is rather stable to external factors, we cannot 100% confident to the market. Most probably reasons are:

- Lack of understanding to **SOL-ERP** functions
- Lack of knowledge to **SOL-ERP** benefits
- Lack of confidence to the **SOL-ERP**

The solutions should be:

- Conduct promotion campaign in the market
- Raise customer awareness of the necessity
- Customer education

11.2 Requirement Risks

Company relies on staff members to accomplish the business. Hence competent staff members are required. The difficulties is the staff turn over rate is frequent, staff requirements are high, wages are more than before.

For this company, 2 major staff categories are Software programmers, marketing personnel and sales personnel.

11.3 Operational Risks

There is no ideal rule on doing a business and management. Un-expected situation may happen anytime everyday.

11.4 Un-Expected Factors

There many un-expected out of our expectation.

11.5 Acceptance

Market may feel new to the SOL program. Users may insist on working in old style and resist to change.
Solution:

Management: Education: understand the benefits from using SOL-ERP.
                (Cost Saving, Time Saving, Centralize, Re-Use data, Sharing, Long term,…)

Operation Level: Provide Training: Let users realize the benefits
                Offer Trial: Give them a trial for some days and experience the result
                Offer Support: Hotline, Remote Assist

11.6 Plan for the Risks

We try to predict risks in advanced and setting out plans to tackle the situation.

12. Conclusion

Right now, this Business Plan has outlined the sharp of forming the business. Some sections has to be further discussed and refined. Some sections may not cover here. For any question, please feel free to contact **Toptron** by all means. It would be better to have a meeting to explain this business plan in more details.

12.1 Recap this Business Plan

Toptron Computer Systems is a Hong Kong IT company for over 20 years. It has developed a software dedicated for Hong Kong Solicitor Firms. The software named **SOL-SRP**. It covers most Solicitor Firms operation as well as the Accounting system. **SOL-ERP** has different modules for different application. Pricing is flexible to customers.

At the mean time, **Toptron** finds there is no similar software available in the market and there is really a need for the software in this particular industry. This is the opportunity to promote **SOL-ERP** and dominate the market, as soon as possible. Furhermore, it is easy to turn **SOL-ERP** into the standard software for all Solicitor Firms.

In the Business Plan, **Toptron** also mentioned its CRM and Management strategy. There is a detailed breakdown of estimated revenue and expenses using 3 different views, namely pessimistic, general case and optimistic, for 24 months. Expected breakeven should be happen in 12 – 15 months and generate revenue will be around $1,000,000 – $1,500,000 a year.

If everything ready, implementation requires around 12 weeks to complete from preparation phase to on-going the business.

Now, it is a good time to start the business, as there are favorable conditions exist. Risks are probably not high. However, the market acceptance and other un-certainties are out of control of **Toptron**. **Toptron** may face challenges from market, staffing, customers, operation and other un-predicable factors. If **Toptron** can insist and stay alert to all foreseeable risks and prepare contingency plans, that will reduce the affects greatly.
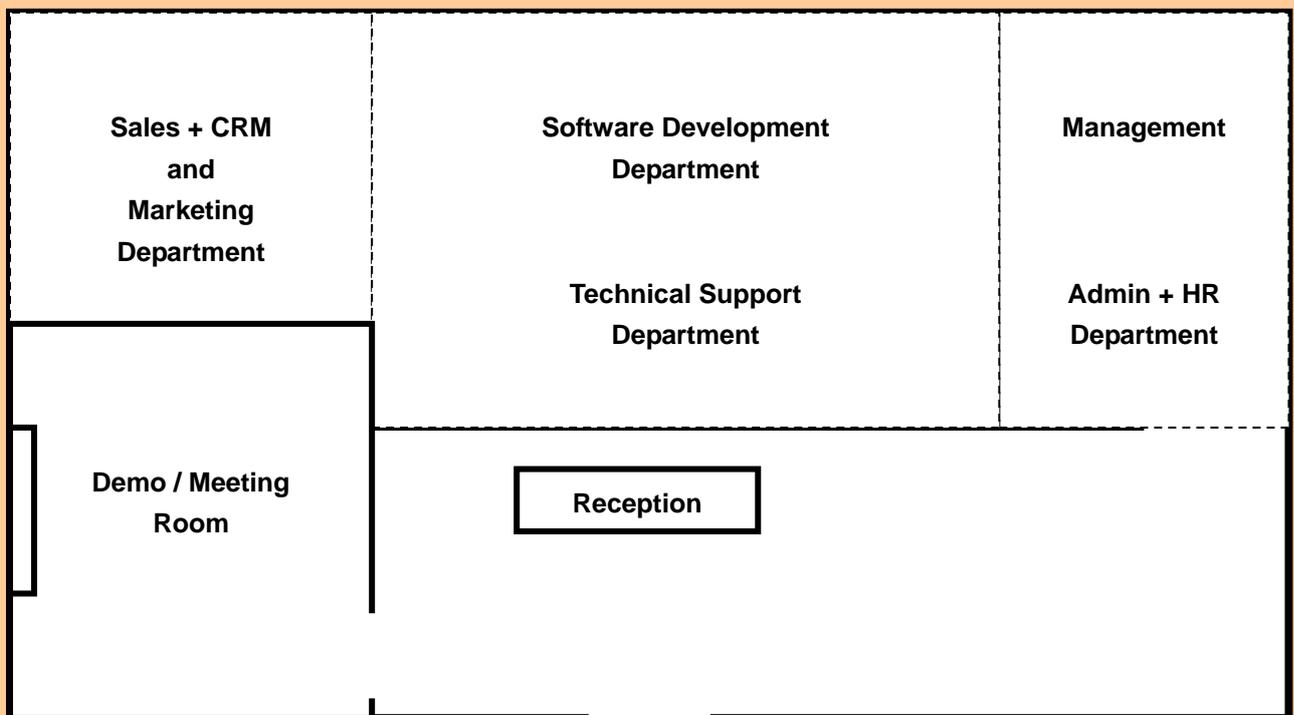
A. Appendix

A.1 Office Floor Plan at different stage

1st Year Office Floor Plan

500 – 600 sq feet
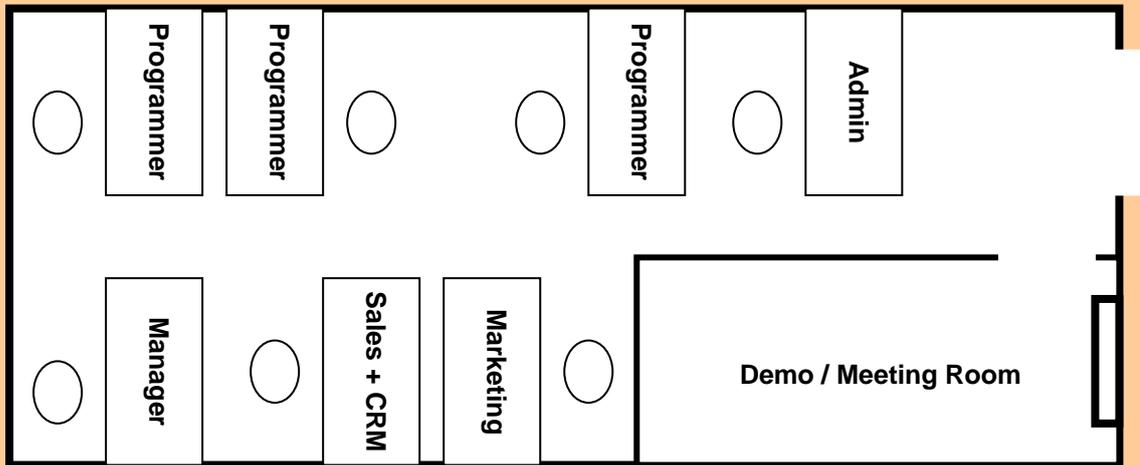
Expect After 3 Years Office Floor Plan

1200 – 1500 sq feet

A.2 SOL-Starter Agreement

<div style="border: 1px solid black;">

<u>SOL-Starter Agreement</u>

Customer :_____   **Date:** _____

SOL-Starter is a free software for customers to try **SOL-ERP** basic functions, wholly owned by **Toptron Computer Systems**. The software is installed in normal procedure and will not cause any affect to the user computer. **Toptron** has no obligation to fix user computer problems before and after the installation. There is a 30 days FREE support service:

- On-site SOL-Starter installation.
- Test running with life data.
- 2 hours user training.
- 30 days remote support service after installation.

The support service will finish after 30 days. Customer can still use the **SOL-Starter** software in their business for FREE. **Toptron** is not liable for any causes.

_____   _____
Customer signature & Co. Chop   **Toptron** authorized signature & Co. Chop
Date: Date:

</div>