

## BUSINESS PLAN



## <<FESSENTIENCE>> BUSINESS PLAN

*<<Prepared by: Sumanth Kondapalli>>*  
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# Table of Contents

	Page
Confidentiality Agreement	ii
1) Executive Summary	1
2) Company Description	2
<i>Promoters, shareholders and Board</i>	2
<i>Advisors</i>	2
<i>Products and services</i>	2
<i>Long Term Aim of Business</i>	2
<i>Objectives</i>	2
<i>S.W.O.T. Analysis</i>	2
3) Market Analysis	3
<i>Target market</i>	3
<i>Total market valuation</i>	3
<i>Targeted share</i>	3
<i>Market trends</i>	3
<i>Profile of competitors</i>	3
<i>Competitive advantage</i>	4
<i>Benefits to clients</i>	4
4) Marketing/Sales Strategy	5
<i>Income sources</i>	5
<i>Marketing strategy</i>	5
<i>Pricing</i>	5
<i>Advertising and Promotion</i>	5
<i>Sales Strategy</i>	6
5) Research & Development	7
<i>Patents, copyrights and brands</i>	7
<i>Product/Service Development</i>	7
<i>R&amp;D</i>	7
6) Staffing and Operations	8
<i>Management Organisation Charts</i>	8
<i>Staffing</i>	8
<i>Training Plans</i>	8
<i>Operations</i>	8
7) Financial Projections	9
<i>Key Assumptions</i>	10
<i>Profit and Loss Accounts</i>	11
<i>Balance Sheets</i>	12
<i>Cashflow Projections</i>	13
8) Funding Requirements	14
9) Appendices	15

# Confidentiality Agreement

The undersigned reader acknowledges that the information provided in this business plan is confidential; therefore, the reader agrees not to disclose it without the express written permission of XXXX.

It is acknowledged by the reader that information to be furnished in this business plan is in all respects confidential in nature, other than information that is in the public domain through other means, and that any disclosure or use of this confidential information by the reader may cause serious harm or damage to XXXX.

Upon request, this document is to be immediately returned to XXXX.

Signature

Name (printed)

Date

This is a business plan. It does not imply offering of securities.

## **1. Executive Summary**

This plan is being done for the purpose of the design and display of the Fesentience Project at the CT Expo Fair.

- Purpose of the plan- To guide the movement of the company towards sponsorships and business acquisitions.
- Product or service and its advantages- Is in all in one infant incubator priced far below market competition
- Management team- Four Team Leaders with 3-4 field experts
- Financial projections- 200,000 USD worth of sale
- Funding requirements - 10K-50K USD

**Market opportunity-** “The prime factors that drive the growth of the infant incubators market is increase in incidence of preterm birth rates. Moreover, growth in number of NICU admissions, and inflow of technologically advanced infant incubators has further accelerated the demand of infant incubators globally to initiate the proper treatment of infant at the earliest. However, the scarcity of NICU units globally and inflated cost of infant incubators hampers the growth of the market. Nevertheless, funding by government and private organizations toward development of neonatal healthcare facilities in emerging economies is expected to provide lucrative growth opportunities for the infant incubators market.” (QY Research Group Market Research Paper)

The financial projections shown are estimates and not raw collected or backed data. With a 50K initial investment we will be able to start the first line and allow the profits to feed of one another. First year will have 100-200 incubators sold primarily in hospitals around us as test runs. This doubles every year for the next two years. Exports also double as we try to gain international market capital. Employment stays at 20 for companies first 3 years. 50% of sales are lost toward initial building cost and about 26K is lost for the first batch for shipping and movement, Etc. This doubles yearly with a 10K discount for bulk buying as we up production.

	Year 1	Year 2	Year 3
Sales	200,000 USD	400,000 USD	800,000 USD
Exports	Limited 10-20%	40%	80%
Net Profit before Tax	74,000 USD	158,000 USD	326,000 USD
Investment	50,000 USD	TBD	TBD
Employment	20	20	20

- The appendices at the back of the plan contain more detailed information including extra resources such as research papers to support the main text of the business plan.

## **2. Company Description**

### **Promoters and Shareholders**

Description of the people involved in starting the business:

- Employees and advisor
- Management structure and areas of responsibility
- Privatized non-shareholder LLC

### **Advisors**

Financial Advisor: Melissa Manzione  
500 Boston Post Road  
Cell:

Legal Advisor: Leon Tynes  
500 Boston Post Road  
Cell:

### **Products and services**

In essence our product seeks to offer an affordable alternative to the current market of premature baby incubators.

- Was developed after thorough research in the field
- Is affordable and aims to be an all in one with special features
- Cheapest product in its sector
- Cheap, reliable and effective use for the customer
- Needs substantial backing to compete with big dogs/funding
- Development of large brand name in hopes of a merger or acquisition prospects

### **Long Term Aim of the Business**

The Long term aim of the business is developing a product that not only saves infant lives but also turns into a sustainable business. We aim at turning the company into a multi-million dollar asset by 2023 while moving away from our non-profit roots.

### **Objectives**

The main objective for the next 3-5 years is to raise awareness of the product through any means necessary. During this period of time being a non-profit is beneficial by garnering strong support for humanitarian causes in the middle east and africa. This will give us the time to expand our base with employees and further reduce costs. The closest competitor is at

5,000 USD for a similar product so if we reduce the costs to about 2,000 we offer a far better proposition. Through further research and cost cutting a barebones version of our product could be sold for less than 500 USD if need be.

## SWOT Analysis

(Attached)

INTERNAL FACTORS	
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> <li>· Can gain traction</li> <li>· Creative and young work atmosphere</li> <li>· Patentable sections of the product</li> <li>· Solid organizational structure</li> <li>· Solid use of social media will allow targeting of millennial parents</li> <li>· Low cost product</li> </ul>	<ul style="list-style-type: none"> <li>· Lacking in major reputability</li> <li>· Lack of major funding or public IPO</li> <li>· Similar in youth to EMBRACE</li> <li>· Smaller Company</li> </ul>

EXTERNAL FACTORS	
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> <li>· Relatively untapped potential in the market with few key players such as GE healthcare and EMBRACE innovations</li> <li>· Innovation in a stagnant sector of the market</li> <li>· Creative product with All-in-one features</li> <li>· Acquisition or merger with a larger brand.</li> <li>· Price wise no company competes with the product</li> </ul>	<ul style="list-style-type: none"> <li>· Larger baby centered companies can emulate the product to an extent</li> <li>· Similar products already exist</li> <li>· Can be emulated by larger companies</li> <li>· Larger market cap companies such as GE can cripple traditional advertisement streams</li> </ul>

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## ANALYSIS SUMMARY

While there are competitors to our main product, there are only two major players. GE healthcare poses a threat as being part of a large conglomerate with a large sum of distributable cash flow. However, as the tide turns GE may slowly liquidate their healthcare sector. This in addition with their product being vastly more expensive than Fesentiences's makes it something not to worry about as the company gains traction. The only real threat is EMBRACE innovations who focus on affordable incubators. While they also offer a cheap product, they do not come close to our price point. This in addition with our strong reliance on social media and creative use of in all-in-one makes Fesentience safe for the nearby future. Long term goals must be altered as we see fit based on the current market atmosphere and the best possible approach at the given time. With the product being something that can be initially offered at poorer countries and then moved toward more expensive nations makes it a fantastic proposition for acquisition or merging. This form of conquer and divide will allow Fesentience to slowly make an impact on the Non-Profit side while gaining exposure to the market. This way Fesentience grows while under the larger company's shadow until it gets large enough to compete. The strengths and opportunities outweigh the risks and threats in every measure and should theoretically allow the company to blossom in the coming fiscal years.

### **3. Market Analysis**

This section covers market research and competitor analysis. We have shown that we have done the market research to justify the projections made in our business plan. We have demonstrated that there is a viable market and that we can beat the competition in the market for sales. The prime factors that drive the growth of the infant incubators market is increase in incidence of preterm birth rates.

#### **Target Market**

Hospitals and parents (for premature infants)

- Size of each market segment: Hospitals range at over 5,000 in USA (All that treat infants)
- Is the segment growing or declining?: Growing, particularly overseas
- Characteristics of potential customers in each segment : Emotionally invested and cost sensitive.

#### **Total Market Valuation**

Expected to reach over 400 million by 2023

#### **Target Company revenue**

Total company revenue needs to reach at least 200,000USD within first year to have appropriate snowball effect and reach true market capitalization by 2023 effectively allowing the company to compete.

#### **Market Trends**

Analysis of what is happening in the market:

- The neonatal intensive care units end user segment is anticipated to grow with an expected GR of 6.0% during the forecast period.
- The U.S. was the highest shareholder in the North America infant incubators market in 2017 and poised to retain its lead from 2018-2023.
- The lower birth weight application registered fastest growth with an expected GR of 6.4% during 2018-2023. India is expected to grow at the remarkable rate of 6.5% during the forecast period.



- The birthing centers user segment held remarkable position with one-sixth share in 2017, registering an expected GR of 5.4% from 2018-2023.

### Profile of Competitors

**These are all the companies in the market at this time:** GE Healthcare, Drager, Atom Medical, MEDICOR ELEKTRONIKA, Fanem, EMBRACE Innovations, Cobams, Phoenix, Ginevri, Natus Medical, Shvabe, Ertunc Ozcan, Olidef, JW MEDICAL, Weyer, PT. Fyrom International, Mediprema, V-care, DAVID, Dison, Nanjing Jinling, Beijing Julongsanyou and Siling Medical.

Of all these companies only GE Healthcare and EMBRACE Innovations are direct competition. GE on one hand while being a failing company is still an absolute giant in terms of the rest of these companies. GE controls the majority of the market share and even though is relatively expensive maintain a good reputation and status which allows the product to sell. EMBRACE while offering a cheap product like ourselves lacks the skills and management necessary to pose a threat to our company. EMBRACE is quite young as well and has not gained too much attraction making this a prime opportunity to enter the market before traction takes root. GE is the only market cap of value as it is the only one over 1 billion USD (currently 127 billion USD).

- Most focus on singular disease or issues such as neonatal hypothermia and as such create their incubators for a singular purpose. This is an easily exploitable chink in most of our competitors.

## **Competitive Advantage**

Advantages include:

- Unique features
- Price
- New technologies or systems
- Better value to customers in terms of efficiency or ROI or cost/benefit ratios
- Greater compatibility with existing systems

## **Benefits to Clients/Distributors**

Our your product enables you to:

- Increase sales
- Increase efficiencies
- Save money
- Save time
- Maximise resources
- Reduce errors
- Reduce downtime
- Improve Customer Service, reduce churn, increase loyalty

What will buying your product or service actually do for the customer?

It will allows the customer to use the device either for profit or non profit depending on institution. by lowering the cost of the machine, the customer will charge less to their own prospective customer. It will give an infant child a higher chance of survival while ensuring quality care and ease of access.

## **4. Marketing/Sales Strategy**

### **Marketing Strategy**

How we will position our product or service in the market and differentiate it from its competitors:

- Will directly target the segment of the market by entering as a non-profit for trial.
- This will be developed to reach the full target market through brand recognition and cash flow increases
- Product will be marketed as distinctly different from current offerings
- Cost will be a major keypoint to sell on in developing countries
- Develop reputation at local level as well
- A possible local test site in operation
- Contacts can be used to generate market awareness and sales
- Marketing will move on to larger agency aside from self sustainable social media

### **Revenue Sources**

<< What contributions to revenue and profit will your business have?

	USA	Rest of the World
• Products	1	1
• Services	0	0
• Licences	50%	50%
• After sales	100%	0%
• Upgrades	N/A	N/A

### **Sales Strategy**

- Directly
- Retail
- Distributor
- Agent
- Sales rep
- Website
- Revenue Sharing Partners

We will analyse for each method the costs involved, whether it will reach the intended market efficiently, the control we would retain over the pricing and positioning, the logistics, and the overall integration with our marketing strategy. The advantages of the methods we have chosen to sell our product will be noted.

## **Pricing**

Considerations include:

- Competitors' prices
- Level of competition in the market
- Perception of quality-price relationship by customers
- Production costs and overheads
- Chain of distribution and the added-value at each stage
- The extent to which the buyer can control the price

We will most likely price our initial offering at about 1-2 thousand USD. This offers us a healthy margin for errors and is more feasible when we lack the connections for a cheaper supplier or bulk purchases. As time goes on the price can be drastically reduced into the 500 USD-1000 USD price points. Even at the higher ranges we are a healthy margin away from the cheapest competitor making our product very bullish in the long run..

## **Marketing and Communications Strategy**

How we will promote our product in the marketplace.

- Advertising through multiple streams as opportunity arises- main platform being social media
- Public relations
- Direct marketing
- Website and Internet marketing
- Exhibitions and conferences
- Sponsorships and licensing deals
- Word of mouth

## **5. Research and Development**

### **Technology Roadmap**

Infant incubator is a biomedical device with a rigid box-like chamber, which provides humidity, warmth, and oxygen to the newborn in a controlled environment. Infant incubator improves infant survival rate by maintaining thermal stability within the chamber and providing an infection free environment to the infant. We are making technological advancements in the neonatal care device sector with a line of affordable advanced infant incubators such as infant incubators with controlled light environment, minimize heat loss, and incubators with microprocessor-based servo-controlled temperature systems.

### **Research and Development**

More R&D must be made in a competitive evolving field such as medical devices. Any edge over our competitors is one step closer to mass marketability and profitability.

### **Technical Partners**

<< List all partners and indicate nature of involvement >>

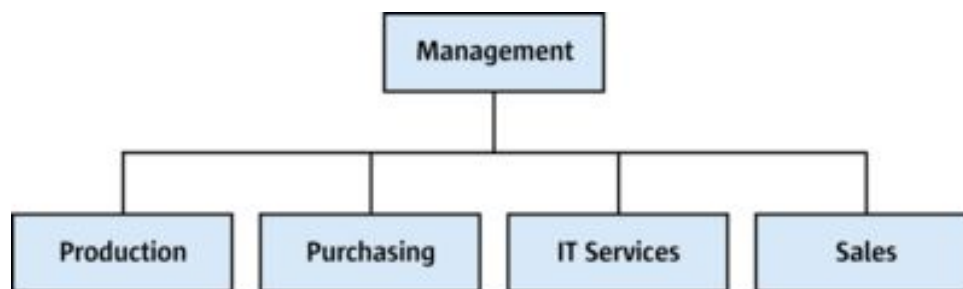
### **IP, Patents, Copyrights, Brands**

No current Copyrights or patents exist but will be placed as soon as production of units begins. The main piece being patented will be our unique algorithms and design of the incubator itself. Patentability is not foreseeable for any other functionality as of now.

## **6. Staffing and Operations**

Management will trickle down into four major categories which will be lead by a single individual for a group of 3-4 individuals. Work is allocated from the top and trickles down as management sees fit..

### **Management Organisation Chart**



### **Staffing**

Staffing is based on a current body of nearly 20 individuals. Each carry a varying skill set but are led by leaders in certain field such as coding and PR allowing us to reach a wider field of work with less employees.

### **Training Plans**

Employee training will be based on part time variable payroll. As all employees for the first 5 years will be active shareholders there is no set per hour charge or training schedule. The team will adapt and learn the skills necessary as time comes on their own dollars or through other means such as grants or loans.

### **Operations**

Physical requirements of the business:

- Premises
- Equipment
- Production facilities
- Infrastructure
- Communications facilities
- Costs involved
- Suppliers

## **7. Financial Projections**

I	Key Assumptions	p
II	Profit and Loss Accounts	p
III	Balance Sheets	p
IV	Cashflow	p

### **Requirements for Preparation of Projections**

1. Opening figures included based on latest Mgmt/Audited accounts
2. Shareholders Fund analysed into Share Capital, Share Premium and Retained Profits
3. Sales Assumptions provided by unit, price segment & geography and reconciled to pipeline
4. Expenditure categorised into R&D, Admin and Overheads and Promoters / key managers salaries
5. Identification of monthly and cumulative company operational deficits
6. Sensitivity analysis may be required, detailing strategies to be implemented if sales or expenditure targets are not met.
7. Projections should identify separately Operational Cash Flow and external Cash Injections

## */ Key Assumptions*

<< This section reviews the key assumptions used in the financial projections. It is a guide to explain how key figures in the financial projections were arrived at. Included here should be items such as:

- Income sources- Just selling of product and licensing
- Number of employees projected for each year and their intended salaries- assumption of 20
- Projected investment in equipment and materials
- Projected R&D costs - 50k
- Depreciation allowed for - No assets to depreciate/ inventory is kept for limited time and bulk sold
- Expected rent and rates charges- No rent charged for first three years
- Creditor days expected and debtor days allowed- 50k creditline with no additional debt pipeline
- Expense calculations

- *Main assumptions are lack of rent. \$10.10 minimum wage for 20 part time workers who average 4 hours per week.*



## ***II Profit & Loss Accounts***

<< Attach here projected profit and loss accounts for the first three years of the company's operations. >>

	Year 1	Year 2	Year 3
Sales	200,000 USD	400,000 USD	800,000 USD
Exports	Limited 10-20%	40%	80%
Net Profit before Tax	74,000 USD	158,000 USD	326,000 USD
Investment	50,000 USD	TBD	TBD
Employment	20	20	20

Within the first year we should make a profit of about 74,000 USD with a payout to our employees of about 38,784 USD. The remaining 35,216 USD is profit for the first fiscal year. From this we can deduct the corporate tax and we are left with 27,820.64 USD. The next year we are left with 119,216 USD minus corporate tax which leaves us with 94,180.64 USD. The third year we are at 290,784 USD minus the corporate tax which leaves us with 229,719.36 USD.

### III *Balance Sheets*

<< Attach here projected balance sheets for the first three years of the company's operations.  
>>

	Year 1	Year 2	Year 3
Sales	200,000 USD	400,000 USD	800,000 USD
Exports	Limited 10-20%	40%	80%
Net Profit before Tax	74,000 USD	158,000 USD	326,000 USD
Investment	50,000 USD	TBD	TBD
Employment	20	20	20

- ***Previous Presumption:*** Within the first year we should make a profit of about 74,000 USD with a payout to our employees of about 38,784 USD. The remaining 35,216 USD is profit for the first fiscal year. From this we can deduct the corporate tax and we are left with 27,820.64 USD. The next year we are left with 119,216 USD minus corporate tax which leaves us with 94,180.64 USD. The third year we are at 290,784 USD minus the corporate tax which leaves us with 229,719.36 USD.
- First years profit will go toward paying off our credit line with the presumption of a non-angel investor. That leaves us with a debt of 22,179.36 USD. Next year we pay the remaining off leaving us with 72,001.28 USD in profit the second year making this the break even point for our company. From this point we can start reinjecting cashflow back into the company in the form of R&D and aggressive marketing campaigns.

#### ***IV    Cashflow***

<< Attach here a monthly cashflow prediction for the first two years of the company's operations. >>

Monthly cash flow for the product is not reliable or stable making it a useless indicator of profitability. Due to the cost and large profit margin size of the product it renders monthly sales difficult to predict. We are assuming only around 10-100 sales the first year depending on our consolidated price range. With this assumption we will sell between 1 and 10 incubators per month throughout the year. Our product has no variation on a monthly basis making this schema worthless in calculations. Furthermore for investors a better indicator would be a list of acquired and set business transactions or contracts thereof. Our product may sell all 100 units for the year in a single transaction through a single large licensor or consumer like a hospital chain, etc.

## **8. Funding Requirements**

Total funding requirement is \$50,000 USD but can be lessened with Non-profit negotiations for free aid in developing countries. (partnerships with larger brands not in the same market)

### **Sources:**

- Promoters' funds
- Bank lending
- Grants or loans from agencies
- Investment already received
- Investment sought

### **Required for:**

- Equipment
- R&D
- Marketing
- Staffing

## **9.    Appendices**

- Extra research papers can be attached here (Miscellaneous)
- Promotional literature
- Details of company website
- Testimonials or letters of intent from customers >>