Detailed Business Plan Outline

1. Executive Summary

The Company will create a competitive business platform for apartment rental in South Africa. The business will offer Rental Apartments to families and single persons on the one side and on the other side, a Platform for the Landlords and Contractors who can offer their apartments/services through the Company website and mobile apps.

The business will become profitable in **X** years and good profitable in **Y** years, as the **Owner** expands the next profit margins from the Platform.

1.1 Problem

The real estate sector in SA mostly functions offline, no system offers a single complex solution for digitizing. Some systems offer payments, others offer listings, and yet others — security solutions.

At the same time, out of the 59.38 million of the SA population, about 61.5% (36.54 million people) have access to the Internet. Over 95% of those (34.93 million) are active mobile users.*

All sides of the business — Landlords, Tenants, and Contractors — are in search of a sophisticated system that would allow them to offer/find rental properties, communicate with each other, and pay for services securely online.

* Data from Statista as of March 2, 2020.

1.2 Challenges

The main goal and challenge for the Company is to create a complex solution for:

- Listing the properties for Landlords in the SA;

- Listing the services for Contractors in the SA;

- Providing users' security during the renting/repairing process;

- Creating a user-friendly payment system with an option for recurrent payments;

- Supporting the Tenant during the rental period;

- Creating an effective communication system;

- Developing a system where users will want to return;

To create such a system we need to use modern technologies and solutions and also collaborate with external systems (such as payment and fraud check solutions) to create the best platform for real estate in South Africa.

2. Products and Services

2.1 Problems to Solve

- Automate rental processes:
  - Management of the rentals;
  - Digitizing of legal documents;
- Automate services provided:
  - Management of the services;
  - Digitizing of legal documents;
- Create an "All in one Place" service;
- Promote Spaces (Services) online;
- Provide Users with the services without scams:
  - Make a trust leap in the Rental services of the SA;
- Automate regular payments from Tenants to Landlords;
- Automate irregular payments from Landlords to Contractors;
- Payments protection;
- Create means of communication between Users;
- Create a platform that can help companies (businesses) solve their problems with automation and business control.

2.2 Our Solution

- Company platform for Landlords:
  - Full control of the Spaces they offer;
  - Smart dashboard for full data control;
  - Personal profile with all necessary information;
  - Strong marketing mechanism for promoting the Spaces on the Company platform;
  - A handy mechanism for rental requests and current renting management;
  - Full-cycle mechanism of repairing management;
  - Self-developing chat mechanism with file-sharing functionality;
  - Payment system integration;
  - Integration of an external fraud check system;
  - Human-oriented resolution system.

- Company platform for Tenants:
  - Full control of the Spaces they rented;
  - Smart dashboard for full data control;
  - Personal profile with all necessary information provided once for all potential landlords;
  - Full-cycle mechanism of the repairing management;

- ○ A handy mechanism for rental requests and favorite Spaces;
- ○ Self-developing chat mechanism with file-sharing functionality;
- ○ Payment system integration;
  - ■ Automatic recurring payment mechanism;
- ○ Integration of an external fraud check system;
- ○ Human-oriented resolution system;

- ● Company platform for Contractors:
  - ○ Smart dashboard for full data control;
  - ○ Personal profile with all necessary information provided once for all potential clients;
  - ○ A handy mechanism for managing repairing requests;
  - ○ Self-developing chat mechanism with file-sharing functionality;
  - ○ Payment system integration;
  - ○ Integration of an external fraud check system;
  - ○ Human-oriented resolution system;

2.3 Validation of Problem and Solution

The service cost will be calculated according to the market situation. At the moment, we are setting a $30,00 per subscription cost. The services are digital and therefore will be delivered as access to the content of the website and mobile app.

2.4 Roadmap/Future Plans

We are working on:

Idea Transformation	Idea Verification	Specification and Wireframes	Idea Verification part 2	Development
May, 2020	May, 2020	May, 2020 — June, 2020	June, 2020	July, 2020 — May, 2021

And we are planning:

| Beta Launch	Product Transformation	Product Update	Release in the South Africa	Expand out of South Africa
May, 2021 — June, 2021	June, 2021 — July, 2021	July, 2021 — August, 2021	August, 2021 — September, 2021	September, 2021 — November, 2021

3 Business Description

The Company is a startup founded by the Owner. The Owner has a degree and **N** years of experience in digital marketing and is, most of all, passionate about the project as (s)he has been in both a tenant and a contractor position. (S)He has experienced the market from within and thus is equipped with the knowledge of what it is that the market requires.

3.1 Team

The team working on the project consists of:

- CEO/Founder
- Business team
  - Business analyst
  - Sales manager
- Development team
  - Project manager
  - Dev team
- Marketing team
  - Marketing manager
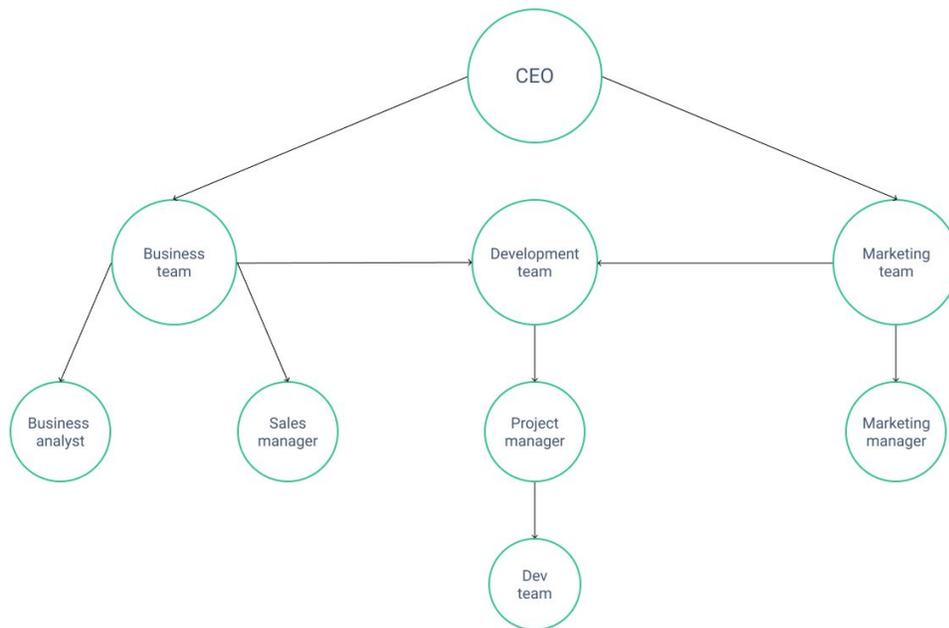
The Company has hired a third-party development company to work on Platform development, starting with a website and a mobile app for Android phones, with iOS mobile to follow shortly. The choice was dictated by the fact that 84,25% of mobile users in SA are Android phone users.**

**Data from StatCounter as of March 2020

3.2 Financial Highlights

- ❖ - our budget
- ❖ - spent
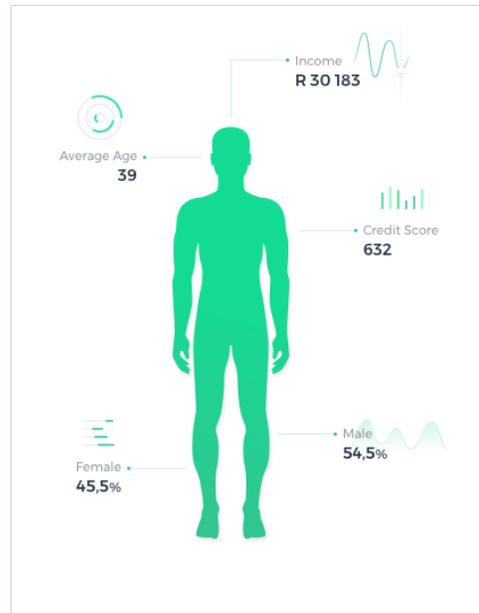- ❖ - will be earned
- ❖ - investment retention period

4 Market Analysis Summary

4.1 Target Market Segment Strategy

According to the statistics of the data from https://za.payprop.com and http://www.statssa.gov.za/
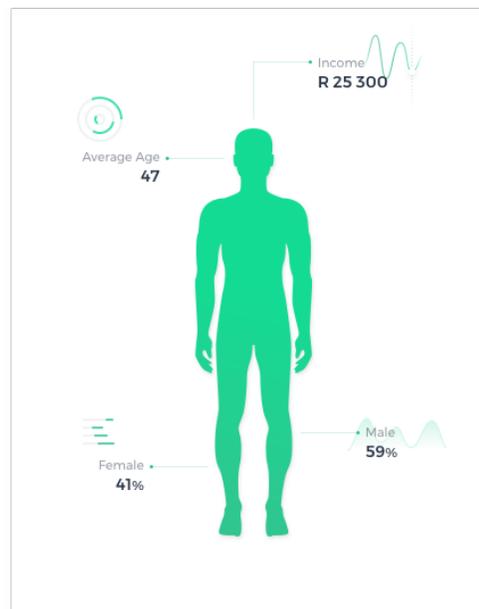
The average national tenant has the next portrait:

- Income - from R27000 to R35000;

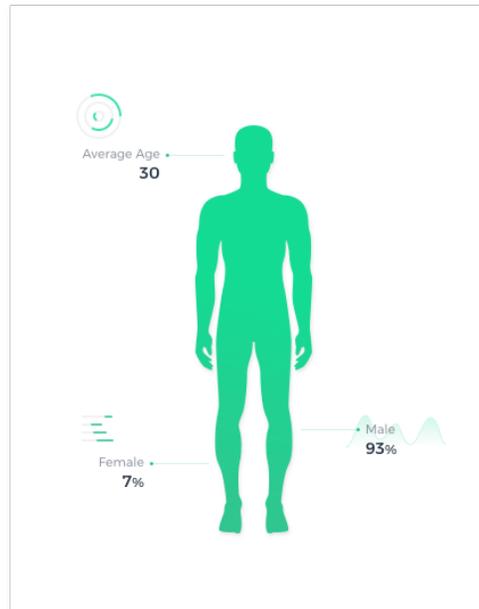- Age - from 34 to 44;

- Credit score - from 600 to 670;

The average national Landlord has the next portrait:

- Income: from R20000 to R31000;

- Age: from 37 to 57;

The average national Contractor has the next portrait:

● Age: From 20 to 40;

Average Age
30

Female
7%

Male
93%

3.2 Key Customers

3.2.1 Market Needs

1. Speed

The people in our time have learned to value their time. And nobody wants to (or can) spend a lot of time on apartment search and waste their time browsing a lot of useless items. People want to optimize this process.

2. Digital product

We live in the digital era. Our lives consist of different digital products (apps, web services, other program products). And people need it more day by day. When they need something, first of all, they are using digital resources and expecting to get all the necessary data immediately.

3. Safety

South Africa's market is full of scammers and criminals. SA people, when they use a service, must be sure that this service will help them choose the most trustworthy option from all possible alternatives, and that, in case something goes wrong, the service provider will help and protect them.

4. Marketplace

Many of the people in the world and in SA can offer something to other people. It can be some kind of goods or services. However, it is often so nobody except their friends knows about it. For that reason, people need a place where they can make an offer to other potential consumers of their services. And the online marketplace is a preferable way to offer something now.

5. Options

The problem for potential consumers is the same as for people who want to offer services. They know what they can get from their friends or neighbors, however, they would like to choose from a larger list of options. With the platform our company will create, everybody will have the possibility to choose the option that corresponds to their requests and circumstances.

6. Convenience

The main goal of the Company, in this case, is to connect all these market requirements in one product.

3.2.2 Market Trends & Market Growth

1. Urbanization

Landlords and tenants in South Africa are effectively placed between a knowledge-intensive economy that permits the development of smart cities and the shadow or sharing economy, which is a direct result of slower economic growth and response to neoliberal economic globalization.

In particular, South Africa's commercial real estate will be affected more by the sharing economy in the future than by ultra-modern and ultra-sleek urban design with smart technologies and the Internet of Things.

If we are committed to smaller and micro-enterprises, there will be greater demand for shared space, flexible office workspaces, and a mix of fixed and variable spaces from tenants. Furthermore, a lease agreement will become more layered with arrangements for flexible space to meet either peak demands or the needs of short-term special projects.

Importantly, this requires a new model of design and rentable space: new or existing office developments will need to be forged with design principles of incubation centers, start-up innovation labs, and flexible workspaces in mind. These spaces are productivity sites and are purpose-built for the sharing economy as they will create opportunities for people to interact and collaborate in creative ways. Thus, the future of commercial real estate in terms of office space will definitely borrow from centers with shared and communal resources.

As a result, landlords and tenants will need to be more open to more flexible arrangements. A major challenge for landlords and facility managers is vetting companies that are in a start-up or relatively young but these companies are going to be the lifeblood of the economy and commercial real estate in the future. This will in all probability result in higher rentals as part of the risk management for property owners and will likely affect pricing dynamics in the future.

2. Investments in technology

Real estate owners and facility managers have to invest in evolving technologies that can improve interactions with tenants and customers if they are committed to smart real estate solutions for the smart city.

This will require putting technology strategies in place for newly-built or existing real estate assets.

Investment and exploration of new technologies is important not only for the core business but also as part of change management and innovation. Effectively such investments are important for change but also as a possible value-added service for clients and tenants.

3.3 Future Markets

After the South African market, the Company will be launched in the Nigerian market. This market will increase the volume of the users up to 3 times.

When the Nigerian market will be stable and fully mastered, the Company will be launched in other African countries according to the economic indicators of these countries. We will calculate these economic indicators every time when it's time to choose a new market.

3.4 Our Advantages

The Company is an innovative platform offering transparent rental services for both tenants and landlords of South Africa. For renters and small landlords, the Company is a rental management system

that integrates rental applications, tenant screening, roommates, rent payments, and property maintenance into one simple platform.

We are offering an unrivaled rental property mechanism to pick your perfect match out of thousands of apartments. We are going to have the whole South African rental database for our clients.

Rent without the hassle. The whole application process for your dream-property and rental lease agreement filling takes a few minutes — and you can do it while lying on the sofa at your current place.

The Company uses exceptional credit score services, background checks, and property management software to protect your investments. Enjoy comfort with complete peace of mind.

4 Strategy and Implementation Summary

4.1 Marketing Plan

Our services are automated and the profits are based on volume. So during the marketing campaign, our main goal is to attract a large number of users.

With the number of mobile users in SA as stated above, our marketing campaign is to be primarily focused on digital channels — search results and social network advertising. A secondary marketing channel will be television and radio advertising.

The Company's focus is primarily on the most successful and rapidly developing regions of the SA.

4.2 Sales Plan

Our sales strategy is to automate the process so that Landlords/Contractors may apply for membership on the website or via the app and, after the Signup process, they will be provided with a strong instrument for their professional activity.

Company sales efforts focus on the users that will bring us maximum gross revenue — Landlords and Contractors — because these categories of users will pay a subscription fee.

4.3 Location and Facilities

The Company's head office is located in South Africa (Pretoria). All main business services are located online and do not need any real location.

The Company is based on the Company.com domain.

4.4 Technology

We use modern and high-quality technologies during the development of the Company services, such as:

- Modern and progressive back-end technologies (Ruby-on-Rails);

- The best solutions for front-end development;

- Latest technologies for Android development;

- Integrations with a number of external services:

  - Payment system XXX;

  - Fraud control system YYY

4.5 Milestones

Milestone	Start Date	End Date	Manager	Head
Business analysis +Wireframes	05/06/2020	06/03/2020	Project manager	CEO
Design	08/17/2020	10/26/2020	Project manager	CEO
Website development	10/13/2020	12/18/2020	Project manager	CEO
Mobile app development	10/13/2020	05/11/2021	Project manager	CEO
Marketing	03/15/2021	-	Project manager	CEO
Support	03/15/2021	-	Project manager	CEO

4.6 Key Metrics

1. Number of Users;
2. Customer loyalty and retention;
3. Cash Burn Rate.

6 Financial Plan

6.1 Revenue/Sales Forecast

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Subscriptions sold	500	550	600	650	610	600	680	715	730	630	610	625	**7500**
Price per subscription	$30	$30	$30	$30	$30	$30	$30	$30	$30	$30	$30	$30	**$360**
Total sales	$15,000	$16,500	$18,000	$19,500	$18,300	$18,000	$20,400	$21,450	$21,900	$18,900	$18,300	$18,750	$225,000
% of total	6.67%	7.33%	8.00%	8.67%	8.13%	8.00%	9.07%	9.53%	9.73%	8.40%	8.13%	8.33%	**100%**
% change	---	10.00%	9.09%	8.33%	-6.15%	-1.64%	13.33%	5.15%	2.10%	-13.70%	-3.17%	2.46%	

6.2 Expenses

6.2.1. One-off expenses

Dates (range)	Purpose	Cost	Status
05/06/2020 — 06/03/2020	Business analysis	$7,200	Done
08/17/2020 — 10/26/2020	Web design	$6,400	In progress
08/17/2020 — 10/26/2020	Mobile app design	$9,600	In progress
10/13/2020 — 12/18/2020	Website development	$28,800	Expected
10/13/2020 — 05/11/2021	Mobile app development	$100,800	Expected

6.2.2. Regular expenses

Category	Purpose	Amount (per month)	Amount (per year)
Technical support	Environment	$134	$1,608
Technical support	Developers support	$1,600	$19,200
Marketing	Advertising	$475	$5,700

6.3 Projected Profit and Loss

Sales	$225,000
Direct costs	$102,450
Gross margin	$122,550
Operating expenses total	101,700
Rent	---
Payroll	$96,000
Marketing	$5,700
EBITDA	$20,850
Depreciation	$500
Interest	---
Taxes	---
Net profit	**$20,350**

6.4 Projected Cash Flow

Month	Jan	Feb	Mar	Apr	May	Jun
Cash at the beginning of month	$50,000	$40,200	$31,900	$25,100	$19,800	$13,300
Cash inflow:						
Product sales	$15,000	$16,500	$18,000	$19,500	$18,300	$18,000
Loans	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Investments	$0.00	$0.00	$0.00	$0.00	$0.00	$50,000
Total money received, including cash at the beginning of month	$65,000	$56,700	$49,900	$44,600	$38,100	$81,300
Cash outflow:						
Payroll	$8,000	$8,000	$8,000	$8,000	$8,000	$8,000
Credit payments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Development costs	$14,800	$14,800	$14,800	$14,800	$14,800	$14,800
Estimated income taxes	---	---	---	---	---	---
Other costs	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000
Total use of cash	$24,800	$24,800	$24,800	$24,800	$24,800	$24,800
Cash balance at the end of month	$40,200	$31,900	$25,100	$19,800	$13,300	$56,500

6.5 Projected Balance Sheet

Assets	
Current assets	
Cash	$1,000
Accounts receivable	$2,000
Inventory	$1,500
Other	$700
Subtotal	**$5,200**
Long-term assets	
Office furniture	$1,000

Vehicles	$3,000
Subtotal	$4,000
Less accumulated depreciation	$1,000
Subtotal	**$3,000**
Total assets	**$8,200**

Liabilities	
Current liabilities	
Accounts payable	$500
Notes payable	$1,000
Other	$500
Subtotal	**$2,000**
Long-term liabilities	$1,000
Total liabilities	**$3,000**

Owner's Equity	
Earnings	$300
Retained earnings	$900
Paid-in equity	$4,000
Total equity	**$5,200**
Total liabilities and equity	**$8,200**

6.6 Business Ratios

Ratio analysis	2017	2018	2019	Industry profile
Sales growth	0%	20.72%	23.46%	7.74%
% of total assets				
Accounts receivable	0%	0%	0%	18.50%
Inventory	0.20%	0.23%	0.23%	9.13%
Other current assets	0%	0%	0%	12.22%
Total current assets	6.92%	12.73%	23.32%	39.50%

Long-term assets	93.08%	87.27%	76.68%	60.50%
Total assets	100%	100%	100%	100%
Current liabilities	6.84%	7.95%	8.10%	24.43%
Long-term liabilities	91.59%	82.55%	67.99%	24.43%
Total liabilities	98.43%	90.50%	76.09%	48.86%
Net worth	1.57%	9.50%	23.91%	51.14%
Percent of sales				
Sales	100%	100%	100%	100%
Gross margin	64.46%	64.44%	64.50%	35.62%
Selling, general & administrative expenses	64.14%	57.51%	52.57%	23.76%
Advertising expenses	0%	0%	0%	1.30%
Profit before interest and taxes	5.96%	13.34%	19.22%	1.77%
Main ratios				
Current	1.01	1.6	2.88	1.55
Quick	0.98	1.57	2.85	1.01
Total debt to total assets	98.43%	90.50%	76.09%	53.53%
Pre-tax return on net worth	37.08%	154.69%	107.68%	3.34%
Pre-tax return on assets	0.58%	14.69%	25.75%	7.19%
Additional ratios				
Net profit margin	0.32%	6.94%	11.93%	n/a
Return on equity	27.81%	116.01%	80.76%	n/a

Business ratios explained here.

7 Monetization model

The Platform will use a subscription-based monetization model. The cost of the subscription will be based on the financial market situation and will be changing accordingly. The planned free trial period for users is planned to be 1 (one) week.

This business plan example is created by the Mind Studios team for the following article: How to Write Business Plan for Mobile App Idea.