



Addis Ababa University
College Of Natural And Computational Science
Department Of Computer Science
Entrepreneurship Project



A Business Plan

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Executive Summary

AddisCloud is a web hosting company that offers affordable and reliable hosting solutions for businesses and individuals. Our goal is to provide our customers with a hassle-free experience by offering high-quality services and unparalleled customer support.

The market for web hosting services is growing rapidly, and we aim to capture a significant portion of it. With our team of experienced professionals and state-of-the-art infrastructure, we are confident in our ability to provide top-notch services to our customers.

Our team consists of seven highly skilled individuals. Each team member brings a unique set of skills and experience to the table, which allows us to offer a comprehensive range of services.

Our services include shared hosting, virtual private servers, dedicated servers, and cloud hosting. We offer flexible and scalable solutions that can be tailored to meet the specific needs of each customer. Our services are backed by a 99.9% uptime guarantee, which ensures that our customers' websites are always available.

In terms of marketing, we plan to target small and medium-sized businesses that are looking for affordable and reliable web hosting solutions. We will utilize a combination of online and offline marketing channels to reach our target audience.

In terms of finances, we estimate that we will require an initial investment of 80,000,000ETB to get the company up and running. We plan to generate revenue through a combination of recurring subscription fees and one-time setup fees.

Overall, we believe that AddisCloud has the potential to become a leading web hosting provider in the region. With our experienced team, reliable services, and customer-centric approach, we are confident in our ability to succeed in this highly competitive market.

The Business

AddisCloud is a web hosting company that aims to provide high-quality and affordable web hosting services to individuals and businesses in Ethiopia and beyond. The company was founded by seven entrepreneurs, Sintayehu Gezehegn, Sophonias Endale, Tensaey Solomon, Wondwossen Alemayehu, Naol Berhanu, Tibebu Kejela, and Samuel Kebede, who have extensive experience in the IT industry and share a common goal of providing reliable web hosting services to their customers.

The company's objective is to offer a comprehensive range of web hosting services that cater to the needs of individuals, small businesses, and large corporations. These services will include shared hosting, VPS hosting, dedicated hosting, domain registration, and website design and development. The company will also offer a 24/7 customer support service to ensure that its customers receive prompt and efficient service.

AddisCloud will operate as a private limited company under the Ethiopian Commercial Code. The company's headquarters will be located in the capital city, Addis Ababa. The company's shareholders will be the seven founders of the company, who will also serve as the board of directors.

AddisCloud will strive to achieve a sustainable and profitable business model by employing cost-effective strategies, leveraging the latest technologies, and providing exceptional customer service. The company will differentiate itself from competitors by focusing on providing personalized services that meet the unique needs of its customers. AddisCloud will also leverage its partnerships with leading technology providers to offer innovative solutions that are tailored to the evolving needs of the market.

Funding Requirement

The success of any business largely depends on the availability of funds to finance its operations. Therefore, one of the crucial aspects of any business plan is the funding requirement section, which provides a clear and concise outline of the capital needed to launch and sustain the business.

AddisCloud requires a substantial amount of capital to develop and launch the platform, as well as to maintain and expand it in the long run. The total funding requirement for the project is estimated to be 150 million ETB, which will be raised through a combination of equity and debt financing.

Equity Financing

AddisCloud will initially seek to raise 80 million ETB in equity financing from private investors, including friends and family, angel investors, and venture capitalists. In exchange for their investment, investors will receive an equity stake in the company and be entitled to a share of future profits. The company plans to offer a total of 20% equity to investors.

Debt Financing

The remaining funding requirement of 70 million ETB will be obtained through debt financing, primarily in the form of long-term loans from financial institutions. AddisCloud will approach various banks and other financial institutions to secure the necessary funding, and the company's financial projections and business plan will be used to convince lenders of the viability of the project.

The debt-to-equity ratio for the funding requirement is estimated to be 70:30, with the company seeking to minimize the interest rates on the debt financing to ensure that the debt service coverage ratio (DSCR) remains healthy.

Use of Funds:

The funds raised will be utilized for the following purposes:

- Development and launch of the web hosting platform
- Acquisition of necessary hardware and software equipment
- Marketing and promotion of the platform

- Hiring and training of personnel
- Office rent and utility expenses
- Contingency fund for unforeseen expenses

Projected Cash Flow

The company has projected cash flow statements for the next five years, which indicate that the funds raised will be sufficient to finance the launch and initial operations of AddisCloud. The projected cash flow statements also demonstrate that the company will achieve positive cash flow by the end of the second year of operations, ensuring that it is able to meet its debt obligations and provide a return to equity investors.

Services

AddisCloud is primarily a web hosting company that provides a variety of hosting services to clients ranging from small business to large enterprises. The company's hosting solutions include shared hosting, dedicated hosting, cloud hosting, and VPS hosting, all backed up by superior customer support and top-notch infrastructure.

The company's shared hosting solution is a perfect fit for startups and small businesses that have just begun their online presence. The solution is affordable and comes with a wide range of features, including cPanel control panel, unlimited disk space and bandwidth, one-click installer for popular applications, and unlimited email accounts.

AddisCloud's dedicated hosting solution is an ideal solution for businesses that require high levels of performance, security, and control. The solution provides clients with a dedicated server that is optimized for their specific needs, complete with custom configurations, managed services, and 24/7 support.

For clients who require more flexible hosting solutions, AddisCloud's cloud hosting solution is an excellent choice. The solution is built on a robust infrastructure that guarantees high availability, scalability, and reliability. Clients can customize their resources and pay only for what they use, making it a cost-effective solution for businesses of all sizes.

Finally, AddisCloud's VPS hosting solution is perfect for clients who need complete control over their hosting environment. The solution provides clients with a virtual server that runs its operating system and allows them to install and configure any software they need. Clients can choose from a variety of plans that match their specific needs and budget, and the solution comes with 24/7 support and monitoring.

AddisCloud also offers domain registration services, SSL certificates, and website design services to complement its hosting solutions. The company's domain registration service allows clients to register and manage their domains easily, while SSL certificates help to secure their online transactions and protect sensitive data. The website design service helps clients create a professional-looking website that represents their brand and meets their business goals.

AddisCloud's hosting solutions are designed to meet the needs of businesses of all sizes and types. The company's commitment to quality, reliability, and customer satisfaction has earned it a reputation as one of the leading web hosting providers in the region.

The Plan

AddisCloud will operate in a highly competitive and constantly evolving market. The company's success will largely depend on its ability to execute its business plan effectively. AddisCloud will adopt a phased approach to its operational plan, which will help the company achieve its goals in a systematic and efficient manner.

Marketing Plan:

AddisCloud's marketing strategy will be centered around its ability to provide reliable, fast and secure web hosting solutions at an affordable price point. The company will focus on building its brand and reputation in the market by offering quality services and excellent customer support. The marketing mix strategies will be drawn based on extensive market research, and the company will leverage various digital marketing channels to reach its target audience.

Operational Plan:

AddisCloud will be headquartered in Addis Ababa, Ethiopia, and will operate its data center in a secure location in the city. The company's

servers will be equipped with state-of-the-art hardware and software to ensure reliable and fast hosting services. AddisCloud's inventory management system will be designed to minimize costs and ensure timely delivery of services. Quality control measures will be implemented to ensure that the services offered by AddisCloud meet the highest industry standards.

Organizational Structure:

AddisCloud will have a flat organizational structure, with seven employees reporting directly to the CEO. The organizational structure will be as follows:

- CEO: Sintayehu Gezehegn
- Marketing Manager: Sophonias Endale
- Operations Manager: Tensaey Solomon
- Finance Manager: Wondwossen Alemayehu
- CTO: Naol Berhanu
- IT Manager: Tibebu Kejela
- Customer Service and HR Manager: Samuel Kebede

Each manager will be responsible for their respective department, and they will work together to ensure that AddisCloud operates smoothly and achieves its objectives. The organizational structure will be periodically reviewed and adjusted as necessary to ensure that it remains effective and efficient.

Financial Plan:

AddisCloud's financial plan will cover a period of five years. The company will require a significant amount of capital to finance its operations and expansion plans. The company will seek funding from investors and financial institutions to meet its capital requirements. The financial projections will be based on sound assumptions and will be supported by detailed analysis and research. The financial plan is indicated in the following financial statements.

Financial Statements:

The financial plan for AddisCloud has been prepared for the next five years, projecting sales, income and expenditure statements, break-even point, profit and loss statements, balance sheet, cash flows, funds flow, and ratios.

Projected Sales: AddisCloud anticipates steady growth over the next five years. Sales are expected to increase from 50,000, 000ETB in the first year to 200,000,000ETB in the fifth year.

Projected Income and Expenditure Statement: The projected income and expenditure statement for the next five years indicates that AddisCloud will be able to operate profitably, with a net profit of 20,000,000ETB in the first year, increasing to 80,000,000ETB in the fifth year.

Projected Break-Even Point: The break-even point for AddisCloud is expected to be reached in the third year, with sales of 120,000,000ETB.

Projected Profit and Loss Statement: The projected profit and loss statement shows an increase in net profit every year, from 20,000,000ETB in the first year to 80,000,000ETB in the fifth year.

Projected Balance Sheet: The projected balance sheet indicates that AddisCloud will be financially stable over the next five years, with total assets increasing from 30,000,000ETB in the first year to 40,000,000ETB in the fifth year.

Projected Cash Flows: The projected cash flows show that AddisCloud will have sufficient cash to meet its operating expenses, capital expenditures, and debt service obligations over the next five years.

Projected Funds Flow: The projected funds flow statement shows that AddisCloud will have sufficient funds to meet its obligations to investors and lenders.

Projected Ratios: The projected ratios indicate that AddisCloud will be able to maintain a healthy financial position over the next five years, with a current ratio of 2.5 in the first year, increasing to 3.5 in the fifth year.

Critical Risks

Despite the well-thought-out plan, every business venture is subjected to various uncertainties that pose threats to its success. Understanding the potential risks that the business may face and devising measures to mitigate those risks is critical for the longevity of any business.

At AddisCloud, we have identified some of the critical risks that our business may face, and we have developed strategies to minimize their potential impact.

Dependence on a Single Supplier:

One of the significant risks our business may face is the overreliance on a single supplier for the equipment and infrastructure required to deliver our services. Any unforeseen event, such as a shortage of supply or a sudden increase in prices, could severely disrupt our operations. To mitigate this risk, we have formed strategic partnerships with multiple suppliers and diversified our sources of equipment to ensure a consistent supply of the required infrastructure.

Cybersecurity Risks:

In the digital age, cybersecurity threats are one of the most pressing concerns for businesses that operate online. As a web hosting company, we understand the importance of securing our infrastructure against cyber threats. We have implemented state-of-the-art cybersecurity measures, such as firewalls, intrusion detection systems, and data encryption protocols, to protect our customers' data from unauthorized access.

Market Competition:

The web hosting industry is highly competitive, with several established players and new entrants vying for market share. To mitigate the risk of losing our customer base to competitors, we have developed a robust marketing strategy that focuses on providing exceptional customer service, innovative products, and competitive pricing. We also conduct regular market research to stay abreast of industry trends and adjust our strategies accordingly.

Regulatory Risks:

As a business operating in Ethiopia, we are subject to various regulations and legal requirements. Failure to comply with these regulations could lead to legal and financial penalties, damaging our reputation and business operations. To mitigate this risk, we have developed a comprehensive compliance framework that ensures we comply with all regulatory requirements and maintain the necessary licenses and permits to operate legally.

Economic Risks:

The Ethiopian economy is subject to various risks, such as inflation, currency fluctuations, and political instability. These risks could affect our business operations, such as an increase in the cost of equipment or a decrease in customer demand. To mitigate this risk, we have developed a robust financial strategy that focuses on maintaining a healthy cash flow, diversifying our revenue streams, and regularly monitoring economic indicators to adjust our operations accordingly.

In conclusion, identifying and mitigating potential risks is critical for the success of any business. At AddisCloud, we have implemented various strategies to minimize the impact of potential risks and ensure the longevity of our operations. By proactively identifying and addressing potential risks, we are confident in our ability to succeed in the highly competitive web hosting industry.

Exit Strategy

AddisCloud's exit strategy aims to provide a profitable exit for investors and stakeholders within a reasonable period. The exit strategy is a crucial component of our business plan, and we intend to implement it with the utmost care and attention.

Our exit strategy includes the following options:

1. Initial Public Offering (IPO): Our primary exit strategy is to go public and offer our shares to the public. We plan to achieve this within the next five to seven years. Going public will allow us to raise significant capital, enhance our visibility, and increase our brand value. We will engage reputable investment banks to manage the IPO process and ensure its success.

2. Merger or Acquisition: We recognize that strategic acquisitions or mergers can help us achieve our business goals and increase our value. We will evaluate potential partners or acquirers that align with our vision and values. We will engage reputable mergers and acquisitions (M&A) advisors to guide us through the process and ensure a fair valuation.

3. Management Buyout (MBO): If the business does not meet its expected targets or there are no suitable buyers for acquisition or merger, we may consider a management buyout. In this scenario, our management team would lead the purchase of the company's shares, and we would transition to a privately-held company. We will engage reputable M&A advisors to guide us through the process and ensure a fair valuation.

4. Liquidation: We consider liquidation as the last resort. If the business fails to achieve its targets or meet investor expectations, we may consider liquidating the company. In this scenario, we will ensure that all stakeholders receive a fair share of the company's assets.

We understand that investors and stakeholders are concerned about their return on investment and how they will exit the company. Therefore, we will work diligently to ensure that our exit strategy is well executed, transparent, and beneficial to all stakeholders involved.

THANK YOU!