

Master's Degree Dissertation

Kupusluge.pl

Buying and selling services

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1. Executive Summary

“Easy name, easy transactions” – this quote is the quintessence of the company that is presented in this business plan. The company offers the platform and mobile application, through which the service provider and the service buyer can find themselves and make a deal. The company creates a kind of market where demand in the form of customers and supply in the form of service providers can meet.

The originators of the above-mentioned idea are two young people from Poland - Karol Bąk and Paweł Piechowak. Karol is a graduate of the Warsaw School of Economics, where he studied Finance and Accounting. He is currently studying Management at the UPF Barcelona School of Management. Karol has professional experience in insurance and investment banking. Paweł is a graduate of Automation and Robotics at the University of Technology in Poznań, and currently he is studying Computer Science at the same university. He has professional experience as a programmer. The combination of these two profiles and brainstorming led to the creation of this idea in the form that is presented in this business plan. Both founders are fans of innovation and implementation of solutions that facilitate everyday life. Knowing that people continually use services and make a lot of transactions every day, the creators of the business plan decided to implement their idea.

The platform will operate in the largest Polish cities (at the beginning of the operation only in the Warsaw agglomeration). Ultimately, it will provide a wide range of services, however, at the beginning it will focus on home-related services. Simplicity and speed are two favourites words of company's founders, which is why creating an offer, as well as making transactions on the platform is very simple and very fast. In addition, meticulous verification of service providers means that the client can feel very secure using the platform.

A huge plus for people who need a service is that they can set up an account and create an offer completely free. Service providers can register for free, however, if they want to make a bid, they must pay. The company will generate revenues from fees charged from service providers, advertising and partnerships with other companies, such as insurance companies.

Both the experience of the founders of the company, as well as market research and data show that the e-commerce industry is one of the fastest growing industries and the demand for services is constantly growing. However, there is no platform on Polish market that would easily and quickly enable connecting service providers with people who need a service. The solution to this problem is the platform offered by the developers of this business plan.

It is also worth noting that people change their place of residence very often and move from one city to another city. They do not know any service providers in the new location and there are no websites on the internet where they can easily make a deal. Also one of the creators of this business plan – Karol Bąk met with a similar problem, which prompted him to share his remarks with the another founder – Paweł Piechowiak.

The platform is designed for young and middle-aged people who are internet users and buy items and services on the Internet. Those people are open-minded and they are willing to use new technology and new services. Initially, it will only operate in Warsaw and offer one type of service, but then it will expand to include further locations and subsequent services.

A detailed description of all relevant aspects can be found in the following chapters of this business plan. You can learn more about the company's activity, market characteristics, offered services, organizational structure, marketing and the company's financial plan.

2. Business Description & Vision

The company will offer customers a platform on which they will be able to find a service as well as offer a service. The platform will be a market where supply and demand will meet.

Every person uses many services every day, and the service sector dominates in every developed economy. The growth and development of countries makes their inhabitants use more and more services.

2.1. History of the idea, problem and solution

The history of the start-up's idea dates back to the times when Karol Bąk worked as an analyst at PZU. At that time, he worked on a project for non-cash liquidation of damages. He realized then that it is not easy to find available professionals, who are able to renovate a flat or eliminate another damage. The process of creating a network of service providers who are able to accept the order of an insurance company at any time and eliminate the damage is very long and time-consuming. Then, for the first time Karol thought about improving the process and creating an internet platform, where it would be very easy to adjust the service provider to the person in need of the service. In addition, at that time, in the apartment in which Karol lived, the washing machine broke down. At first he did not know what to do because he did not know any specialists in Warsaw, which he had recently moved to. He started to search for advertisements on the internet, but he did not find one website where he could easily find a plumber and read the opinion about him. These events have led the one of the start-up founders to the idea of creating a platform where people needing services can find a service provider easily and quickly.

The above example shows that it is not easy to find a service provider in Poland due to the lack of a single, structured platform, which informs about availability of service providers. In addition, nowadays people often change their place of residence and, unfortunately, moving to a new city they do not know service providers. In connection with the above, the platform offered by our company is the solution to the problems of people who do not know any service providers. It is also worth adding that the platform is ideal for people who do not have a lot of free time, because creating an advertisement and then selecting a service provider only takes a

few minutes. Summing up, it can be said that the main values offered by the platform are accessibility, simplicity, speed and security.

The company plans to operate in major Polish cities, and then develop its range also to smaller Polish cities. In the long-term, the company's owners would like the platform to also operate in Central and Eastern Europe. The platform will offer a variety of services. The company's goal is to provide the widest possible range of services so that the customer can use the platform many times. In addition, as the company develops, the platform will offer complementary services to provide customers with speed and comfort (eg catering and cleaning services).

At the initial stage of operation, the company plans to operate only in Warsaw (the capital city of Poland). In addition, the platform will be able to publish an announcement only related to the renovation and repair of home defects. These will include services such as apartment renovation, plumbing services, electrician services, etc. It can therefore be noted that these will be complementary services. With the development of the platform, the number of cities and the range of services will expand. One of the main values of the company is speed and customer comfort, which is why the company decided to start its business only in one city and only offer services from one field. The owners of the company are aware that one of the most important activities in creating the platform will be to create a chain of service providers. This is a time-consuming process, because the number of service providers using the platform must be large enough. Customer, who create an offer, wants to receive a bid in a very short time.

2.2. Business model

The platform's operation model is very simple. A person who needs a service creates a free account on the platform within a few minutes and then creates an offer. Creating an offer is also very simple and intuitive, because the customer first selects the type of service, the exact location (city district), budget and time in which he would like the service to be performed. Then the client describes exactly what services he needs and inserts photos (eg the room he wants to renovate) to help the service provider estimate the value of the project. Then the announcement appears in the database and every registered service provider has access to it and can make a bid. Registration for service providers is free (in the future we plan to introduce premium accounts that will have faster access to new offers). The service provider may submit his offer, giving the exact scope of work, materials used, price and date of work completion.

Next, the person who needs the service can choose the most satisfying offer and make a contract with a given service provider.

At the initial stage of operation, the company will generate revenues by collecting commission on transactions (service provider pays for making a bid, clients, who need a service don't pay a fee). In addition, in the future the company wants to introduce additional payments for positioning. The platform will also generate revenues from advertising and partnerships with other companies that will be interested in using the platform in their operations (eg. insurance companies in the process of cashless damage liquidation).

Describing the business model it is worth to look at the Business Model Canvas (see Attachment 1), which is presented in Appendices. It helps to define: customer segments, key activities, key partners, key resources, value proposition, customer relationship, channels, cost structure and revenue streams.

Customer Segments - the platform will be intended for young and middle-aged people who are eager to use internet platforms and applications and are looking for solutions to their problems on the Internet. It will be B2C and B2B business. B2C, because the platform is a tool for individual customers who need a service. B2B, because it will be a tool for businesses (service providers), which are looking for customers. In this case it can be called as B2B2C business model. Moreover, in the future the company thinks about partnerships with companies from for example insurance industry, because insurance companies in Poland started implementing cashless liquidation of damages, and according to that they need service providers.

Value Proposition - the company will provide many values both for those in need of service and service providers. Therefore, the most important value is communication and enabling the meeting of demand and supply. The company will offer a huge database of service providers who simultaneously have their own rating issued by customers. For service providers, the most important value will be a quick and easy opportunity to find a new order. Moreover, the platform guarantees transaction security.

Channels - the company will use the internet platform, and therefore the most important channel is the internet. In addition, founders plan to create applications for Android and iOS, so that customers can use the platform using smartphones and tablets in a convenient way for them.

Customer relationship - the firm will conduct its operations using a platform, so users will be able to put up an offer in a very simple and fully automated manner and monitor it on their devices. An important aspect is also technical support, the company realizes that some users will need help, so they will be able to send an inquiry to technical support at any time. Users will receive a reply within 12 hours.

Revenue Streams - the most important source of income will be commissions paid by service providers and additional payments. In addition, the platform will in the future start earning money from partnerships with larger companies that are looking for services on this platform (eg insurance companies). The source of income may also be premium accounts for service providers and payments for the positioning of offers. The company will also generate revenues from advertisements appearing on the website and mobile applications.

Key Resources - IT infrastructure and qualified programmers are the most extensive resources in the company. The company is unable to operate without these factors.

Key Activities – there is one the most important activity of the business. It will provide the platform, where customers can create, and an offer and service providers will make bids for this offer.

Key Partners – the key platform partners are its users - both people who need a service and service providers. Another partner are providers of operating systems such as iOS and Android. In the future, also large companies that will want to use the platform for their operations will be its partners. These will be, for example, insurance companies mentioned in the part about revenues. The last of these partners are lawyers who will provide legal advice so that the company can operate properly.

Costs Structure – the most important costs will be maintenance of the platform and investments on updating and upgrading the platform. Moreover, it is necessary to cover marketing costs and administration costs (such salaries).

2.3. Mission

The company's mission is to provide a platform that is a market where demand (people who need a service) meets supply (service providers), and being the leader of trade in services market in the biggest Polish cities.. Our company offers a fast and innovative way to find a service provider. On the other hand, it is a great customers' base for service providers. The company's mission is to provide easy, fast and online access to a wide range of services. An important aspect of the activity is safety and convenience. Customer satisfaction and safety is the most important to us, therefore, apart from the platform adapted to the client's needs, we also offer assistance in case of transactional or technical problems.

2.4. Vision

The company's vision is to be the most valued and recognizable company in the trade in services industry, in Poland and Central and Eastern Europe. Our company wants to digitize the market of trade in services in Poland and Central and Eastern Europe. The platform is to replace advertisements on other websites or in newspapers and create a market where supply and demand meet. In addition to development in a geographical context, the company wants to expand the range of services that will be possible to be on the platform to meet all the needs of customers. Therefore, the company will grow by expanding the scope of services and expanding its operations to further locations. We want, that every person who has access to the Internet in a quick and easy way could satisfy his needs by using our platform.

3. Definition of the market

Defining the market is one of the most important things in creating a new entity. Analysing the growth and dynamics of the sector in which the company will operate, as well as the analysis of competition, will enable to answer the question whether there is a chance to create a profitable business in a given industry.

3.1. Sector and Industry

Talking widely about the sector, it can be said that our business will work in the Internet/e-commerce sector. Knowing that the term sector is wider than the term industry, it is necessary to specify the company's activity to define the industry. In the case of the platform, it will be the online support services industry.

The e-commerce industry was a rapidly growing industry over the last years. Industry's revenue in 2017 amounted to \$1,560,789m and forecasts for next years are optimistic. The market is still going to grow, but the growth will slow down from 14,4% in 2018 to 5,6% in 2023. However, revenue is expected to show an annual growth rate (CAGR 2019-2023) of 8.0%, resulting in a market volume of \$2,734,414m by 2023. It is not surprising that the market's largest segment is Fashion with a market volume of \$598,631m in 2019. (see Attachment 2)

A very interesting statistic, which shows the growth of the industry is the number of users of e-commerce platforms. The number of users is constantly growing and forecasts for the coming years show that the growth will continue, and the number of users will reach 3.26m in 2023. In 2017 the number of e-commerce platforms users amounted to 2,734.2m. (see Attachment 3)

Next indicator that confirms the growing trend in the e-commerce industry is the number of users depending on their age. It can be noticed that among the users dominate young people. Over 50% of users are people under 34 years of age. This confirms positive forecasts for the industry and changing the preferences of the society. More and more people are making transactions by the Internet. (see Attachment 4)

Another important aspect on which to focus is the revenue in the industry depending on the country. Of course, the larger the population of a given country, the greater the revenue. It is

not surprising that revenues on the Chinese market are the highest. On the 2nd place is the USA and on the 3rd place is the Great Britain. (see Attachment 5)

Our business will operate in Poland, so it is worth to present data of the e-commerce industry in Poland. In 2017, the Polish e-commerce market was worth PLN 40 billion, which gives approximately EUR 10 billion. In 2017, 54 percent Polish Internet users bought online (compared to 50% in 2016) - according to the study "E-commerce in Poland 2017" implemented by Gemius for e-Commerce Poland. It's about 15 million people.

Looking at analyzes, 24-hour availability is the strongest factor encouraging e-shopping (82%). Online shopping is seen as uncomplicated (41%) and comfortable (44%), but also cheaper (33%) and less time (39%) than those in traditional stores. Those factors are also very important in our company, because our platform allows people to create an announcement and find a service provider in a very easy and convenient way.

According to the Interaktywnie.com report, in 2018, the perspectives for Polish e-commerce are very optimistic. The value of the Polish online trading market estimated by the portal will increase by 23%. and in 2018 it will probably exceed PLN 50 billion, and in 2020 it will reach PLN 70 billion. (Source: <https://businessinsider.com.pl/finanse/handel/e-commerce-rozwoj-i-analiza-polskiego-rynku/md43h0s>)

To sum up, trends on the e-commerce market both in Poland and around the world are very positive. The product trade market is slowly becoming saturated, as evidenced by the slowdown in revenue growth. However, there is still significant growth opportunity in trade in services in Poland.

3.2. Market Analysis

Two tools were used to analyse the market. The first one is STEEP analysis and the second one is Porter's Five Forces analysis. These tools enable us to identify potential opportunities and threats on the market.

The STEEP Analysis suggests that the outlook for the industry is very optimistic. We found that, there are no serious threats that may stop the companies operating on this market. Moreover, it is worth to add, that the Social and Technological parts of the analysis prove, that

there is huge demand on online services and there is more and more devices, which people can use to make a transaction. Looking at this analysis, the development of technologies and the very favourable economic situation are the most important factors causing the development of this industry. The full STEEP can be seen in the Appendix. (see Attachment 6)

The Porter's Five Forces analysis shows that barriers to entry are relatively low. It can be a problem in the future because the industry looks really profitable and in Poland there is no opportunity to make a patent for this kind of platform. However, brand identity is very important, especially on Polish market, because a lot of people don't trust new online platforms. Moreover, economies of scale are medium/high, because platform can be developed in next cities and it can offer more services, without significant increase in costs. (see Attachment 7)

Threat of substitution is very important. Technology is constantly evolving. Moreover, larger companies operating in the industry can create their own platforms. There is also a risk of taking over. There are no switching costs, so customers can very easily change the platform.

There are both many suppliers and customers on the market and the role of the platform is to connect them. There is no threat of forward and backward integration, because suppliers operate in different industry and customers have not enough power and there is no purpose for them to buy the platform. Bargaining power of customers can be reduced because of lack of other similar online services on the market. Concentration ratio is low both among suppliers and customers.

To sum up, actually the degree of rivalry is not high. As of today there are not many competitors (concentration ratio is high). On the other hand, it means, that the profitability of the industry is very high, which can encourage investors and other bigger companies to open their own platforms. In the future competition can be very high in this industry. Low entry and exit barriers would only spur investors.

3.3. Target Market and Market Share

The platform offered by the company is intended for Internet users, young and middle-aged, who are looking for innovative solutions when looking for service providers (demand side). On the other hand it will be a tool for service providers to find potential customers (supply side).

3.3.1. Total Available Market (TAM)

Poland is a very large market. 38 million people live in Poland and most of them use and pay for services (excluding children). 54 percent Polish Internet users make online transactions, which gives around 15 million people.

Assuming that the average revenue per transaction made on the platform will be PLN 15 (3 bids per offer) the total market value is PLN 225 million (15 million people multiplied by PLN 15 equals PLN 225 million). In this case, it should be noted that the area of the entire country was taken into account, including both large cities, towns and villages.

3.3.2. Served Available Market (SAM)

In the long-term the services of kupsuluge.pl will be offered in the largest Polish cities. Statistics show that in the largest Polish cities (without taking into account the agglomeration), live 8.5 million people. (see Attachment 8 for more details)

The Central Statistical Office (GUS) shows that 18 percent of the Polish population are children and young people (up to 18 years old). Therefore, served available market is the value of people living in the Polish 20 biggest cities, less the number of children and young people who will not be able to finalize the transaction themselves (without parental care). Moreover, we know that 54% of Poles buy on the internet, that's why SAM equals 3.7 million people (8.5 million people multiplied by 0.82 multiplied by 0.54 equals 3.7 million people).

The value of this market (same assumptions like in the case of TAM) equals PLN 55.7 million (3.7 million people multiplied by PLN 15 equals PLN 55.7 million).

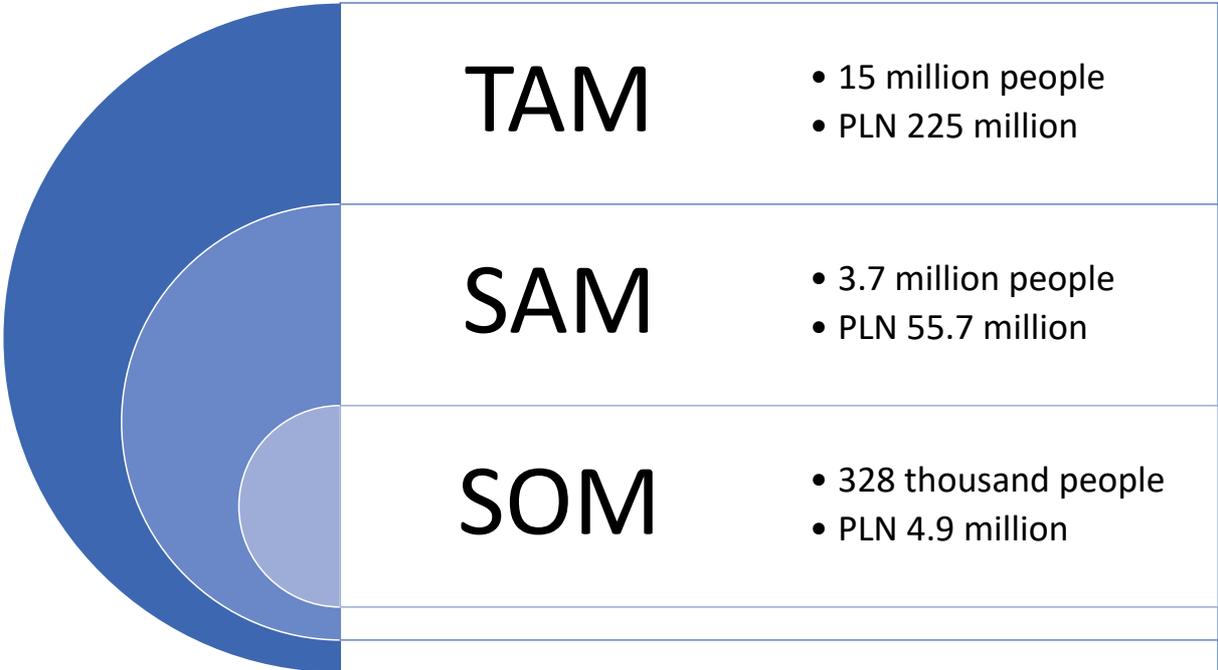
3.3.3. Share of Market (SOM)

The business will start operating in Warsaw (agglomeration), where live 2,7 million people. 82% of them (2.2 million people) are people, who are adults and they are able to make transactions. Moreover, it is known, that 54% of Poles buy on the internet (1.2 million people). In the initial phase of the operation, the company will offer a narrow range of services (mainly renovation services). The data show that Poles decide to renovate every 3 years, so 1.2 million

should be divided by 3 (0,4 million people), because at the beginning, the company will serve services linked with house renovation.

In addition, a survey was conducted among residents of Warsaw on the subject of finding service providers and willingness to use our platform. Its results show that 84% of those surveyed would like to use the platform. (see Attachment 9) Taking this value into account, we can estimate that the share of market is 328,000 people. The value of this market equals PLN 4.9 million (0.328 million people multiplied by PLN 15 equals PLN 4.9 million).

Figure 1. TAN, SAN and Target Market



Source: Own

An important aspect in the context of generating revenue is the opinion of companies providing services on the platform. In this connection, more than 120 companies from Warsaw were contacted to ask if they would be interested in using this platform. 87 companies responded, and among them more than 64% would be interested in using the platform, assuming that they have to pay PLN 5 for submitting the bid. (see Attachment 10)

3.4. Competitors Analysis

Analysing the competition, we focused mainly on the Polish market, due to the fact that the platform will operate in Poland. In addition, due to the specific structure of the e-commerce (online support services) market, which can be called an oligopoly, there are 2-3 big companies that definitely lead the industry. Of course, there is also possibility, that global or European companies will join the Polish market, but the probability of this is relatively low. Even eBay does not operate in Poland, mostly because of the biggest Polish auction platform allegro.pl.

Among the competitors on the Polish market are both Polish and international companies. During the analysis, the company's five largest competitors were found. 3 out of 5 companies are international companies (or the part of international group), which operate in Poland. They are: olx.pl, gumtree.pl, fixly.pl. Competitors which are the Polish companies are: allegro.pl and oferteo.pl. Below is a description of these companies.

Fixly.pl - A platform belonging to the OLX Group. On the platform people can find service provider for house renovation, electrical and plumbing services and furniture. The process of searching for a service provider is based on filling out the form, and then, Fixly.pl will contact a customer by e-mail within 24 hours to present profiles of potential service providers.

Gumtree.pl - British online classified advertisement and community website. Classified ads are either free or paid for depending on the product category and the geographical market. As of November 2010, it was the UK's largest website for local community classifieds and was one of the top 30 websites in the UK, receiving 14.8 million monthly unique visitors according to a traffic audit in 2010. Gumtree is the #1 classifieds site in the UK, Australia, South Africa, and Singapore. In Poland Gumtree is not that popular like in countries mentioned above, but it is still recognizable, and the customers can find there offers of products and services. On the other hand, the customer cannot customize his preferences. The customer can choose one of all offers, which are published on the website.

Oferteo.pl – a platform which enables customers finding the service provider on the area of customer's city. The customer has to choose a service or product and write the post code and platform will find all companies, which fit customer's preferences.

Other competitors which focus mainly on objects instead of services are Allegro and OLX. We should also focus on them because their resources can enable them to quickly enter the online trade services market.

Allegro.pl - an online trading platform that allows transactions to be carried out. It allows, first and foremost, to sell items owned by users. Thanks to the wide access to the Internet, the service at the beginning of the activity became popular among collectors, and later also professional traders. In addition to the auction, it is also possible to put up for sale the item at a predetermined price (Buy Now). User can also combine bids and Buy Now options. At the moment, the vast majority (about 90%) of offers available on the Allegro website are offers only with the Buy Now option. The verification of a potential contractor is possible by a comment system. They are published voluntarily by the parties to the transaction and contain subjective opinions about the transaction. For issuing items for sale, and for making sales by Allegro, the company charges a commission (6-8%). The company is mostly focused on auctions (offers) of products. However, service providers often advertise themselves on the platform looking for potential customers. It is also worth adding that the allegro group has more platforms. Recently, Allegro.pl has created a service tab, however the company does not focus its operating activities on it.

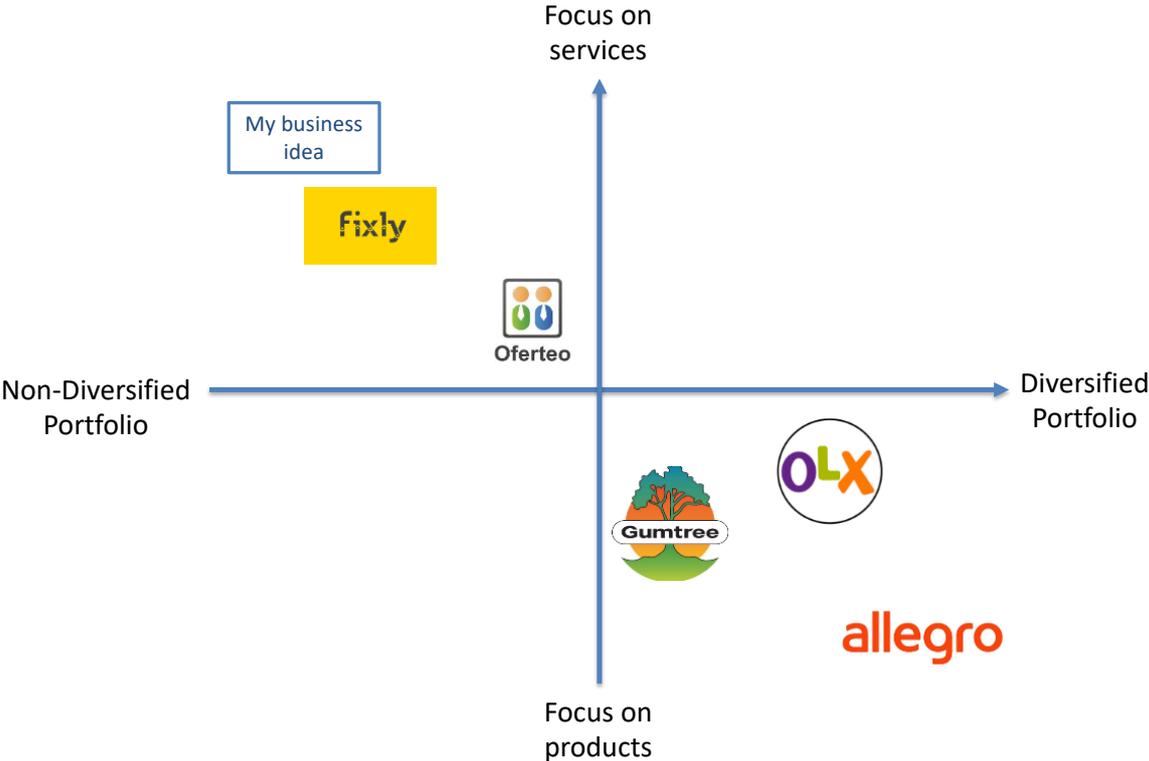
Olx.pl - an advertising website and IT company allowing for placing sales announcements and accommodation, established in March 2006 by two Internet entrepreneurs - Alejandro Oxenford (founder of Zinga, websites with telephone ringtones) and Fabrice Grind (founder of the South American website) Auction DeRemate.com). OLX acquired several websites, including Mundoanuncio.com, Edeng.cn and Tablica.pl. Tablica.pl was Polish website, which have been acquired by OLX Group. The OLX headquarters is in New York City, Buenos Aires, Poznan, Moscow and Beijing. It is available in around 45 countries and over 40 languages. Placing an offer on the website is for free in most categories. In these free categories, fees are only charged for the promotion of the announcement for 7 or 30 days. From 2016, the service charges fees, including in such categories as:

- Automotive,
- Real estate,
- Job.

The owner of Olx.pl – OLX Group is also the owner of other Polish platforms such as otomoto.pl, where people can buy or sell a car or fixly.pl.

Perceptual map was prepared to assess focus on services or products and diversity of offered services/products. The biggest Polish players focus mostly on products and their portfolio is very diversified. They offer thousands of products on their platforms. Of course, OLX and Gumtree focus also on services, but it is still not as important for them as products. The biggest competitors for our start-up are Fixly and Oferteo, because they focus mostly on services. The range of services offered by Fixly is not-diversified and focus mostly on renovations. Oferteo offers wider range of services in its portfolio. Our company is placed on the perceptual map above Fixly, because it will be focused only on services and at the beginning, diversification will be very low (only house renovations and car services).

Figure 2. Perceptual Map



Source: Own

4. Description of Services

4.1. Service Description

In the business description section, the service, which company will provide has been to some extent described. In this chapter, the service and the process of its purchase will be presented from the service provider point of view and the person who needs the service side.

First, the service is presented from the point of view of the person in need of the service. A person who needs a service can very easily create an offer using a platform or a mobile application. First, user must log in, and if he does not have an account on the platform, then register by filling out the form. In the next step, customer can start creating an offer, and to do this he must select the service category, fill in a few standard fields and in the last step add photos of the subject or place whose service is to be dealt with and a description of what is expected from the service provider.

The form that the customer will have to fill in during the offer will vary depending on the type of service. If, for example, it will be a washing machine repair, then it will have to provide the year of production, producer, model, etc. If on the other hand it will be the renovation of the apartment, he will have to give the yardage, number of rooms, date of the last renovation, type of walls or floors, etc. There will not be too many questions, and they will aim to bring the needs of the client to the service providers as accurately as possible.

It is worth to point out that creating an account and creating an offer are completely free. A person who needs a service does not bear any costs, even after concluding a contract with a service provider. The only fees that the customer may incur are related to the positioning of the offer.

After the offer is issued by the customer, service providers can submit their bids to provide the service, and the customer can choose the most advantageous for him and contact the service provider via the message on the portal. In addition, the client sees the provider's rating, which is determined based on previous transactions made with the participation of this service provider. In this way, the customer can check the credibility of the service provider.

In the second part, it is worth to focus on the point of view of the service provider. Before the service provider can submit a bid, the service provider must register on the platform and be verified by the platform's employees. Registration of course is completely free.

The service provider has access to a database containing all currently available offers. He can check it freely, but if he is interested in submitting a bid, he must pay to do so. For the purposes of this business plan, it was assumed that the fee for the submission of the offer will be PLN 5, however, the company plans to diversify the amount of the fee depending on the type of service offered. Regardless of the client's decision, the service provider incurs this fee.

When submitting the offer, the service provider describes with details how he plans to perform the service and provides a preliminary cost estimate. The form of submitting the offer will include a form in which the service provider indicates its availability and indicates the approximate value of the service. In addition, he also adds a description of what he will do. He can also upload additional documents such as a cost estimate etc. The whole process is very similar to the processes of conducting tenders.

To sum up, the platform is aimed at contacting people who need a service with people who can provide this service. The company uses the platform to create a market where demand and supply meet and can easily sign a deal.

4.2. Competitive Advantage

There are many features that distinguish this platform and the mobile application from other competitors on the market. They are presented below:

- The company focuses only on services - most of the competitors on the market offer both services and products, focusing more on products. The platform described in this business plan will only validate services, and the plans for the future are to expand range of services and geographical coverage, not introducing the sale of items. This makes the company completely dedicated to services.
- The company itself creates a network of service providers and new service providers are verified - before the platform starts operating in the next city, the company itself creates a network of service providers. It want to create big chain to ensure the customer,

that the service will be very fast. The company also oversees the quality of service providers. It is worth noting that every new service provider who wants to register on the platform is verified by the employees of the company. This makes, that the platform is safe for customers.

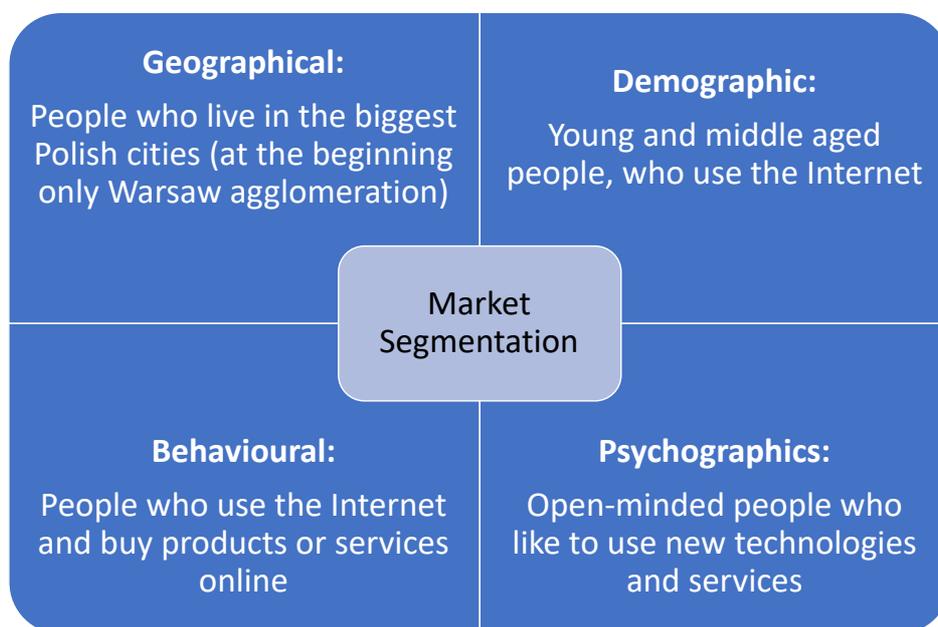
- No costs for a customer who needs a service - other companies charge a fee for creating a customer's offer, or charge a commission on the transaction (in the form of a percentage value from the total value of transaction). In the case of a company described in this business plan, the customer does not incur any fees (only additional, optional fees). All fees are borne by service providers.
- The ability to supervise and monitor the offer by the client - the majority of competitors on the market only ask to complete the form and send several offers to the user's email. In the case of this platform, the client manages the offer itself and it is fully personalized. He can choose any offer that best suits his preferences. The customer has full freedom.
- Easy access and simplicity of transaction - the company provides its services via an Internet platform as well as a mobile application for Android and iOS, which means that the user can create or monitor the offer regardless of where he is. In addition, the process of creating an offer, monitoring it and the transaction itself is very simple.
- Safety and service guarantee – platform ensures security by creating a ranking of service providers (each user of the service can evaluate it). In addition, the company provides a 3-month warranty period during which the customer can make a complaint and he/she will be contacted again with the service provider to clarify the problem and repair the defect.

5. Marketing & Sales Strategy

5.1. Market description (customers and the demand)

In order to analyse the market and demand, an analysis of potential clients in the form of market segmentation was prepared. Its results can be found on the chart below.

Figure 3. Market segmentation



Source: Own

Market segmentation shows the profile of the potential customer. The analysis focused on four aspects: geographical, demographic, behavioural and psychographics.

First, the focus was on the geographical aspect. Ultimately, the company plans to operate in the largest Polish cities. At the beginning, however, the platform will operate in the Warsaw metro area. The inhabitants of the city are recognized as potential customers and users of the platform.

In the next stage, the demographic aspect is analysed. The research presented in the chapter on the market confirms that mainly young and middle-aged people buy items or services on the Internet. Therefore, young and middle-aged people who are Internet users are potential clients of the company.

The last two points are behavioural and psychographic. They confirm that a potential customer is a person who eagerly uses online platforms and mobile applications. In addition, it is a person who buys items and services on the Internet. It is also worth adding that potential clients are open minded people who are not afraid of using new solutions.

There are many factors that will encourage users to use the platform. This is not just free access. They are also the simplicity of use, speed, security, as well as the freedom that the customer has when creating the offer and choosing the service provider.

5.2. Channels of distribution

For this project, distribution channels are obvious and very simple. The company is working on three distribution channels. These are:

- an internet platform,
- a mobile application for Android,
- a mobile application for iOS.

By these channels, the company will connect people who need a service with service providers, and generate revenues. First, an internet platform will be created, followed by mobile applications. Of course, prototypes will be created earlier. They will be presented to a selected group of service providers and clients, in order to evaluate and introduce changes.

5.3. Sales strategy

In order to analyse the sales strategy, 4Ps' analysis was carried out. The other name of it is marketing mix and it consists of 4 parts: product, price, place and promotion.

Product (service) - the product is a service enabling connection of a person in need of a service with a service provider. It is provided via an online platform or a mobile application. It is a modern, fast and secure service over which the team dealing with the platform watches over. In addition, the transaction itself is very simple, as described in the previous chapter In case of problems, the customer can apply for technical support, which will solve his problems within 12 hours.

Price - the company is characterized by a simple pricing policy. A person who needs a service does not pay anything for creating an offer (he only pays for additional services such as positioning), while service providers pay for making a bid. It is an innovative model because a person who needs help does not pay anything. It only pays to a service provider who has easy access to the offer database. In the future, the company is considering creating premium accounts for service providers instead of charging a fee for each offer submitted.

Place - the company operates in the e-commerce industry and sells services. The main distribution channel is the Internet. Therefore, the company operates using the online platform and mobile applications mentioned above. This enables easy and quick access to the service, regardless of where the customer is located. All the customer needs is internet access.

Promotion - promotion and marketing are very important for the company, which is why large amounts of money will be allocated for this. Firstly, the company's representatives will take part in trade fairs to bring the profile of business to a wider range of clients and service providers. The next, most important way to promote the product will be internet marketing. The company will use Google Ads and Facebook Ads to increase the number of users using the platform and the mobile application. Also, partnerships with other companies that will be interested in using the platform and word of mouth will be ways to promote the product. The target group to which the promotion will be addressed will be mainly people who often change their place of residence, such as students or young employees. In addition, the second very important target group are people who have bought or rented a new flat and need services.

6. Organization & Management

6.1. Founders and organisation

The team of the founders of the company consists of two people. The profiles of the start-up founders are presented below.

Karol Bąk - Master in Management student with the specialty of Entrepreneurship at Pompeu Fabra University - Barcelona School of Management. He is a graduate from Poznan University of Economics. There he received a Finance and Accounting Bachelor's degree with specialty Finance, audit and taxes. Moreover, he have received a Master's degree from Warsaw School of Economics, where he studied Finance and Accounting with a specialty in Corporate Finance. Karol has 2.5 years of professional experience. He started his professional career in July 2015, when he started internships at PKO Bank Polski, the largest Polish bank. Then he worked as a trainee in a business consulting start-up - Innovation. After moving to Warsaw he started working as an Analyst in PZU (the biggest Polish insurance company) in the Department of Product Management, where he worked for 1.5 years. Furthermore, he has experience in investment banking, shown through his time spent as an Intern at Bastion Group (Polish investment boutique). He is also the alumni of the London Study Excursion and during the project he has had the opportunity to visit the biggest investment banks and consulting companies in London. In addition, Karol was involved in work in many student organizations and projects, where he could confirm his leadership skills. Karol as the Chairman of the startup will be responsible for business, company and products development, and financials. In addition, in the initial stage of operating he will be responsible for marketing. After employing a marketing employee, Karol will support him.



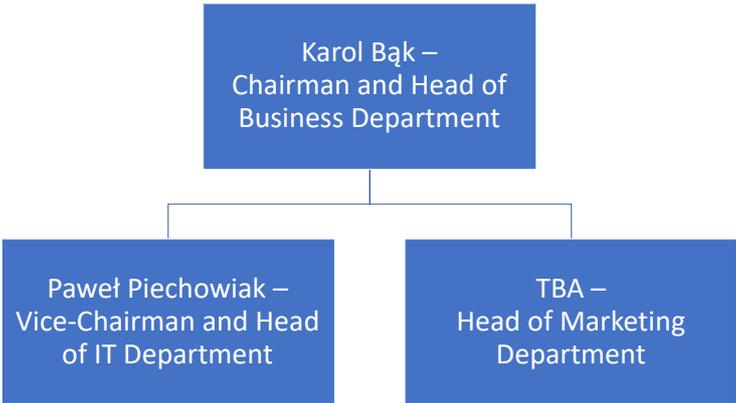
Paweł Piechowiak – Master in IT student at Poznan University of Technology. Paweł is a graduate from Poznan University of Technology. There he received an Automatic and Robotics Bachelor's degree. He is actively involved in academic life, he is currently the vice president of students' organization of IT at Poznan University of



Technology, which proves his leadership skills. He has one year of professional experienced as an IT developer. Paweł created many applications, websites and online stores as a worker in a software house. Actually, he works as a freelancer and he develops himself in the field of SEO (search engine optimization). He cooperated on larger projects on the scale of the entire country (Poland). Paweł has extensive experience in the design of websites, creating logic (backup) of websites and servers. In addition, during his career he created a lot of functionalities such as: online payments, database management and creating CRM (customer relationship management). Paweł has a very wide knowledge of programming, and in his work uses the following programming languages: PHP, Java, JavaScript, HTML5, CSS. Paweł as the Vice-Chairmen of the start-up will be responsible for creating and maintaining the platform. In addition, he will assist from the technical side, employees responsible for marketing.

Except the founders of the start-up, in the team will be a person responsible for Marketing and Promotions, which will be employed before the platform will be launched. In the IT team involved in the developing of the platform, which will be led by Paweł Piechowiak, there will be 3 people. Paweł Piechowiak - the main developer and project manager, and 2 people supporting him, who will be responsible for programming and design. After creating the platform Paweł will be responsible for maintaining the platform.

Figure 4. Structure of the company



Source: Own

The above graph shows the structure of the organization after starting the platform. The company will be run by 3 people: Karol Bąk will be responsible for business matters, Paweł Piechowiak will be responsible for IT. In addition, another person will be hired to run marketing

department. During the development of the platform, 2 programmers will be employed, who will work only during the development of the platform.

6.2. Operations of the company (Gantt chart)

In the next stage, Gantt chart was prepared to present the activities and time of their implementation until the start of operations. The of creating it is to structure the work and check what to do to start the next part of the project development. Chart is shown below on the next page.

First, the development of the business plan was presented on the chart. It will end in August 2019. The English version of the document will be completed at the turn of June and July. Then, the business plan will be matched to Polish standards.

In September, the process of obtaining external financing in the form of grants and loans will begin. At the same time, the process of platform development will begin, which will last until June 2020. In the meantime, in February 2020, the process of creating a network of service providers in the Warsaw metro area will begin. It will end in June 2020. At the beginning of July 2020, the launch of the platform is planned.

Figure 5. Gantt chart

Activity	2019												2020						
	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7
Developing Business Plan	█	█	█	█	█	█	█	█											
Acquisition of external financing									█	█	█	█							
Graphics development									█	█									
Website development											█	█	█						
Creating a chain of service providers															█	█	█	█	█
Developing Android / iOS applications															█	█			
Server Configuration																█			
Testing																	█		
Bug fixing																		█	█
Start of operations																			█

Source: Own

In September, the process of obtaining external financing in the form of grants and loans will begin. At the same time, the process of platform development will begin, which will last until June 2020. In the meantime, in February 2020, the process of creating a network of service providers in the Warsaw agglomeration will begin. It will end in June 2020. At the beginning of July 2020, the launch of the platform is planned.

6.3. Legal structure and licences

The company will operate as a limited liability company (sp. z o.o. - Polish designation). It is a commercial company that can be founded by one or more people (unless the regulations state otherwise). It is created for the implementation of every legally permitted goal, mostly for business purposes, but also for charitable purposes. (Source: B. Gnela i in. 2016, s. 47; W.J. Katner i in. 2017, s. 155) The minimum share capital of the company is PLN 5,000. The total cost of registration. with a minimum share capital of PLN 5,000, it is about PLN 400.

In the period between the establishment of the company and its registration, the company is called a limited liability company in organization. This type of company:

- can acquire rights and incur liabilities,
- can sue and be sued,
- operates under its own company, however with the note "in organization",
- is separated in terms of organization and property.

The limited liability company in the organization is represented by a management board or a proxy appointed by unanimous resolution of shareholders. (Source: Code of Commercial Companies – article 161)

For the company to work properly, it is necessary to purchase a license for the following programs and operating systems:

- Microsoft Windows 10 Pro – One of the most well-known operating systems in the world that allows the use of many necessary programs in the process of running a company and programming. Pro version is the best for small businesses or users needing enhanced functionality. It costs EUR 299.
- Microsoft Office 2019 - One of the most popular programs created by Microsoft Corporation. MS Office package includes software for editing documents, spreadsheets, presentations and managing an email inbox. It is indispensable in the company's work. The price for one company user costs EUR 10.80 per month.

- PhpStorm – the program provides an editor for PHP, HTML and JavaScript with on-the-fly code analysis, error prevention and automated refactoring for PHP and JavaScript code. It is possible to buy 1-month license for EUR 19 or annual subscription for EUR 199.

7. Financial Management

7.1. Assumptions

Before creating the financial model, assumptions were made to explain the individual values and simplify the calculation. They are presented below.

- All values are presented in Polish currency, which is Polish Zloty - PLN. EUR 1.00 = PLN 4.30.
- The forecast of financial results has been prepared for a period of 5 years. The first year was presented monthly.
- The value of corporate tax in Poland is 19%.
- There are 4 VAT rates in Poland: 23%, 8%, 5% and 0%. In order to simplify the calculation, a weighted average was calculated and it was found that the average VAT value is 20%. (Attached in Excel file)
- The company is financed with equity in the amount of PLN 50,000 in the first year of operation and PLN 70,000 by venture capital fund at the beginning of the third year
- The company will receive government subsidies in the amount of PLN 23,000 at the beginning of the first year.
- The company will take a government loan of PLN 100,000 at the beginning of the first year. The interest rate on the loan is 0.1%. The repayment period is 7 years.
- After completing work on the platform and the mobile application, they were brought to the company as Intangible Assets and are subject to amortization for a period of 10 years.
- The cost of capital for the online retail industry is 10.3% (Source: http://people.stern.nyu.edu/adamodar/New_Home_Page/datafile/wacc.htm)
- Perpetual growth rate of FCF has been set at 2%.

7.2. Estimation of revenues

The revenue forecast was prepared in two parts. First of all, the focus was on revenues from core activity of the company, i.e. sales of services. Secondly, the focus was on advertising revenue. It was assumed that within 5 years the company would not generate revenues from partnerships.

Figure 6. A summary of the core activity revenue for a 5-year period

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Number of offers	33	2 659	24 374	53 788	99 291
Number of bids	99	9 521	97 496	265 737	555 819
Number of positioned offers	0	0	1 219	2 689	4 965
Revenues	495	47 605	499 666	1 355 580	2 828 741

Source: Own

The core activity revenue forecast has been prepared for a 5-year period, monthly. For the first three years, the company will operate only in Warsaw. At the beginning of the fourth year, the company will start operations in Kraków and Poznań, and at the beginning of the 5th year, the company will operate in Gdańsk, Wrocław and Łódź. Above, a summary of the core activity revenue for a 5-year period is presented. The entire forecast is in the Excel file attached to the business plan.

It was assumed that in the first year and up to the 10th month of the second year 1, there will be 3 bids for 1 offer. In the last three months of the second year and throughout the third year, it was assumed that there will be 4 bids for 1 offer. In years 4 and 5 there will be 5 and 6 bids respectively for 1 offer. This data applies to Warsaw. In the first and second year of operations in Poznań and Kraków, for 1 offer there are respectively 4 and 5 bids. In the first year of operations in Łódź, Wrocław and Gdańsk, there will be 4 bids for 1 offer. There is also the assumption that one bid will cost PLN 5.

The company will also generate revenues from the positioning of offers. Positioning the offer will cost PLN 10, and the company assumes that 5% of all offers will be positioned.

The forecast of the company's core activity revenues was carried out monthly, and its results are presented in the table below. It is worth adding that for the first 9-10 months the company will focus on developing the platform and mobile application, and the sale of services desperately in the month 10.

Figure 7. A summary of the core activity revenue for first 12 months

	Year 1 Revenues												
Month	1	2	3	4	5	6	7	8	9	10	11	12	
Number of offers	0	0	0	0	0	0	0	0	0	0	5	10	18
Number of bids	0	0	0	0	0	0	0	0	0	0	15	30	54
Number of positioned offers	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenues	0	0	0	0	0	0	0	0	0	0	75	150	270

Source: Own

The second type of revenue that the company will generate during the first 5 years of operation are advertising revenues. In the Excel file, you can find simulations of revenues from two models. The first is the CPM (cost per mile) model where the customer pays for the number of views of his ad. The second model presented is the CPC (cost per click) model, where the customer pays for the number of clicks in his ad. The second model is more popular in Poland, which is why the company decided on it. The table below presents revenues from this title for a period of 5 years.

Figure 8. Advertising revenues in first 5 years

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Number of views	264	36 540	365 609	958 575	1 965 331
Number of ads	0	2	3	4	5
% of viewers who click on ad	5%	5%	5%	5%	5%
Revenue per click	0,3	0,3	0,4	0,4	0,5
Revenues	0	1 096	21 937	76 686	245 666

Source: Own

In this case, it was assumed that the number of advertisements on the platform will increase from 2 in the year 2 to 5 in the year 5. In addition, it was assumed that 5% of people visiting the platform will click on the advertisement, and revenue per click will increase from PLN 0.3 in the first year up to PLN 0.5 in the fifth year.

A summary of the entire revenue model can be found in the table below. It can be seen that in the first 5 years, the increase in revenues will be very large. It is worth paying attention to the large increase in the year 4 and 5, which is associated with the expansion of the company's operations to other cities.

Figure 9. Total revenues in first 5 years

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues - core business	495	47 605	499 666	1 355 580	2 828 741
Revenues - ads	0	1 096	21 937	76 686	245 666
Total Revenues	495	48 702	521 602	1 432 266	3 074 408

Source: Own

7.3. Estimation of costs

This paragraph aims to present the types and structure of costs in the company. All costs are shown and described below.

Salaries – first of all, it was assumed that within the first 2 years, the founders of the company will not collect their salary. They will receive a government salary of PLN 1,500 per month in the first year. It is a salary combined with a grant in the amount of PLN 23,000. For the first nine months, the company will pay salaries to employees, who will work on the creation of a platform. They will be students of the University of Technology in Poznań. The costs of one salary will amount to PLN 2000. In month 10, the person responsible for marketing will be hired, and her salary will cost PLN 2200 and will increase to PLN 2500 in the second year. Moreover, this person will get shares of the company and will become the third shareholder. In the third year, the salary of the person responsible for marketing will increase to PLN 4,000 per month. Two IT specialists will also be employed, and the cost of both salaries will be PLN 8,000 per month. The founders of the company will also start to receive money, which will cost PLN 8,000 a month. In the fourth year, one more IT specialist will be hired and one person will go to the marketing department. The total cost of IT staff will amount to PLN 16,000 a month, and the total cost of salary people from the marketing department will amount to PLN 10,000. The cost of the founders' salary will increase to PLN 20,000. In the fifth year, two more IT specialists will be employed and three new people for the marketing department. The total annual salary cost for all 12 people employed in the company will be PLN 1,152,000

Figure 10. Employment structure - permanent employees

Permanent Employees	Year 1	Year 2	Year 3	Year 4	Year 5
Business (1 founder)	1	1	1	1	1
IT Employees (1 founder)	1	1	3	4	6
Marketing Employees	1	1	1	2	5
Total Number of Permanent Employees	3	3	5	7	12

Source: Own

Cost of server – the monthly cost of the Advance-3 dedicated server is PLN 430, which gives an annual expense of PLN 5,160. For the first two years, the company will incur this cost. In the third year, as the company grows, it will need the equivalent of 3 servers. In the fourth year it will be the equivalent of 5 servers and in the fifth year 10 servers. The company will purchase servers via the ovh.pl website. (Source: <https://www.ovh.pl>)

Cost of internet domain – the cost of the internet domain in the first year is PLN 3 per year. In subsequent years, it is PLN 90 per year. (Source: <https://www.lh.pl>)

Cost of security certificates – the costs of online certificates are PLN 300 per year. They make it possible to maintain the safety of using the platform and the mobile application. (Source: <https://www.lh.pl>)

Cost of renting office – in the middle of the third year, an office will be rented on the outskirts of Warsaw. The monthly cost of renting it will be PLN 2,000. From the beginning of the fourth year, the company will move its headquarters to the center of Warsaw, where the cost of renting an office adapted for about 10 people will amount to PLN 4,200 per month in the fourth year and PLN 4,500 per month in the fifth year. (Source: <https://www.gumtree.pl>)

Cost of utilities – these costs include telephone subscription costs, electricity, gas bills, etc. (from the middle of the third year) and cleaning services (from the middle of the third year)

Cost of advisory – the company assumes that along with the development of the company and expanding its activities with new services and cities, it will need additional services, such as legal services.

Cost of marketing – as the business develops, the company will spend more and more funds on marketing. It will be both internet marketing as well as advertising in professional magazines. In addition, the company's representatives will take part in trade fairs. The company will eventually spend marketing expenses from the 10th month, the first year and they will amount to PLN 2,500 per month. In the second year, the company will allocate PLN 36,000 for marketing. In the next three years, this sum will increase to PLN 1,800,000 in the third year, PLN 600,000 in the fourth year, PLN 1,200,000 in the fifth year.

Other costs - the company is aware that other costs that have not been included in this financial model may be incurred, and therefore they are included as other costs.

Figure 11. A summary of costs for first 12 months

Month	Year 1 Costs											
	1	2	3	4	5	6	7	8	9	10	11	12
Salaries	2 000	2 000	4 000	4 000	4 000	2 000	2 000	2 000	2 000	2 200	2 200	2 200
Cost of Server	430	430	430	430	430	430	430	430	430	430	430	430
Cost of Internet Domain	3	0	0	0	0	0	0	0	0	0	0	0
Cost of Security Certificates	300	0	0	0	0	0	0	0	0	0	0	0
Cost of Renting Office	0	0	0	0	0	0	0	0	0	0	0	0
Cost of Utilities	0	0	0	0	0	0	0	0	0	100	100	100
Cost of Advisory (eg. Legal)	0	0	0	0	0	0	0	0	500	500	0	0
Marketing Costs	0	0	0	0	0	0	0	0	0	2 500	2 500	2 500
Other Costs	0	0	0	0	0	0	0	0	0	0	0	0
Total Costs	2 733	2 430	4 430	4 430	4 430	2 430	2 430	2 430	2 930	5 730	5 230	5 230

Source: Own

The table above shows a summary of costs for first 12 months. In the first month, the costs of the Internet domain and the costs of security certificates were incurred. The company incurs a fixed fee for the server within 12 months. In addition, during the first 9 months, the cost structure is dominated by salaries for temporary employees involved in creating a platform and a mobile application. From the 10th month, there are fixed salary costs for a person from the marketing department as well as promotion and marketing costs.

Figure 12. A summary of costs for first 5 years

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Salaries	30 600	30 000	336 000	552 000	1 152 000
Cost of Server	5 160	5 160	15 480	25 800	51 600
Cost of Internet Domain	3	90	90	90	90
Cost of Security Certificates	300	300	600	2 400	12 000
Cost of Renting Office	0	0	12 000	50 400	54 000
Cost of Utilities	300	1 200	8 400	14 400	24 000
Cost of Advisory (eg. Legal)	1 000	1 000	2 000	5 000	10 000
Marketing Costs	7 500	36 000	180 000	600 000	1 200 000
Other Costs	0	600	1 200	2 400	3 600
Total Costs	44 863	74 350	555 770	1 252 490	2 507 290

Source: Own

Looking at the cost structure within 5 years, it can be seen that salary and marketing costs dominate as in the first year. It is also worth noting that server costs are constantly increasing with the growth of the platform, and that from the third year there are significant rental costs.

7.4. Depreciation and Amortization

Before the forecast of the financial statements for the period of 5 years was prepared, the list of assets that will be purchased in a given period was first made. In addition, the depreciation and amortization value were calculated. The table, which shows the purchased assets can be found in the Appendices (see Attachment 11).

It should be mentioned that for the first 9 months the project team will work on creating a platform and a mobile application. As a result, they are brought to the company as intangible assets and their amortization starts in the 10th month of the first year. It will be amortized over 10 years. The following tables provide information about this asset and its amortization.

Figure 13. Value and amortization of the platform and mobile application

Item	Value	Units	Month of implementation	Amortization term (months)	Monthly value of amortization	Annual value of amortization
Platform and Application	30 000	1	10	120	250,0	3 000,0

Source: Own

In order to create financial statements for the first year of the company's operation (monthly), monthly depreciation and amortization values of assets that were purchased in the first year were

prepared. The table below presents the amortization and depreciation of these assets in the first year. The amortization time of assets such as MS Office 2019 and PhpStorm lasts only one year (the license is valid for 1 year), therefore the value of their monthly amortization is relatively high.

Figure 14. Depreciation/Amortization In year 1 (monthly)

Month	Year 1 Depreciation/Amortization												Annual	
	1	2	3	4	5	6	7	8	9	10	11	12		
Laptop HP Pavillon 15	66,7	66,7	66,7	66,7	66,7	66,7	66,7	66,7	66,7	66,7	66,7	66,7	66,7	800,0
MS Windows 10 Pro	18,3	18,3	18,3	18,3	18,3	18,3	18,3	18,3	18,3	18,3	18,3	18,3	18,3	220,0
MS Office 365 Pro	135,5	135,5	135,5	135,5	135,5	135,5	135,5	135,5	135,5	135,5	135,5	135,5	135,5	1 625,4
PhpStorm	213,9	213,9	213,9	213,9	213,9	213,9	213,9	213,9	213,9	213,9	213,9	213,9	213,9	2 567,1
Platform and Application	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	250,0	250,0	250,0	250,0	750,0
Total Depreciation/Amort	434,4	434,4	434,4	434,4	434,4	434,4	434,4	434,4	434,4	684,4	684,4	684,4	684,4	5 962,5
Accumulated Depr/Amort	434,4	868,8	1 303,1	1 737,5	2 171,9	2 606,3	3 040,6	3 475,0	3 909,4	4 593,8	5 278,1	5 962,5	11 925,0	

Source: Own

In the next step, amortization and depreciation values were estimated for the first 5 years of the company's operations. In the first three years, amortization of intangible assets is greater than the depreciation of tangible assets, due to the fact that the company invests less in tangible assets, focusing more on having software that will enable its effective operation. The table below confirms these conclusions.

Figure 15. Depreciation/Amortization In first 5 years

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Laptop HP Pavillon 15	800,0	1 600,0	3 200,0	4 000,0	5 600,0
Apple Macbook Pro 13	0,0	0,0	0,0	1 500,0	6 000,0
Apple Macbook Pro 15	0,0	0,0	0,0	0,0	2 800,0
iPhone	0,0	500,0	500,0	1 500,0	6 000,0
MS Windows 10 Pro	220,0	440,0	880,0	1 100,0	1 540,0
MS Office 365 Pro	1 625,4	1 625,4	2 709,0	3 792,6	6 501,6
PhpStorm	2 567,1	855,7	2 567,1	3 422,8	5 134,2
Furnitures	0,0	0,0	300,0	1 200,0	1 800,0
Car	0,0	0,0	0,0	0,0	6 250,0
Platform and Application	750,0	3 000,0	3 000,0	3 000,0	3 000,0
Total Depreciation/Amort	5 962,5	8 021,1	13 156,1	19 515,4	44 625,8
Accumulated Depr/Amort	5 962,5	13 983,6	27 139,7	46 655,1	91 280,9

Source: Own

In addition, program licenses are usually purchased for 1 year, therefore the amortization period lasts only 12 months. In the fourth and fifth year, the company begins to invest more in tangible assets, which is why the annual value of depreciation starts to increase.

7.5. Balance sheet

The next part of this financial model focuses on presenting the specific elements of the financial statements. The Balance Sheet is shown first. As in the case of previous calculations, first Balance Sheet for the first year (monthly) and Balance Sheet for the first 5 years of the company's operation were presented. Figure 15 and Figure 16 show these balance sheets.

Figure 15. Balance Sheet In year 1 (monthly)

Year 1 - Balance Sheet												
ASSETS	1	2	3	4	5	6	7	8	9	10	11	12
Tangible Assets	4 000,0	4 000,0	4 000,0	4 000,0	4 000,0	4 000,0	4 000,0	4 000,0	4 000,0	4 000,0	4 000,0	4 000,0
Intangible Assets	5 292,5	5 292,5	5 292,5	5 292,5	5 292,5	5 292,5	5 292,5	5 292,5	5 292,5	35 292,5	35 292,5	35 292,5
Accumulated Depr. and Amort.	434,4	868,8	1 303,1	1 737,5	2 171,9	2 606,3	3 040,6	3 475,0	3 909,4	4 593,8	5 278,1	5 962,5
TOTAL FIXED ASSETS	8 858,1	8 423,8	7 989,4	7 555,0	7 120,6	6 686,3	6 251,9	5 817,5	5 383,1	34 698,8	34 014,4	33 330,0
VAT Recoverable	2 085,1	86,0	86,0	86,0	86,0	86,0	86,0	86,0	186,0	691,0	576,0	552,0
Provisions	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Inventories	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	200,0	200,0	200,0
Trade Receivables	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Cash and Cash Equivalents	158 294,7	156 669,1	151 044,4	145 419,7	139 795,0	136 170,3	132 545,6	128 920,9	124 696,2	117 341,5	111 181,8	105 051,1
TOTAL CURRENT ASSETS	160 379,8	156 755,1	151 130,4	145 505,7	139 881,0	136 256,3	132 631,6	129 006,9	124 882,2	118 232,5	111 957,8	105 803,1
TOTAL ASSETS	169 237,9	165 178,9	159 119,8	153 060,7	147 001,6	142 942,6	138 883,5	134 824,4	130 265,3	152 931,3	145 972,2	139 133,1
EQUITY AND LIABILITIES	1	2	3	4	5	6	7	8	9	10	11	12
Share Capital	50 000,0	50 000,0	50 000,0	50 000,0	50 000,0	50 000,0	50 000,0	50 000,0	50 000,0	80 000,0	80 000,0	80 000,0
Reserves	400,0	20 224,3	17 351,7	12 479,2	7 606,8	2 734,4	-137,8	-3 009,9	-5 881,9	-9 253,8	-15 600,6	-21 372,4
Profit for the month	19 824,3	-2 872,6	-4 872,5	-4 872,4	-4 872,3	-2 872,2	-2 872,1	-2 872,0	-3 371,9	-6 346,8	-5 771,7	-5 651,6
TOTAL EQUITY	70 224,3	67 351,7	62 479,2	57 606,8	52 734,4	49 862,2	46 990,1	44 118,1	40 746,2	64 399,4	58 627,6	52 976,0
Non-current Liabilities	98 813,6	97 627,2	96 440,6	95 254,0	94 067,2	92 880,3	91 693,4	90 506,3	89 319,2	88 131,9	86 944,6	85 757,1
Current Liabilities	200,0	200,0	200,0	200,0	200,0	200,0	200,0	200,0	200,0	400,0	400,0	400,0
TOTAL LIABILITIES	99 013,6	97 827,2	96 640,6	95 454,0	94 267,2	93 080,3	91 893,4	90 706,3	89 519,2	88 531,9	87 344,6	86 157,1
TOTAL EQUITY AND LIABILITIES	169 237,9	165 178,9	159 119,8	153 060,7	147 001,6	142 942,6	138 883,5	134 824,4	130 265,3	152 931,3	145 972,2	139 133,1

Source: Own

In the first month, the company has only tangible assets, Intangible assets, VAT recoverable and cash and cash equivalents on the asset side. Of course, their value decreases month by month because fixed assets are subject to amortization and depreciation, and cash and cash equivalents are spent to cover the costs of activity that serves to create a platform (this is presented in the income statement).

The owners of the company contributed to the company share capital in the amount of PLN 50,000 in the first month. The company will also receive a government loan (aimed at

supporting start-ups) in the amount of PLN 100,000. It should be noted that in month 10, share capital is increased due to bringing the platform and application to the company.

In the first month, the company has a positive profit of the month, but in the following months the company does not generate revenues, therefore it generates a loss (it is presented in the income statement).

Figure 16. Balance Sheet In first 5 years.

ASSETS	Year 1	Year 2	Year 3	Year 4	Year 5
Tangible Assets	4 000,0	10 000,0	24 000,0	45 500,0	164 000,0
Intangible Assets	35 292,5	38 873,6	46 349,7	54 665,1	68 500,9
Accumulated Depr. and Amort.	5 962,5	13 983,6	27 139,7	46 655,1	91 280,9
TOTAL FIXED ASSETS	33 330,0	34 890,0	43 210,0	53 510,0	141 220,0
VAT Recoverable	552,0	1 265,1	-5 957,2	0,0	0,0
Provisions	0,0	0,0	0,0	0,0	0,0
Inventories	200,0	2000,0	4000,0	6000,0	10000,0
Trade Receivables	0,0	0,0	0,0	0,0	0,0
Cash and Cash Equivalents	105 051,1	52 669,4	6 568,5	59 342,7	189 263,9
TOTAL CURRENT ASSETS	105 803,1	55 934,5	4 611,3	65 342,7	199 263,9
TOTAL ASSETS	139 133,1	90 824,5	47 821,3	118 852,7	340 483,9
EQUITY AND LIABILITIES	Year 1	Year 2	Year 3	Year 4	Year 5
Share Capital	80 000,0	80 000,0	120 000,0	120 000,0	120 000,0
Reserves	400,0	-27 024,0	-61 875,4	-131 207,3	-47 690,1
Profit for the year	-27 424,0	-34 851,5	-69 331,8	83 517,1	233 331,1
TOTAL EQUITY	52 976,0	18 124,6	-11 207,3	72 309,9	305 641,0
Non-current Liabilities	85 757,1	71 499,9	57 228,5	42 942,8	28 642,9
Current Liabilities	400,0	1 200,0	1 800,0	3 600,0	6 200,0
TOTAL LIABILITIES	86 157,1	72 699,9	59 028,5	46 542,8	34 842,9
TOTAL EQUITY AND LIABILITIES	139 133,1	90 824,5	47 821,3	118 852,7	340 483,9

Source: Own

When looking at a company in a five-year period, it is worth paying attention to the balance sheet total. It decreases until the end of the third year and then begins to increase. This is mainly related to profitability of the company. The company begins to generate profits in the fourth year, which is why the value of "Profit for the year" begins to take positive values, which increases the value of Equity. In addition, the owners will look for venture capital financing in the amount of PLN 40,000 in the third year. On the assets side, the value of cash and cash

equivalents increases. In addition, the company decides to invest in tangible and intangible assets such as new computers, telephones, a car and, of course, software. Looking at liabilities, it can be noticed that the value of them declines year by year, because the company still repays the loan it received in year 1. The company has small current liabilities, which are usually connected with paying bills. Usually the company pays immediately its supplier (mainly software supplier). In the first years, liabilities dominate over equity, but from the third year Equity is already bigger than liabilities.

7.6. Income statement

The next part of the financial statement is the income statement. Analogically to the balance sheet, tables below show income statement for year 1 (monthly) and income statement for the five year period.

Figure 17. Income statement In year 1 (monthly)

P&L	Year 1 - Profit & Loss Statement												
	1	2	3	4	5	6	7	8	9	10	11	12	
Revenues	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	75,0	150,0	270,0
Received Grants	23 000,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
COGS	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
GROSS MARGIN	23 000,0	0,0	75,0	150,0	270,0								
Salaries	2 000,0	2 000,0	4 000,0	4 000,0	4 000,0	2 000,0	2 000,0	2 000,0	2 000,0	2 200,0	2 200,0	2 200,0	2 200,0
Depreciation and Amort.	434,4	434,4	434,4	434,4	434,4	434,4	434,4	434,4	434,4	684,4	684,4	684,4	684,4
Cost of Server	430,0	430,0	430,0	430,0	430,0	430,0	430,0	430,0	430,0	430,0	430,0	430,0	430,0
Cost of Internet Domain	3,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Cost of Security Certificates	300,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Cost of Renting Office	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Cost of Utilities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	100,0	100,0	100,0	100,0
Cost of Advisory (eg. Legal)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	500,0	500,0	0,0	0,0	0,0
Marketing Costs	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2 500,0	2 500,0	2 500,0	2 500,0
Other Costs	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
OPERATING INCOME	19 832,6	-2 864,4	-4 864,4	-4 864,4	-4 864,4	-2 864,4	-2 864,4	-2 864,4	-3 364,4	-6 339,4	-5 764,4	-5 644,4	-5 644,4
Financial Income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Financial Expenses	8,3	8,2	8,1	8,0	7,9	7,8	7,7	7,6	7,5	7,4	7,3	7,2	7,2
INCOME BEFORE TAX	19 824,3	-2 872,6	-4 872,5	-4 872,4	-4 872,3	-2 872,2	-2 872,1	-2 872,0	-3 371,9	-6 346,8	-5 771,7	-5 651,6	-5 651,6
Corporate Tax													0,0
NET INCOME	19 824,3	-2 872,6	-4 872,5	-4 872,4	-4 872,3	-2 872,2	-2 872,1	-2 872,0	-3 371,9	-6 346,8	-5 771,7	-5 651,6	-5 651,6

Source: Own

In the first month, the company received a grant of PLN 23,000, which was included in the income statement, however the company did not receive revenues for the first nine months. Small revenues have appeared in recent months. In addition to the first month, costs significantly exceed revenue, which means that the company generates a loss. The company incurs the largest costs on salaries, and from 10 months on marketing as well.

It is worth noting that COGS is equal to 0, because the company has only fixed costs related to, for example, the purchase of a server. In connection with the above, the gross margin is never

less than 0. Looking at the first year, operating margin (EBIT) is always negative (except for the first month). The company incurs financial expenses because of the loan it took at the beginning of the first year. Therefore, income from tax from the entire first year is negative, which is why the company does not pay corporate tax. Income before tax is equal to net income.

Analysing the period of five years, it can be noticed that the revenues are growing very quickly year after year, which is connected with high expenditures on promotions and development of the range of services and cities in which the activity is conducted. Salaries and marketing costs dominate in costs, which also grow very fast year by year. From the fourth year, operating income is positive, which means that the company's operating activity is starting to generate profits. The company still pays interest on the loan, which can be seen as financial expenses. In the fourth and fifth year, income before tax is positive, however, due to losses in the first three years, the company does not pay corporate tax in year 4 and pays it only in year 5. Net income in 4 and 5 is positive, and therefore the company has become profitable.

Figure 18. Income statement In first 5 years

P&L	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	495,0	47 605,4	499 665,8	1 355 579,8	2 828 741,5
Received Grants	23 000,0	0,0	0,0	0,0	0,0
COGS	0,0	0,0	0,0	0,0	0,0
GROSS MARGIN	23 495,0	47 605,4	499 665,8	1 355 579,8	2 828 741,5
Salaries	30 600,0	30 000,0	336 000,0	552 000,0	1 152 000,0
Depreciation and Amort.	5 962,5	8 021,1	13 156,1	19 515,4	44 625,8
Cost of Server	5 160,0	5 160,0	15 480,0	25 800,0	51 600,0
Cost of Internet Domain	3,0	90,0	90,0	90,0	90,0
Cost of Security Certificates	300,0	300,0	600,0	2 400,0	12 000,0
Cost of Renting Office	0,0	0,0	12 000,0	50 400,0	54 000,0
Cost of Utilities	300,0	1 200,0	8 400,0	14 400,0	24 000,0
Cost of Advisory (eg. Legal)	1 000,0	1 000,0	2 000,0	5 000,0	10 000,0
Marketing Costs	7 500,0	36 000,0	180 000,0	600 000,0	1 200 000,0
Other Costs	0,0	600,0	1 200,0	2 400,0	3 600,0
OPERATING INCOME	-27 330,5	-34 765,7	-69 260,3	83 574,4	276 825,7
Financial Income	0,0	0,0	0,0	0,0	0,0
Financial Expenses	93,5	85,8	71,5	57,2	42,9
INCOME BEFORE TAX	-27 424,0	-34 851,5	-69 331,8	83 517,1	276 782,7
Corporate Tax	0,0	0,0	0,0	0,0	43 451,6
NET INCOME	-27 424,0	-34 851,5	-69 331,8	83 517,1	233 331,1

Source: Own

The following tables show financial and debt ratios. The first table shows ratios for the first year per month, while the second table shows ratios for the first 5 years per year.

Figure 19. Financial and debt ratios in year 1 monthly

Month	Year 1 Ratios											
	1	2	3	4	5	6	7	8	9	10	11	12
Sales Growth	-	-	-	-	-	-	-	-	-	-	100,0%	80,0%
EBIT	19 832,6	-2 864,4	-4 864,4	-4 864,4	-4 864,4	-2 864,4	-2 864,4	-2 864,4	-3 364,4	-6 339,4	-5 764,4	-5 644,4
EBITDA	20 267,0	-2 430,0	-4 430,0	-4 430,0	-4 430,0	-2 430,0	-2 430,0	-2 430,0	-2 930,0	-5 655,0	-5 080,0	-4 960,0
Return on Assets	140,6%	-20,9%	-36,7%	-38,2%	-39,8%	-24,1%	-24,8%	-25,6%	-31,1%	-49,8%	-47,4%	-48,7%
Return on Equity	338,8%	-51,2%	-93,6%	-101,5%	-110,9%	-69,1%	-73,3%	-78,1%	-99,3%	-118,3%	-118,1%	-128,0%
Debt Ratio	58,5%	59,2%	60,7%	62,4%	64,1%	65,1%	66,2%	67,3%	68,7%	57,9%	59,8%	61,9%
Quality of Debt	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%	0,5%	0,5%	0,5%

Source: Own

Figure 20. Financial and debt ratios in first 5 years

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Sales Growth	-	9517,3%	949,6%	171,3%	108,7%
EBIT	-27 330,5	-34 765,7	-69 260,3	83 574,4	276 825,7
EBITDA	-21 368,0	-26 744,6	-56 104,2	103 089,8	321 451,5
Return on Assets	-19,7%	-38,4%	-145,0%	70,3%	68,5%
Return on Equity	-51,8%	-192,3%	-	115,5%	76,3%
Debt Ratio	61,9%	80,0%	123,4%	39,2%	10,2%
Quality of Debt	0,5%	1,7%	3,0%	7,7%	17,8%

Source: Own

Sales growth in both the first and the next year is very high. Revenues are growing very fast, as the company is in its initial form of development. Of course, with each subsequent year, the increase is getting smaller, but remaining at a very high level at the end of the year 5.

For the first three years, EBIT and EBITDA are negative, which is due to the fact that the company incurs a loss from operating activities. The breakthrough year is the fourth year, when the company generates a positive EBIT and EBITDA, which in the 5th year, continue to increase.

Similarly to EBIT and EBITDA, Return on Assets (ROA) and Return on Equity (ROE) are negative in the first 3 years (ROE for year 3 is not shown because Equity is negative), and in the year 4 and 5 they are positive values, which are at the same time very high and testify to the company's high profitability.

For the first three years, the company mainly uses debt, however, since year 4, equity is much higher than liabilities. The quality of debt ratio is very low, because the level of current liabilities is low, and long-term debt financing dominates in debt structure.

7.7. Cash flow statement

The last presented part of the financial statements is the cash flow statement. Again, the authors focused on the analysis of the first year (monthly) and 5 years (annually). The cash flow statement consists of the operational, investment and financial part, which is why, paying attention to this division, the cash flow of the company was analysed. The table, which is presented below shows cash flow statement in year 1 (monthly).

Figure 21. Cash flow statement in year 1 (monthly)

Cash Flow Statement	Year 1 - Cash Flow											
	1	2	3	4	5	6	7	8	9	10	11	12
Revenues	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	75,0	150,0	270,0
Extraordinary Income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
TOTAL REVENUES	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	75,0	150,0	270,0
Salaries	2 000,0	2 000,0	4 000,0	4 000,0	4 000,0	2 000,0	2 000,0	2 000,0	2 000,0	2 200,0	2 200,0	2 200,0
Server Expenses	430,0	430,0	430,0	430,0	430,0	430,0	430,0	430,0	430,0	430,0	430,0	430,0
Internet Domain Expenses	3,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Security Certificates Expenses	300,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Renting Office Expenses	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Utilities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	100,0	100,0	100,0
Advisory Expenses	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	500,0	500,0	0,0	0,0
Marketing Expenses	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2 500,0	2 500,0	2 500,0
Formation Expenses	400,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other Expenses	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
TOTAL EXPENSES	3 133,0	2 430,0	4 430,0	4 430,0	4 430,0	2 430,0	2 430,0	2 430,0	2 930,0	5 730,0	5 230,0	5 230,0
CASH FROM OPERATIONS	-3 133,0	-2 430,0	-4 430,0	-4 430,0	-4 430,0	-2 430,0	-2 430,0	-2 430,0	-2 930,0	-5 655,0	-5 080,0	-4 960,0
Sales of Property	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Purchase of Equipment	9 292,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
CASH FROM INVESTING	-9 292,5	0,0	0,0									
Share Capital	50 000,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Received Grants	23 000,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Loans	100 000,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Financial Income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Loan Repayment	1 186,4	1 186,5	1 186,6	1 186,7	1 186,8	1 186,9	1 187,0	1 187,1	1 187,2	1 187,3	1 187,4	1 187,5
Loan Interest Expense	8,3	8,2	8,1	8,0	7,9	7,8	7,7	7,6	7,5	7,4	7,3	7,2
VAT Differential	2 085,1	86,0	86,0	86,0	86,0	86,0	86,0	86,0	186,0	691,0	576,0	552,0
VAT Payment to Tax Admin.	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Corporate Tax Payment	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
CASH FROM FINANCING	169 720,2	-1 280,7	-1 380,7	-1 885,7	-1 770,7	-1 746,7						
CASH FLOW	157 294,7	-3 710,7	-5 710,7	-5 710,7	-5 710,7	-3 710,7	-3 710,7	-3 710,7	-4 310,7	-7 540,7	-6 850,7	-6 706,7
ACCUMULATED CASH FLOW	157 294,7	153 584,0	147 873,3	142 162,6	136 451,9	132 741,2	129 030,5	125 319,8	121 009,1	113 468,4	106 617,7	99 911,0

Source: Own

In the first year, in each analysed month the company has a negative cash flow from operations, because in the first nine months it does not bring any revenues, and in the next three months they are small. On the other hand, the company incurs large expenditures to enable the company to function, which is why cash flow from operations is negative in the first year.

Cash flow from investing is also negative in the first year, however, it can be seen that the company invests only in the first month by purchasing the necessary assets.

Cash flow from investing is positive in the first year, which is related to the fact that the owners have invested their capital, the company received a government grant and the company took a loan. All these cash receipts were made in the first month of the company's operations. In the following months of the first year cash flow from investing is negative, however the sum from the first year is positive.

Summing up cash flow for the first year, it is positive, mainly due to large cash inflows in the first month of operation. At the end of the year, the company still has a lot of money (PLN 91,911) and it can continue its operations next year.

The next table, which is presented below show cash flow statement in first 5 years. Until the end of the third year cash flow from operations is negative. From the 4th year, it begins to be positive. This indicates that for the first three years the company does not generate cash from operating activities, however, the situation has been changing since the fourth year and the company generates cash from operating activities, which is associated with a faster increase in revenues than costs.

Figure 22. Cash flow statement in first 5 years

Cash Flow Statement	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	495,0	47 605,4	499 665,8	1 355 579,8	2 828 741,5
Extraordinary Income	0,0	0,0	0,0	0,0	0,0
TOTAL REVENUES	495,0	47 605,4	499 665,8	1 355 579,8	2 828 741,5
Salaries	30 600,0	30 000,0	336 000,0	552 000,0	1 152 000,0
Server Expenses	5 160,0	5 160,0	15 480,0	25 800,0	51 600,0
Internet Domain Expenses	3,0	90,0	90,0	90,0	90,0
Security Certificates Expenses	300,0	300,0	600,0	2 400,0	12 000,0
Renting Office Expenses	0,0	0,0	12 000,0	50 400,0	54 000,0
Utilities	300,0	1 200,0	8 400,0	14 400,0	24 000,0
Advisory Expenses	1 000,0	1 000,0	2 000,0	5 000,0	10 000,0
Marketing Expenses	7 500,0	36 000,0	180 000,0	600 000,0	1 200 000,0
Formation Expenses	400,0	0,0	0,0	0,0	0,0
Other Expenses	0,0	600,0	1 200,0	2 400,0	3 600,0
TOTAL EXPENSES	45 263,0	74 350,0	555 770,0	1 252 490,0	2 507 290,0
CASH FROM OPERATIONS	-44 768,0	-26 744,6	-56 104,2	103 089,8	321 451,5
Sales of Property	0,0	0,0	0,0	0,0	0,0
Purchase of Equipment	9 292,5	9 581,1	21 476,1	29 815,4	132 335,8
CASH FROM INVESTING	-9 292,5	-9 581,1	-21 476,1	-29 815,4	-132 335,8
Share Capital	50 000,0	0,0	70 000,0	0,0	0,0
Received Grants	23 000,0	0,0	0,0	0,0	0,0
Loans	100 000,0	0,0	0,0	0,0	0,0
Financial Income	0,0	0,0	0,0	0,0	0,0
Loan Repayment	14 242,9	14 257,2	14 271,4	14 285,7	14 300,0
Loan Interest Expense	93,5	85,8	71,5	57,2	42,9
VAT Differential	4 692,1	1 265,1	-51 683,9	-125 054,9	-268 223,1
VAT Payment to Tax Admin.	0,0	0,0	45 726,7	125 054,9	268 223,1
Corporate Tax Payment	0,0	0,0	0,0	0,0	43 451,6
CASH FROM FINANCING	153 971,5	-15 608,1	61 614,3	-14 342,9	-57 794,5
CASH FLOW	99 911,0	-51 933,8	-15 966,0	58 931,4	131 321,2
ACCUMULATED CASH FLOW	99 911,0	47 977,3	32 011,3	90 942,7	222 263,9

Source: Own

Cash flow from investing is negative in each of the five years, which is good for the company because it shows that it invests in assets to increase profitability and develop itself.

Cash flow from financing is positive in the first and third year. In the third year, there is a recapitalization of PLN 70,000 by venture capital fund. In other years, cash from investing is negative, due to taxes and loan repayment.

7.8. NPV and IRR

The final step of the financial model was the company's valuation and the calculation of NPV and IRR. It is presented in the table below.

Figure 23. Free cash flow, NPV and IRR

	Year 1	Year 2	Year 3	Year 4	Year 5	
EBIT	-27 330,5	-34 765,7	-69 260,3	83 574,4	276 825,7	
-Taxes	0,0	0,0	0,0	0,0	43 451,6	
NOPAT	-27 330,5	-34 765,7	-69 260,3	83 574,4	233 374,1	
+Depreciation	5 962,5	8 021,1	13 156,1	19 515,4	44 625,8	
OCF	-21 368,0	-26 744,6	-56 104,2	103 089,8	277 999,9	
- Change in WC	0,0	-1 000,0	-1 400,0	-200,0	-1 400,0	
+/-Capex	-59 292,5	-9 581,1	-91 476,1	-29 815,4	-132 335,8	Continuation Value
FCF	-80 660,5	-37 325,7	-148 980,3	73 074,4	144 264,1	1 772 884
Cost of Capital	10,3%					
NPV	1 000 897,8					
IRR	70,8%					

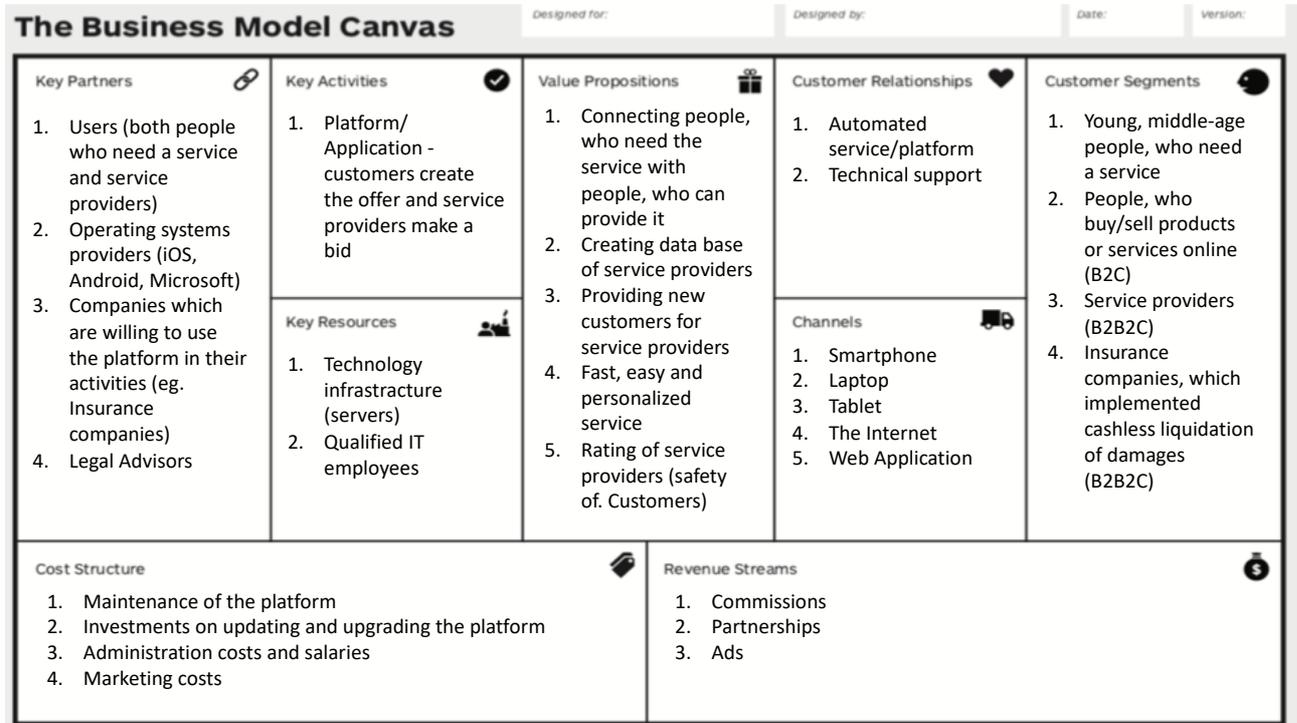
Source: Own

The DCF (discounted cash flow) model was used in the valuation process. It was assumed that the cost of capital is 10.3%. Perpetual growth rate of FCF has been set at 2%. Firstly, Free Cash Flow (FCF) was calculated. It is negative in the first three years, while in 4 and 5 it is positive. The continuation value is also calculated, which is PLN 1,772,884.

In the next step, he focused on the determination of NPV and IRR. NPV is positive and amounts to PLN 1,000,897.8. This shows that the investment in the company is profitable for the founders of the start-up. IRR also has a very high value (70.8%), which is much higher than the value of cost of capital. The above data confirms that investment in this business is very profitable and guarantees high rates of return.

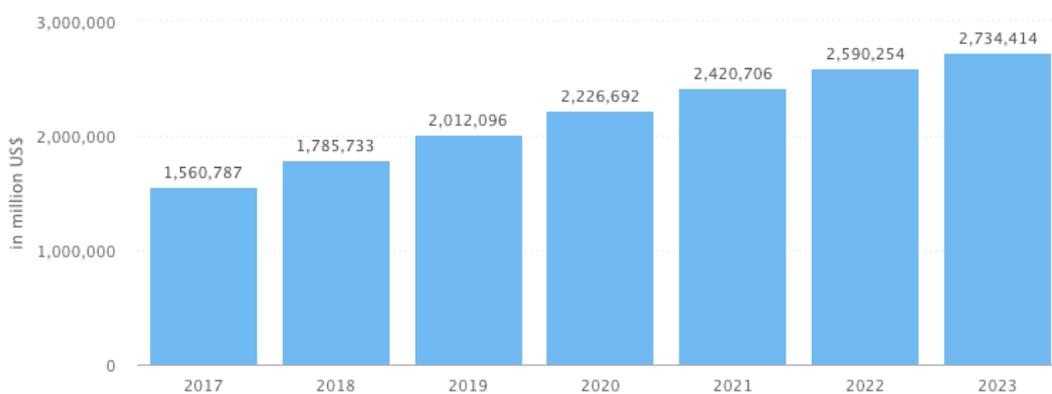
8. Appendices

Attachment 1. The Business Mode Canvas



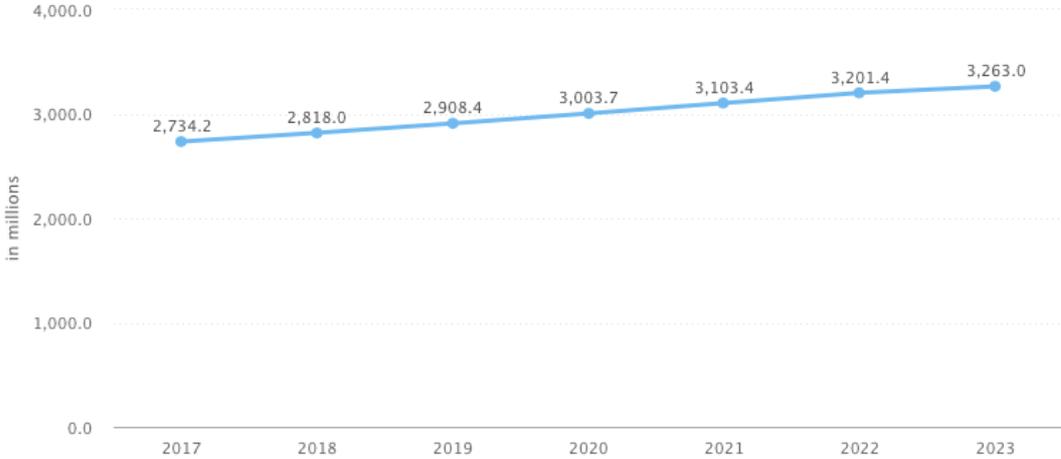
Source: Own

Attachment 2. Forecast of growth of the industry's revenue 2017-2025



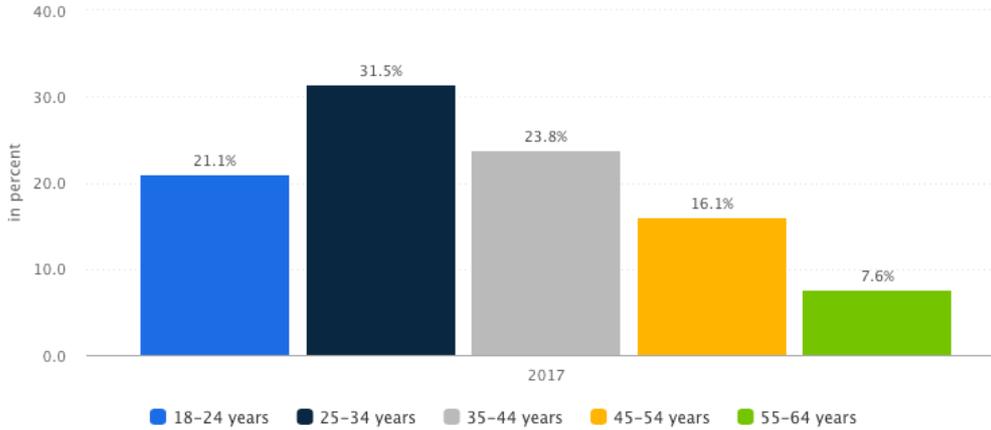
Source: Statista, October 2018

Attachment 3. Forecast of number of users of e-commerce platforms 2017-2023



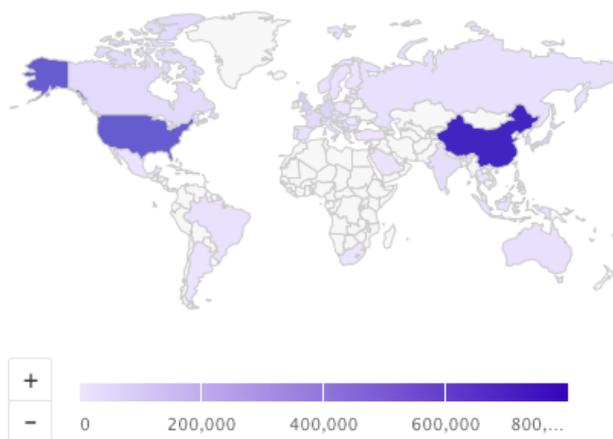
Source: Statista, October 2018

Attachment 4. The number of users depending on their age in 2017



Source: Statista, October 2018

Attachment 5. Revenues in the industry depending on the market



Top 5	
China	US\$740,422m
United States	US\$560,747m
United Kingdom	US\$93,082m
Japan	US\$86,978m
Germany	US\$76,478m

Source: Statista, October 2018

Attachment 6. STEEP Analysis

STEER Analysis:

S - Social – The importance of Internet and e-commerce grows year by year. This also applies to the interest in services that can be purchased on the web. The largest demand for online shopping is presented by people under 34 (over 50%). The interest in purchasing a service on the Internet will also be shown by people over 34, because they usually already have their own apartments or cars, and a lot of services apply to these objects.

T - Technological – Currently, the large majority of the population uses the Internet. Much of them use computers and laptops. The dynamic development of technology has caused that people now have access to the internet wherever they are. They can do it using a smartphone or tablet. Undoubtedly, the development of technology positively affects the development of the industry. More people using the Internet means a larger base of potential customers.

E - Economic – An increase in the wealth of societies means that they are more likely to buy products, but also services such as, for example, renovation of a flat. Our business will start its operations only in Poland, so it is worth looking at the development of Poland's economy. The Gross Domestic Product grows the fastest in Europe (in 2017 4.6% - source: World Bank). This means an increase in the wealth of Poles and a greater propensity to spend. Low interest rates do not encourage people to save money, and Poles more often decide to buy a flat as a form of

investment. An increase in demand for housing also means an increase in demand for housing renovation. This causes the demand for services in Poland to grow, so the platform connecting people who need services with the service provider seems to be a good idea.

E – Environmental – Regulation and environmental policy is no threat to the e-commerce industry. It affects its functioning and development to a small extent. It can be concluded that making transactions via the Internet is cheaper and faster. Transaction parties do not have to meet to sign a contract, which may, for example, reduce fuel consumption, as it is not necessary to get to the meeting place.

P – Political – Political regulations can have a big impact on the e-commerce industry, however, it is worth to say that the sale of products by the Internet has existed for more than 20 years and is regulated. Platforms connecting service providers and people in need of services are something new in Poland, but so far there are several companies that have a similar profile. It is also worth noting that in Western Europe such enterprises exist and do not have any problems with the law.

Source: Own

Attachment 7. Porter's Five Forces Analysis



Source: Own

Attachment 8. Population of the biggest 20 Polish Cities

#	City	Population
1	Warszawa	1 744 351
2	Kraków	761 069
3	Łódź	700 982
4	Wrocław	635 759
5	Poznań	542 348
6	Gdańsk	462 249
7	Szczecin	405 657
8	Bydgoszcz	355 645
9	Lublin	340 727
10	Katowice	299 910
11	Białystok	295 981
12	Gdynia	247 478
13	Częstochowa	228 179
14	Radom	216 159
15	Sosnowiec	207 381
16	Toruń	202 689
17	Kielce	198 046
18	Rzeszów	185 896
19	Gliwice	183 392
20	Zabrze	176 327

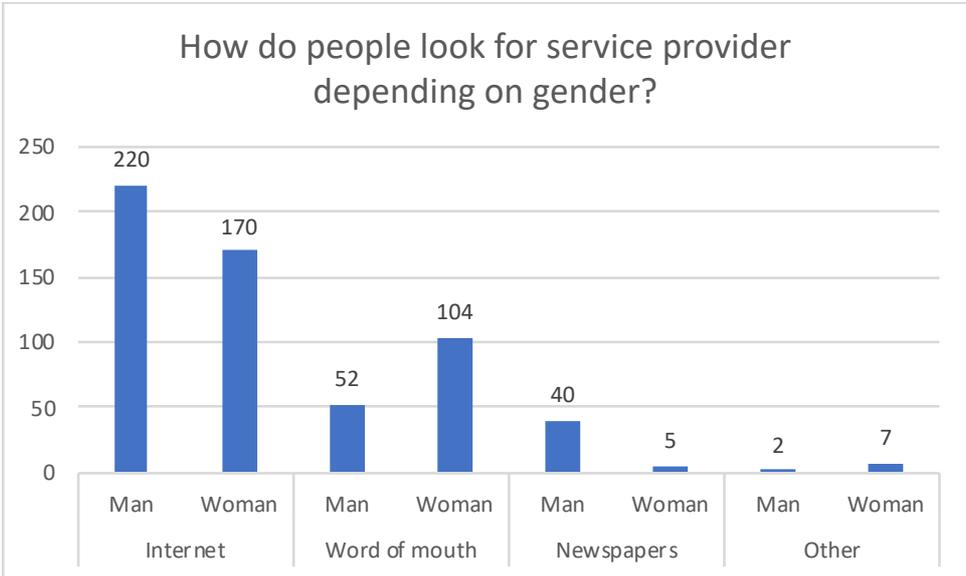
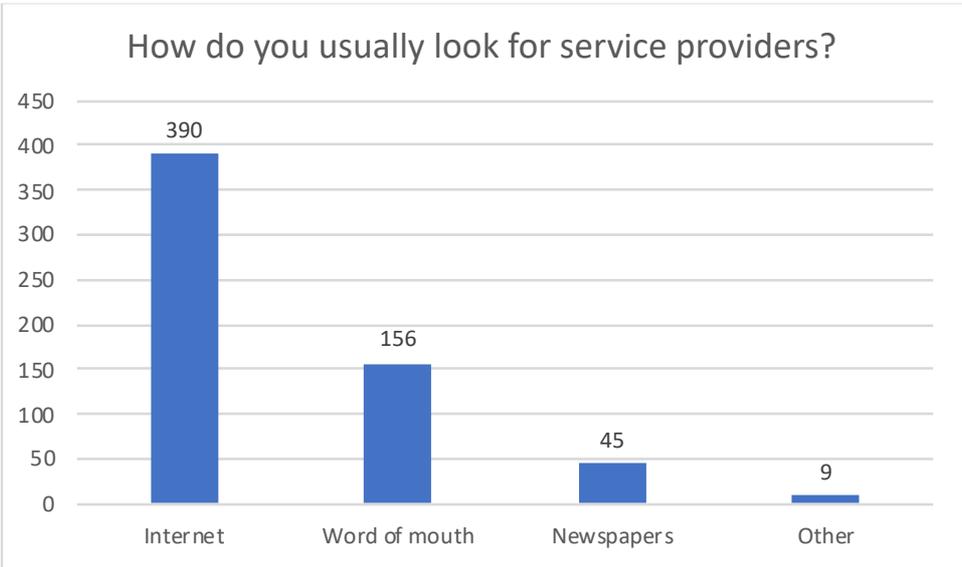
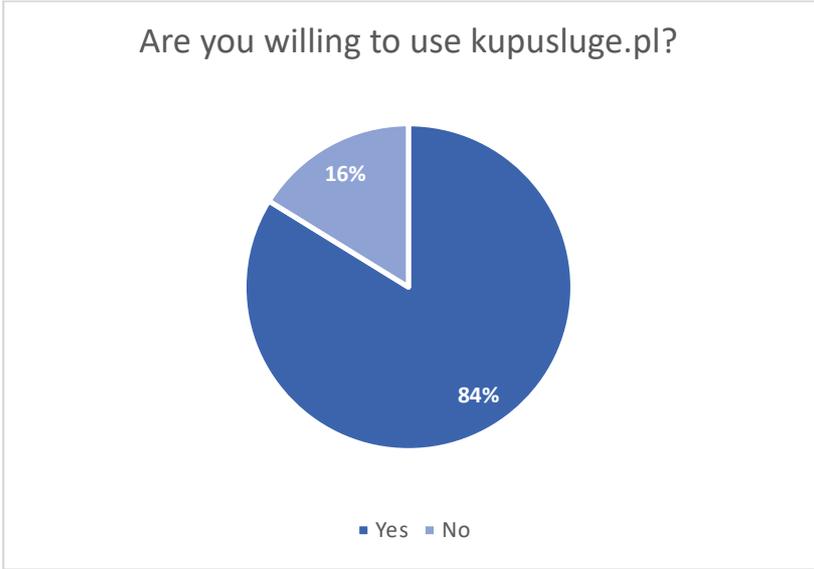
Source: <https://stat.gov.pl/statystyka-regionalna/rankingi-statystyczne/miasta-najwieksze-pod-wzgledem-liczby-ludnosci/>

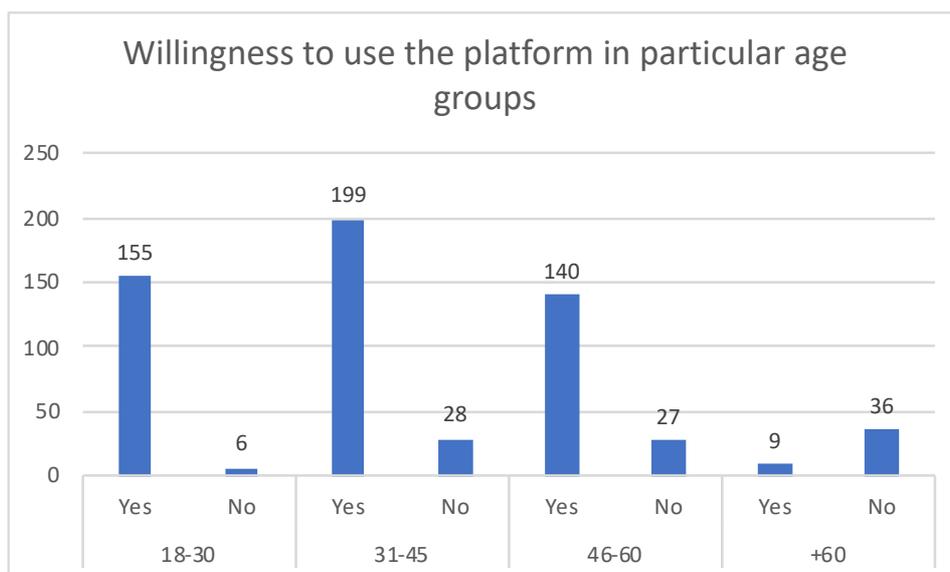
Attachment 9. Results of survey conducted among Warsaw citizens.

600 Warsaw citizens took part in the online survey, including 314 men and 296 women.

Among the respondents, 4 age groups separated:

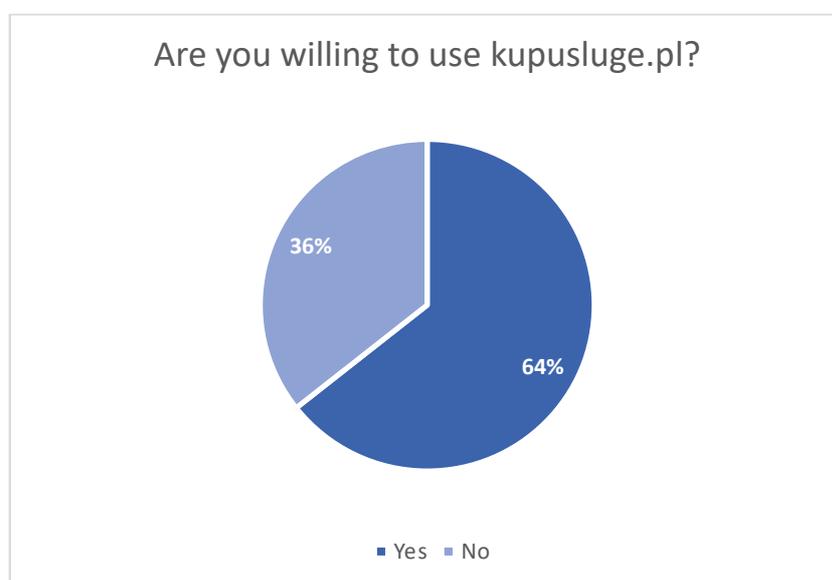
- 18-30 years old – 161 people
- 31-45 years old – 227 people
- 46-60 years old – 167 people
- More than 60 years old – 45 people





Source: Own

Attachment 10. Results of survey conducted among service providers from Warsaw.



Source: Own

Attachment 11. A list of assets that will be purchased until the end of year 5.

Asset	Value	Units	Month of buying	Depreciation term (months)	Monthly value of depreciation	Annual value of depreciation
Laptop HP Pavillon 15	4 000	1	1	60	66,7	800,0
Laptop HP Pavillon 15	4 000	1	13	60	66,7	800,0
Laptop HP Pavillon 15	4 000	2	25	60	133,3	1 600,0
Laptop HP Pavillon 15	4 000	1	37	60	66,7	800,0
Apple Macbook Pro 13	7 500	1	37	60	125,0	1 500,0
Laptop HP Pavillon 15	4 000	2	49	60	133,3	1 600,0
Apple Macbook Pro 13	7 500	3	49	60	375,0	4 500,0
Apple Macbook Pro 15	14 000	1	49	60	233,3	2 800,0
iPhone	2 000	1	13	48	41,7	500,0
iPhone	2 000	2	37	48	83,3	1 000,0
iPhone	2 000	9	49	48	375,0	4 500,0
MS Windows 10 Pro	1 100	1	1	60	18,3	220,0
MS Windows 10 Pro	1 100	1	13	60	18,3	220,0
MS Windows 10 Pro	1 100	2	25	60	36,7	440,0
MS Windows 10 Pro	1 100	1	37	60	18,3	220,0
MS Windows 10 Pro	1 100	2	49	60	36,7	440,0
MS Office 365 Pro	542	3	1	12	135,5	1 625,4
MS Office 365 Pro	542	3	13	12	135,5	1 625,4
MS Office 365 Pro	542	5	25	12	225,8	2 709,0
MS Office 365 Pro	542	7	37	12	316,1	3 792,6
MS Office 365 Pro	542	12	49	12	541,8	6 501,6
PhpStorm	856	3	1	12	213,9	2 567,1
PhpStorm	856	1	13	12	71,3	855,7
PhpStorm	856	3	25	12	213,9	2 567,1
PhpStorm	856	4	37	12	285,2	3 422,8
PhpStorm	856	6	49	12	427,9	5 134,2
Furnitures	6 000	1	25	120	50,0	600,0
Furnitures	6 000	1	37	120	50,0	600,0
Furnitures	6 000	1	49	120	50,0	600,0
Car	50 000	1	49	96	520,8	6 250,0

Source: Own