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BUSINESS PLAN

PULPIT

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INDEX

1. INTRODUCTION	3
2. THE COMPANY	6
2.1. MISSION, VISION & VALUES	6
2.2. CANVAS MODEL.....	7
3. STRATEGIC PLAN	8
3.1. GENERAL STUDY OF SPAIN	8
3.1.1. PESTEL ANALYSIS	8
3.2. SPECIFIC STUDY OF THE SECTOR	11
3.2.1. PORTER'S 5 FORCES ANALYSIS (Porter, 2008).....	11
3.2.2. SWOT ANALYSIS.....	13
4. OPERATIONS PLAN	20
4.1. DESCRIPTION OF THE PRODUCT.....	20
4.2. DEFINITION OF THE STRATEGY	21
4.3. MOBILE APP.....	21
4.3.1. THE PROCESS OF PURCHASING CARDS THROUGH THE APP	22
4.4. KEY PARTNERS	22
4.4.1. PROCESS OF TARGETING KEY PARTNERS	23
4.5. SUPPLIERS.....	23
4.6. OFFICE.....	24
5. HUMAN RESOURCES PLAN	26
5.1. HIRING POLICY	26
5.2. ORGANIZATIONAL CHART.....	28
6. MARKETING PLAN	29
6.1. THE BRAND, ORIGINS & NAMING	29
6.2. MARKETING MIX.....	30
7. FINANCIAL PLAN	32
7.1. REVENUES.....	32
7.2. EXPENSES.....	35
7.2.1. INITIAL COSTS & COGS.....	35
7.2.2. OPERATING EXPENSES.....	37
7.3. CONSERVATIVE P&L.....	38
7.4. SCENARIOS.....	39
7.4.1. OPTIMISTIC	40
7.4.2. PESIMISTIC SCENARIO	41
8. CONCLUSION	42
9. Bibliography	43



1. INTRODUCTION

Globalization is the process of global integration in the political, economic, social, cultural and technological fields, which has turned the world into an interconnected place. Historically no one would have imagined that a given situation in a certain country could have such a global impact. Since the Industrial Revolution of the 18th century, globalization has brought, as a result, the consolidation of capitalism, a technological revolution, the need to expand global commercial flows and the destruction of borders, among others, modifying the way in which markets of different countries interact.

“Globalization is understood as the spread of transplanetary – and in recent times also increasingly supraterritorial – connections between people.” (Scholte, 2005).

This worldwide connection suggests the creation of a global way of thinking, forgetting the limits imposed by political divisions and cultures. In this way, exchanges with China, USA or Europe are possible thanks to these huge advances, where the main objective is to create a sustainable competitive advantage that will allow the development of society.

Nevertheless, the achievement of this development depends not just on a worldwide integration, but on a crucial and simple element such as the existence of entrepreneurs. *“Entrepreneurs throughout modern economic history...have been...responsible for truly radical innovations-the airplane, the railroad...that not only fundamentally transformed consumers’ lives but also became platforms for many other industries that, in combination, have fundamentally changed entire economies.”* (Litan & Schramm, 2012).

Having this said, entrepreneurs are considered assets that must be cultivated, motivated and adequately incentivized, since they are figures that can change the way we live and work. If they are successful, their innovations can even improve our living standards. They create jobs, which lead to increases in employment, income, higher tax revenues and a possible rise in public spending. This last one mentioned could be used by the government to invest in disadvantaged sectors and in human capital, fomenting an improvement in the ability of workers to adapt to emerging sectors. All



this, creates as a result, the optimal conditions to move towards a more prosperous society.

Entrepreneurial activity usually is a good indicator of the population's values and attitudes. After in depth research and analysis of the Spanish entrepreneurial market it was concluded that entrepreneurship in Spain is not as developed as it should. Looking at all the information available in the Global Entrepreneurship Monitor (GEM), it can be proved that innovation should be encouraged more intensively.

The rate of entrepreneurial activity in Spain was 5.2% in 2016 which is well below Europe's 7.8% rate. In terms of growth expectations, Spain is among the last positions worldwide, similarly to Italy and Greece, with a forecasted growth in entrepreneurship of 8.7%, which is very far from the European average of around 20.7%. (GEM, 2016)

There are several factors in the Spanish system which condition entrepreneurial activity. The main obstacles are government policies and the access to financing. There is too much bureaucracy in administrative processes, as well as an excess of regulations. These conditions make the opening of new businesses increasingly complex, delayed and costly. There are few instruments of public financing making access to credit lines more complicated. Therefore, because entrepreneurs do not find sufficient funding, particularly in the early stages of their businesses, they continue to inject resources from their families, friends or close people. This sometimes makes it difficult for startups and new companies to flourish in the long run.

Nevertheless, many changes taken in the Spanish system have allowed an amelioration of the situation mentioned before. The creation of the **Law 14/2013**, better known as the Law of Entrepreneurs, published in the B.O.E. on the 28th of September, promotes and supports entrepreneurs and their internationalization. This regulation seeks to promote a change of mentality, in which society values more the entrepreneurial activity and the assumption of risks.

Furthermore, in the past years there has been a modification in the way people perceive entrepreneurship in Spain. We can identify four basic perceptions that the Spanish population has with respect to the creation of new businesses. Concerning lack of opportunities, there has been a slight decrease in people who feel there are not opportunities to start a new business. Also in relation to a decrease in fear of failure,



there seems to be a generalized pessimism in Spain when talking about starting a new business, as 40% of respondents fear failure. (GEM, 2016). Anyway, the general trend shows a decrease in people who perceive the fear of failure as an obstacle to start a new company.

Moreover, there is a rising population which sees in successful entrepreneurs their reference model and finally when coming to gender equalization, a gradual increase has been observed in the number of women and men that see themselves as capable of starting up a new business.

These facts show the importance of permanent reinforcement of values and attitudes towards entrepreneurship in the Spanish population. In Spain, 73,5% of entrepreneurs are motivated not by necessity but by arising opportunities which is an indicator to prove that advancements are taking place (GEM, 2016).

In this sense, to improve the Spanish entrepreneurial ecosystem, government policies must continue to be strengthened. The idea should be to design policies that truly promote entrepreneurial activity by reducing costs and tax burdens, reducing bureaucracy, and encouraging investment, as well as fomenting creativity and innovation in schools and universities. As an overall, the main objective should be to maintain the positive factors that reinforce innovation and improve the deficiencies that exist in the Spanish infrastructure that impede the development of new ideas.

Gathering the importance of entrepreneurial activity and the need to promote innovation among students, this assignment has been written to encourage pupils to become proactive, transmitting them their ideas can make a difference. In a world that is going through continuous advancements and where Big Data is becoming the central figure, the main objective should be to seek for simplicity and efficiency, creating products that increase our living standards. With this innovative idea, that englobes multiple services in a unique device, effectiveness is achieved by optimizing resources as it permits consumers enjoy numerous alternatives through a single platform.



2. THE COMPANY

The company was born with the aim of achieving a transformation in the quality of people's lives, seeking to offer a service that today does not yet exist at such complete level. That's why Pulpit is the path to innovation, adapting to a world of changes, becoming the change itself. The goal is to eliminate the old existing system based on the offer of multiple services using a specific card for each one, transforming it into a new method in which to offer as many services as possible, through a single device.

Aside from providing simplicity to the customer, the additional aim is to create a product with which customers will get to know the existence of all the possibilities, promotions and advantages that companies and the city itself promote. In this way, the main idea is to create a smart card that will help construct and interconnected city.

2.1. MISSION, VISION & VALUES

Mission: offer customers simplicity, efficiency and innovation, improving their living standards by using a single platform through which to inform about the infinite range of services and possibilities that their city provides.

Vision: to consolidate this new product in the city of Madrid until obtaining the maximum possible number of partnerships with key companies. In the future expand to other Spanish cities trying to achieve presence in the whole country.

Values:

Customer Commitment, ensuring a positive change in our client's living standards.

Quality, by creating a device and a platform such as our app, that is suitable for everyone and seeks for perfection offering exactly what people are looking for.

Integrity, by being transparent with our key partners and customers, transmitting trustfulness in all our actions.

Professionalism in what we do and the way we work.

Diversity, achieved by offering a wide range of services and opportunities.



2.2. CANVAS MODEL (Osterwalder & Pigneur, 2010)

Key partners	Key activities	Value proposition	Customer Relationship	Customer segments
<p>TRANSPORT: EMT Bici Mad Metro de Madrid Cercanías Renfe</p> <p>Cultural buildings</p> <p>Restaurants: Chain restaurants</p> <p>Retail Supermarkets Clothing Chains Gas stations</p> <p>Access Control Parkings Gyms Private clubs</p>	<p>• Partnership development • Card distribution • Advertising • App development</p> <p>Key resources • App where the customers will make the delivery of the personalized cards • Developers of the app - GoodBarber • PVC Card Production - Inditir</p>	<p>• Simplicity: -Englobe multiple cards in one unique device • Efficiency -Promotes the use of services due to a better accessibility • Security -Absolute capacity of controlling all cards at once • Cost Advantage -Access to some discounts with the use of cards</p>	<p>• Loyalty programs with key partners • Create an important customer network based on trust always offering quality</p> <p>Distribution Channels Advertising through social networks: -Instagram -Facebook Post Mail -To send the personalized cards Post offices at airports etc. -Where tourists will be able to make the purchase</p>	<p>To all spanish citizens International and national tourists The idea is to start in Madrid and depending on the success achieved, further introduce the product in other spanish citizens Objective-> obtain presence in the whole country reaching the highest possible % of the population</p>
<p>Cost Structure</p> <p>• App creation • Marketing through social networks • Card production • Costs associated with making agreements with partners • Cost of mailing the cards to customers • Small office - Buena Vista street • Employees - Low cost as initially only two workers will be hired permanently (the rest just interns)</p>		<p>Revenue Streams</p> <p>• The revenue obtained from the purchase of cards -> General card 5€/unit + Tourist card 47€/unit • Comision obtained from transactions >20€ using the Pupit card in the purchase of key partner's products</p>		



3. STRATEGIC PLAN

3.1. GENERAL STUDY OF SPAIN

It is essential to have a general vision of the environment where a company operates to obtain a global vision of the different political, social and economic factors, among others, that might affect operations and performance of a business. As Pulpit will initially operate in Spain, the following section will focus on a PESTEL analysis of the Spanish territory.

3.1.1 PESTEL ANALYSIS

In the past years, many significant events have taken place in the country becoming turning points in history. Although in Spain the government has a bipartisan system, with PP and PSOE both having the great majority of popular representation, in the last years this tendency seems to have come to an end. Other parties such as Podemos and Ciudadanos have flourished recently, bringing uncertainty to what might happen in the future with the Spanish government. In fact, in 2016 due to this situation, Spanish citizens were left without government for 10 months causing strain and confusion within the population.

Corruption must be mentioned as it is a problem that is very latent in the Spanish society. Although this political distress has transformed Spain into a country where there seems to be no place for innovation and development, not everything is pessimistic.

After the crisis of 2008, which left a completely shattered economy and an impoverished society without hints of optimism, today we begin to see improvements that lead to the path of hope.

Regarding statistics from the last quarter of 2017, it is the fourth consecutive year in which the national GDP increases, reporting a total rise in the whole year of 3.1%. Domestic consumption increased 2.4% which reflects higher purchasing power of families (El Economista, 2018). This good performance reflects the moderate inflation



rate that Spain has presented recently. Although the annual variation rate of the CPI (Consumer Price Index) in February 2018 was 1.1%, slightly higher than in the previous month, figures are still acceptable.

According to the latest data collected in the first month of this year, the unemployment rate is 16.3%, with women accounting for 3.3% more than for men. Comparing the data with the previous year we see that the figures have fallen by 0.1%, which shows that the economy keeps improving (Expansión, 2018). However, the difference in unemployment between both genders remains the same, exhibiting a gap between women and men in the professional world.

The difference between the profitability of the Spanish and German 10-year bond enters the three-year minimum zone since March 2018 accounting for 66 basis points, again demonstrating a great recovery since the crisis. Anyways, at January public debt rose in comparison to 2017 representing 98.50% of the PIB (Diario, 2018).

As an overall, it can be said that considering the political situation that Spain has experienced and that the country is still recovering from the crisis, it can be observed that from a global point of view, the figures show continuous progress. With the analyzed figures, it is proved that the economic environment seems acceptable for the creation of new businesses.

As everyone knows, the higher the level of education and training, the better the results in employment and wages. In Spain, the employment rate among young adults with tertiary education is 76%, 83% in OECD countries (Organization for Economic Co-operation and Development), compared to 60% who have not completed upper secondary education. On the other hand, the unemployment rate for young adults who have not completed upper secondary education is 30%, 16% for those who have tertiary education. People aged 25 to 64 with completed tertiary education have a 53% salary advantage, only 3% less than in OECD, over those who have completed upper secondary education. Thus, education is fundamental for citizen to obtain job opportunities.

In Spain, the percentage of the population with Tertiary Education is in accordance with European objectives, representing 35.7% of the population aged 25 to 64 years. This percentage is above the EU22 average (33.4%). These figures represent a quite



well prepared Spanish population, in addition to an efficient educational system which is well ranked in comparison with the rest of the European countries. (M.E.C.D, 2017)

Spain is a technology country which has some of the largest companies in the world, in the electricity, gas and oil sectors. In fact, IBERDROLA is one of the 5 largest electric companies in the world. In addition, it has the most modern and technologically advanced train fleet. Spain has also a leading universal health system and is considered one of the top countries in the naval sector as well as in information and communication technologies.

Other notable data are for example that Spain is the 1st country in Europe in the use of smartphones. The GRUPO ZED is also the best company to develop and distribute mobile content, which means that to develop the company's app, we are in the most appropriate environment. Moreover, AMADEUS, reference technology provider, has chosen Madrid to start up its new R + D + I center (M.A.E.C, 2014).

All these facts reflect how advanced the country is in terms of technology. Hence, these conditions and data presented grant the optimal environment to start the project of Pulpit.

Spain is one of the countries with greater environmental performances, specifically, it occupies the twelfth position, according to the Environmental Performance Index (EPI) in 2018. It presents little water pollution as well as an extraordinary air quality in comparison to other developed countries, such as Norway, UK and Sweden among others. In fact, the valuation made by EPI showed that these last two factors received 94.21 and 94.07 respectively, being 100 the top score. Other interesting facts are that Spain is the first country in Europe and third in the world in ISO 14001 certificates of environmental management systems and 1st country in Europe and 2nd in the world for the reuse of treated water (M.A.E.C, 2014).

Regarding the legal framework some changes have taken place in the past years.

The 14/2013 Entrepreneurship Law has brought many measures facilitating the process of starting up a business. This new regulation favors entrepreneurs in many ways. Limited responsibility, removal of minimum capital required, tax deductions for



investors are some of the many benefits of this new regulation. Moreover, all self-employed workers and SMEs earning profits below two million euros, will not pay VAT until the invoices are collected. Also, regarding past debts from failing in an old project, two more years have been added giving more time to entrepreneurs to face these, helping them start a new business without having to assume past obligations.

Entrepreneurs will have a deduction of 10% in the company tax if they reinvest their profits in new projects that have duration of five years. All these are some of the most important changes that the Law has brought, favoring and promoting the activity of creating new businesses, encouraging people to bet for their ideas eliminating the fear of failure.

3.2. SPECIFIC STUDY OF THE SECTOR

To establish a framework to analyze the level of competition within an industry and to develop an optimal business strategy, the next section will focus on an analysis of the sector the company has focused in. Considering that the product that wants to be introduced in the market seeks for offering multiple services, this analysis has not focused on a single sector. In this sense, as there are many areas in which the company aims to operate and as one of the main pillars of the product is the creation of the mobile application, digital platforms such as apps, direct competition of multiple service companies and an overall view of how discount cards function must be discussed.

3.2.1 PORTER'S 5 FORCES ANALYSIS (Porter, 2008)

After analyzing the different existing companies that act as direct competitors of Pulpit, the following conclusion has been reached.

The first competitor appears to be **Civitatis**. It is the leading company for booking activities, excursions and guided tours in Spanish around the world. They have developed a card under the name Madrid Card that offers multiple services facilitating the entrance to cultural buildings and promoting discounts in certain restaurants and retail shops among others. The Madrid Card targets tourists, allowing the enjoyment of



33 of Madrid's most popular attractions during a limited time for free. The idea behind the product is to facilitate the stay of visitors once they arrive to the city. The card offers free tickets but has a high cost of 45€, so for it to be profitable, users must use at least three of the services they offer. Consequently, it does not affect the company directly as it would only affect a certain segment.

Fever entertainment application is an additional possible competitor. They focus on replacing products such as flyers, through the digitalization of the system and motivating consumers by "*pushing them out the couch*" as it is explained in the official web site. Nevertheless, it only offers leisure services, which is one of the many uses that Pulpit card encompasses, so rivalry can be handled just as with Civitatis. In addition, Fever does not include discount offers, as it is purely a communication platform through where customers are encouraged to attend multiple available events. In this sense, Pulpit's product proves to be much more complete, since it includes a wider variety of alternatives.

Finally, the last competitor that directly affects the hostelry sector is also capable of overshadowing the Pulpit product. **El Tenedor** is the leading website for online restaurant reservations in Europe. It offers management software that optimizes the management of booking reserves, replacing the traditional methods, attracting and retaining customers as well as promoting discounts at certain restaurants affiliated with the company. It seems a powerful distinct rival, yet once more its product aims to cover a specific need while Pulpit's desired intention is to fulfill as many as possible.

Concerning Pulpit, two fundamental aspects must be thought-out. The principal factors acting as anchors of the brand are end customers and key partners. Company's value directly depends on these two characters as they are essential for product's prosperity. The main streams, through which income is obtained, are the final purchase of cards and fees paid by key partners for advertising their promotions through the app.

In this sense, the power of customers is quite high so the great challenge lies in the ability to make customers and partners trust the brand, to gain greater negotiation power. This will be accomplished with the use of persuasive, strong and effective advertisement campaigns explained later in the marketing plan.



Within the three main competitors mentioned above, the most remarkable one could be said to be Civitatis, as the Madrid card offers higher diversity in comparison with the rest of rival companies. The similarity of both services creates higher competition making the dissolution of the existing rivalry much tougher. Yet this threat of existing substitute products helps generate greater effort in strengthening the brand, becoming an opportunity to achieve better results, bringing about the creation of something unique. Nevertheless, even though there is considerable level of competition among the different existing brands, none of them have been able to exactly offer the same variety that Pulpit does. However, this is not an excuse for relaxing, instead it is the perfect opportunity for becoming the leaders in the multiservice cards market, trying to always be one step ahead.

3.2.2 SWOT ANALYSIS

The SWOT analysis is essential for analyzing the different threats and opportunities that exist in the market, as well as to emphasize and briefly reflect the strengths and weaknesses of the company.

Considering the product that Pulpit offers, a study of the three main sectors that affect the new platform has been made.

In this sense, the markets for loyalty cards, transport and leisure have been analyzed to provide a global image, showing through statistical data, why an idea such as Pulpit has emerged. After having carried out an in-depth investigation into the opportunities that exist in these markets, it has been concluded that the creation of a product like this can result in a beneficial advancement both for companies and for final customers. After a study done by (American Express) in Spain, some interesting figures were found regarding the use of loyalty cards. It was found that customers of this type of programs are usually quite committed to them and 81% declared that they use them whenever they can, compared to 7% who confess they commonly forget to do so.



Moreover, an article of (Nueva Tribuna) exposed that 8 out of 10 of Madrid citizens are users of these devices as well as exposing that Madrid is the city where loyalty programs are most utilized.

According to the (INE) in 2016, the Spanish population was 46.56 million inhabitants. Considering the above data, it is obtained as a result that if 7% forget to use their loyalty cards, it means that approximately 3 million people do not use the service.

According to the investigation, the user profile of loyalty programs in Spain are adults over 55 years old, residents in Madrid, and with high incomes. Meanwhile, millennials are the most forgetful to get their loyalty cards when paying. 10% of respondents of this generation declared that they usually forget to take out the card, when in fact they are the ones who most points redeem.

Contrary to the figures mentioned, although the percentages of non-users are not that significant, when considering the representation of percentages in the total population, suddenly they become much more symbolic.

Bearing in mind that the product is not focused solely on the sale of cards, but on the idea of being able to control everything through an application, the following data shows that in fact, this product is what society is looking for.

The physical card is still the most utilized instrument to accumulate points according to 77% of respondents, although 44% declared that they accumulate points automatically at the time of purchase without the need to present a physical card.

The apps of the loyalty programs do not have a great penetration among the Spanish users. 40% confess they don't know if their fidelity program has the disposal of an app and half of those who know its existence do not use it. Nowadays, the great majority of millennials use apps and 26% of them consider them essential in a program of this type.

The most important figure that must be highlighted is that **2 out of every three users of loyalty programs recognize that they would like to have a single app from which to manage all their loyalty programs**, information again obtained by the study of (American Express). This is exactly what pulpit offers among other additional services. Clients are the most important economic variable that must be considered for ensuring



prosperity. In this case, the main idea was to detect the necessity by investigating the market and consumers, creating a product that could really make a difference.

Continuing with the analysis of the transport sector, which is the second pillar on which this product is based, the following information has been found.

According to the National Institute of Statistics (INE) with data analyzed as of January 15th of 2018, more than 421.9 million passengers used public transport in the last quarter of 2017, 2.0% more than a year ago. According to these data, Metro de Madrid is the urban public transport that grows the most during this period while users of the EMT are growing by 1%, the interurban ones by 3.3%, the Cercanías by 2.2%, and finally the Metro Ligerero by 5.79%.

Analyzing these data, we can verify that the number of users of public transport increases every year. This is partly due to the change in the mentality of society, since the effects of pollution and the environment are taken more into account. If we think of regulations such as the limitation of vehicle circulation made by the mayor of Madrid, Manuela Carmen, it could be estimated that in the future practically everyone will use public transport.

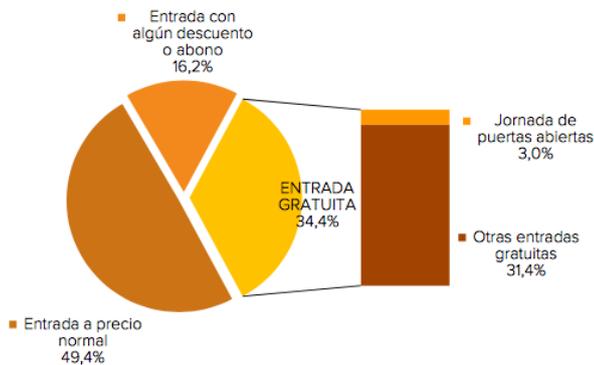
Nowadays cities are changing in many ways but the most remarkable one is the road towards digitalization and atomization through the creation of smart cities. What is sought is to improve the quality of life of citizens by offering innovative products that encourage this transformation to a more efficient world using technology. For this same reason, Pulpit sells the idea of creating a platform that connects all citizens, turning the city into a place full of possibilities for its inhabitants, possibilities unknown by most of them. Using the transportation example, the city council would be offering its citizens a card that includes many more additional services in a single device, creating a smart card of the city. With the same card, they would have access to transport as well as tickets to establishments, restaurants, cultural visits and others. These characteristics are what may awaken town hall's interest for the product offered.

As for the latter, an investigation has been carried out on the number of citizens who visit cultural establishments in their own city. When travelling the most common activities done are, among others, visiting museums, cathedrals and most famous

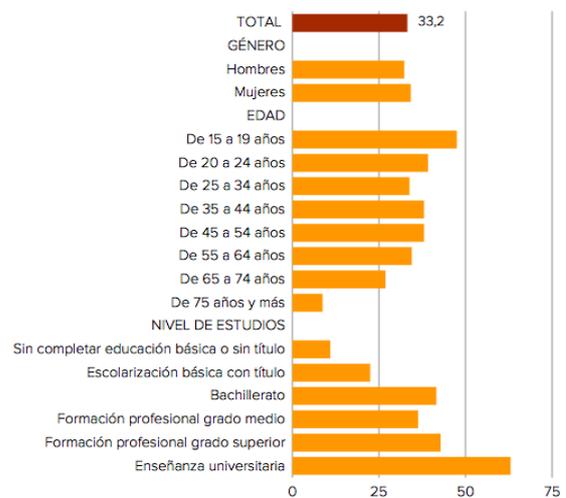


monuments. However, the percentage of citizens who visit these places in their own cities drops dramatically.

Studies conducted by the (Survey of Cultural Habits and Practices) in Spain 2014 - 2015 have presented the following results. As for visits to museums, only 33% of the surveyed population (16 thousand people) carried out the activity. Considering visits to these establishments for educational excursions, only more than 50% of the visits in university education were exceeded. Regarding the results on visits to exhibitions and libraries, the figures show equally impressive results. The most remarkable thing is found in the analysis of visits to museums by type of entry. In graph 1 the figures show that visits increase when there is a promotion offered. In the second graph, it is proved that most of the visits are related to educational activities, demonstrating that people do not usually attend museums for leisure or enjoyment.



Graph 1- People’s visits to museums by type of entry in the last year (Ministerio de Educación, Cultura y Deporte – Survey of cultural habits and practices, 2015)



Graph 2 - People’s visits to museums depending on determined characteristics (Ministerio de Educación, Cultura y Deporte – Survey of cultural habits and practices, 2015)



In this sense, there is an immense market opportunity in many ways. Not only in terms of revenue, but also because education and the cultural level of the population is encouraged in some way. The pulpit card aims to promote not only simplicity but also the acculturation of the population through a platform that gives everyone access to all possible discounts in multiple establishments such as the ones mentioned before. Thus, in some way, in the future percentages could be raised to more interesting levels, creating a society with greater knowledge of their own city.

Finally, because the service that Pulpit offers goes beyond simple cards, as it also aims to create an application from which to control the product, a brief analysis of the technological situation in Spain has been made. According to the latest data collected at the (INE), it can be proven that Spain is betting on research and development which is very beneficial for startups that are trying to prosper.

The data showed that in 2015, 13,172 million were invested in R & D representing 1.22% of GDP. In addition, spending on technological innovation increased by 5.5%. Another very relevant fact is that 28.5% of companies in Madrid were innovative during this period. Considering all this training, a clear trend towards modernization can be observed.

Additionally, combining this information with the fact that the use of applications is enormously increasing shows that the project is on the right track. The idea is to always be aware of the opportunities provided by technological advances trying to construct a leading company capable of facing possible or existing competitors.

After an exhaustive analysis of the different opportunities offered by the market for the elaboration of the product, it is necessary to carry out a brief analysis of the strengths and weaknesses the company has, to be able to elaborate an effective strategy to face competitors.

There are many companies offering similar products covering services such as the ones mentioned before as Madrid Card and Fever. In this sense, the biggest challenge Pulpit faces is how to make agreements with key partners, when companies such as El Tenedor, have already some platforms through which they can offer promotions of different firms. Moreover, these enterprises are constantly growing and although most of them are startups too, they by now count with the confidence of many key partners



that are of Pulpit's interest, meaning they are well established in the market. In terms of cost leadership, the company still must work on gaining competitive advantage in this sense, as for the moment, the main objective is to manage to get as many key partners and users as possible. The big question is how to make this happen.

Pulpit's product is something that does not yet exist as it is much more complete than what other companies offer. A book nowadays is a library of thousand novels and articles that can be bought using products such as Kindle, a mobile device is a miniature computer and a clock is no longer used to simply report the time. For this reason, the intention is not to sell a single thing, but many through a single instrument. The main strength the company has, resides in that competitors limit their products to the offer of specific services such as El Tenedor with restaurants or Fever with celebration of events. Pulpit on the contrary pretends to unify all these services adding extra ones too, facilitating people's lives and adding value to competitor's products. In this sense, the company counts with one of the most powerful attributes that lead to success, differentiation.

Having made an in-depth analysis of Porter's 5 forces identifying the main rivals and after determining the strengths and weaknesses of the company, the following conclusions have been reached regarding which strategy should be used.

Product Differentiation is an example of a necessary strategic decision that a company must clearly define to compete successfully achieving operational efficiency and long run profitability.

Any company for obtaining a unique and exclusive position in the market must develop a sustainable competitive advantage in order to differentiate themselves, avoiding a direct confrontation with competitors. That is why Pulpit has decided to follow a strategy based on differentiation. Identifying a need that has not yet been covered in such a complete way is the most important strength the company possess, allowing her to better compete with the rest of firms, adding extra value with its product.



<p style="text-align: center;"><u>THREATS</u></p> <ul style="list-style-type: none"> ○ Madrid Card from the Company Civitatis Directly affecting Pulpit's tourist card ○ Fever application offering similar services affecting the leisure sector ○ El Tenedor directly affecting the sector of restaurants 	<p style="text-align: center;"><u>STRENGTHS</u></p> <ul style="list-style-type: none"> ○ Pulpit offers a platform through which to promote all activities of competitors through a single device, promoting simplicity ○ The cost regarding the tourist Card is more attractive than the price that Civitatis uses ○ Pulpit's product is more complete - Differentiation ○ Pulpit has identified a need that has not yet been covered at such level
<p style="text-align: center;"><u>WEAKNESSES</u></p> <ul style="list-style-type: none"> ○ Competitors are constantly growing and they by now count with the confidence of many key partners that are of Pulpit's interest ○ Competitors are already well established in the market ○ Difficult to attract key partners ○ Unknown company so difficult to gain customers at the early stages of the project 	<p style="text-align: center;"><u>OPPORTUNITIES</u></p> <ul style="list-style-type: none"> ○ 8 out of 10 of Madrid citizens are users of loyalty cards (3 million do not use them) ○ 26% of millennials consider apps essential for this product ○ 2 out of three users of loyalty cards recognize they would like a single app to manage them ○ Transport users have increased 2% since 2017 ○ Only 33% of the population visits museums

Table 1 – Swot Analysis



4. OPERATIONS PLAN

The following section aims to design all the actions needed for starting the business, establishing a rigorous definition of the product, a schedule of execution and a list of priorities.

4.1. DESCRIPTION OF THE PRODUCT

The product has been created with the intention of providing greater efficiency and diversity using simplicity.

First, as mentioned in the specific analysis, there are already many people who have shown preference for having all their cards gathered in a single device, anyway, Pulpit cards intend to go far beyond customers' expectations.

Through the mobile app, people will have access to all the discounts offered by companies, making key partners' advertisements reach a greater number of potential customers. In addition, this will not only favor firms but also offer a wider variety of possibilities to consumers.

Another function that this product aims to cover is the integration of the public transport card. In this way, the service becomes much more complete since the functionality of the card increases, thus avoiding the use of an additional card simplifying the lives of users. Furthermore, the inclusion of transport helps the company increase market segmentation as not only this product aims to satisfy Spanish citizens, but also aims to target tourists by making their trip more advantageous and profitable.

Finally, regarding the rest of services, the product has also been designed to promote activity within the city. Concerning the statistics explained previously, people usually tend to increase visits to museums and libraries, among others, when they are offered discounts and free entrances. Through the app people will have greater incentives to increase cultural visits by receiving promotions, not only creating a better educated society, but inciting the use of all the possibilities Madrid offers, such as economical gyms and restaurants among other services that the product covers.



4.2. DEFINITION OF THE STRATEGY

After stating that the firm will bet for a competitive advantage based on differentiation, the following section will focus on the two types of positioning that want to be reached using the strategy mentioned.

Firstly, the objective is to gain a strategic positioning that will allow the company to acquire the necessary tools for facing competition. Offering a product with unique attributes is one of the solid advantages that Pulpit cards have, helping the company reach the desired position in the market.

Finally, Pulpit will focus on achieving a favorable perceptual positioning, by ensuring an excellent relationship established between the company and its clients and key partners. The intention is to make sure users and participants maintain a positive image of the brand, always relying on the product and choosing it over the other possible existing options.

4.3. MOBILE APP

Nowadays, mobile apps are considered essential for the success of businesses as they have become a million-dollar industry. The growing use has converted them in a fundamental strategy that can bring great advantages for companies. Having this said, adaptation to the new mobile environment is a must to meet users' new habits.

For this reason, an application for the Pulpit product has been created to achieve greater adaptation to the existing technological environment, trying to ensure a prosperous future for the company.

As previously mentioned, the creation of the app will be outsourced to a company called GoodBarber that offers a great quality-price relation. The prices they offer are very affordable combined with striking designs. They create apps valid both for Android and IOS, which is indispensable for Pulpit as the objective is to attract as many users as possible. In this sense, all consumers will be able to use the product, no matter what company, Apple or Samsung, they are loyal to.



The application will simply be the digital platform through which users will control and request the cards. One of the main advantages that the use of the app offers is security, since all cards can be blocked at once in case of theft or loss.

In addition, through this via all customers will have access to discounts and advertisements from all the companies associated with Pulpit.

The download of the application will be completely free, only facing the cost of making the actual purchase of the card, which will be requested through the app and sent by mail.

4.3.1 THE PROCESS OF PURCHASING CARDS THROUGH THE APP

The purchase process is simple and straightforward. First, customers must download the application, which as mentioned above, will be completely free. Once downloaded, personal data must be introduced to create a user. Once created, the client will visualize all the associated companies to Pulpit with the possible discounts and advantages offered by each one. The idea is to get the largest number of key partners to ensure the optimal function of the product.

To receive the physical card, users must access the purchase section where they will have to enter the data of their respective credit cards. Once the purchase is confirmed, the arrival of the physical personalized card will take 5 working days, containing the respective name and surname of each client.

4.4. KEY PARTNERS

In this business project, success and prosperity of the company does not only depend on customers but on key partners too, as they are also direct clients of the company. For this reason, it is necessary to devote a section to the associated companies and to explain the process through which their interest in the product will be captured as well as the process that will be used to target each company.



4.4.1 PROCESS OF TARGETING KEY PARTNERS

The process will be based on closeness and personal meetings with the different CEOs of the companies of interest. The desire is to convey professionalism in a face to face reunion, ensuring that the functions and objectives of the product are correctly expressed and transmitted, gaining potential partners' confidence in the brand.

Meetings will be arranged in which presentations created by the professionals working at the operations department of the company, will be exposed in a dynamic, attractive and convincing way. During the reunion, the product, the company and the benefits that are pretended to offer, will be explained through dynamic and attractive proposals.

The idea is to capture CEOs attentions perfectly explaining why our product is worthwhile and why should they believe on the brand.

In addition, there will be studies to compare the different companies in Spain, creating rankings from highest to lowest according to the importance of the different companies, to ensure agreements are made with the top enterprises, offering a service with the highest quality. Basically, everything is about selecting the most attractive partners offering through the app, the best services from the best companies.

4.5. SUPPLIERS

An analysis of the different possible suppliers and the possible costs of carrying out activities have been completed, to make the most adequate decision possible, regarding which activities should be outsourced and which should be carried out within the company.

After completing an intensive study of all suppliers of PVC cards, outsourcing card manufacturing has come out to be the best and most suitable option. The following table represents budgeted prices of selected Spanish PVC card suppliers. A personalized budget was requested to each one of these suppliers, considering specific needs required for Pulpit's card, such as double sided colored print, a size of 86x54mm, among others.



Supplier	Price (€)
Inditar	0.80
Tarjetas de PVC	0.72
Reprotel	0.99
Akrocard	1.02
Clickcard	0.80
Disiarte	0.85
Tarjenova	0.92
Plasticard	0.76
Average	0.86

Table 2 – Price of PVC card suppliers

Inditar has been the selected company as it fulfills the desired function at an affordable price of 0.80€ per unit, comparing it to the average price of its peers. It is a company whose activity is the manufacture of PVC cards and as such is responsible for its design, production and printing. Moreover, they have a group of excellent prepared professionals with more than 10 years of experience, transmitting expertise and quality. Subsequently is for this reason why it was decided that this company was the most appropriate to produce the Pulpit cards.

4.6. OFFICE

Like almost any company, it will be necessary to have a central office where the main activities and the administrative management of the company will be carried out and controlled.

Considering that the price of renting houses in Madrid has increased in recent years and that at the beginning of the project the main aim is to maintain costs as lower as possible the following has been decided. According to the article of the (El Diario) an analysis has been carried out by Fotocasa real estate portal, showing an increase of 27% in the rental cost per square meter in the last four years.

In the city of Madrid, Tetuán is the district that has suffered the greatest increase in the last four years (37%), followed by Retiro (32%, Chamberí (32%), Salamanca (28% and Linear City (27%). In addition, according to an article published by (El Pais), the



most affordable area is in the Embajadores neighborhood, highlighting the cheapest street, Buena Vista. Considering the location and the price, it has been decided to have the central office in this street. The rent is approximately 528 per month. These costs have already been considered in the financial plan that will be discussed later, and the affordability of this decision has been demonstrated.

Even though the world is increasingly digitalized, at the time of running a company it is important to maintain physical contact with workers. Thus, having a small office from where to control all the activity, ensuring everything functions correctly, and making workers feel part of the project, it's considered fundamental for the company. In this manner, the selected street has resulted to be idyllic not just for its price but for the proximity to restaurants and public garages and relaxing areas in the center of Madrid. The idea is to make workers feel comfortable and excited when joining the project, creating a dynamic and creative environment but always maintaining professionalism and seriousness. As a result, getting very qualified people but above all satisfied with the work environment will be ensured. Happy workers are better problem solvers, that is why the design of the offices will be simple, ample and familiar, creating a very well prepared team but encouraging a fun environment for ideas to flow, improving and increasing productivity.



5. HUMAN RESOURCES PLAN

Employees are a fundamental tool of the company as they are one of the pillars that help project's prosperity and successfulness. For this reason, professionals with a high level of experience are needed, but at the early stages of the business, only two employees will be hired under an indefinite employment contract. A commercial will be needed to attract possible key partners with the help of the CEO, performing the operation's department' activities described below. In addition, a technician will be hired to ensure the application works correctly, which is fundamental to face possible technical problems. The rest of the group will depend on students or recent graduates which will participate in the project under internships offered. In this sense, only two experts will be needed with previous experience thus, reducing high costs during the launch of the product keeping salaries at an affordable level. The person with more experience of the company and the one who will take care of guiding the rest of the employees will be the CEO. However, to keep things simple at the beginning, the hiring activity will be externalized. Only if forecasted profits are attained, the organizational chart explained below will be reached.

5.1. HIRING POLICY

The hiring practices will be based on a policy of equality and non-discrimination. In this sense an equitable number of both genres will always be a must. Workers will be selected only on the basis of their qualifications, skills, abilities, experience and proven performance, as well as other criteria directly related to the job. However, in this company, not everything depends on experience as the company needs people who enjoy teamwork, are dynamic, active and intelligent, thus people's attitude will be highly considered.

The employer will not apply, under any circumstance, discriminatory practices based on sex, race or religion. The contracting process must be clear and transparent. Both workers and applicants will be informed of the procedures and criteria used in the hiring process. The selection process will be supported by two main procedures, an online evaluation that will be carried out after making an analysis of the different



curriculums and a personal interview. With the test, capacities and reasoning of applicants will be evaluated. Afterwards, if evaluations show satisfying results, a face to face meeting will take place in order to clarify important elements and personal traits undetected during the exam.

All the vacancies, as explained before, must need to be clearly explained so that both the employer and employee know exactly what is being offered to ensure transparency. The functions of the different existing departments will be exposed to have a clear idea of the activities that will be developed within the company once the firm increases.

First, the **human resources department** will be formed with qualified people capable of creating valid trustful hiring processes. Ensuring that all employees of the company meet the desired requirements is essential to promote a good work environment. Nevertheless, during the first year, this department will be operated by an external company specialized in recruiting people, as at the beginning not many employees will be needed and low costs must be maintained.

As for the **operations department**, there will be two groups that will be responsible for the two most important activities of the company. In the first place there will be a planning team. These will be responsible for attracting key partners, preparing presentations and documents that will be negotiated in the meetings with the different CEOs. The objective is getting a group of people with excellent analytical skills and who dominate the use of office documents, such as PowerPoint, Excel and Word. On the other hand, the research team's objective will be to analyze the companies of interest, making market analysis and generating rankings of the possible key partners depending on their performances and reputation. Moreover, they will be in charge of making a constant follow-up of card's users, to be able to estimate at the end of the year increases or decreases in customer network. This has been estimated in the financial plan to get an idea of how revenues will behave during the first's years, always working with assumptions and appraisals. Finally this group will measure consumer satisfaction through the creation of surveys that will be send once in a while to keep up with what clients are looking for.



The **administrative department** will focus on controlling all the accounting of the company, analyzing it by ratios and establishing the best possible financial strategies for the proper functioning of the firm.

Lastly, the **commercial and marketing departments** will be responsible for publicizing the service to the public, making the company acquire an impeccable image ensuring users and key partners trust and rely on the brand. The staff of this department will be responsible for the advertising campaigns, to achieve this goal. In addition they will design striking and impressive presentations taken to meetings with other enterprises' CEOs to catch their attention effectively. They will also help by providing creative ideas to ensure a constant improvement of app's design.

5.2. ORGANIZATIONAL CHART



Table 3 – Future (3 years) organizational chart of the company



6. MARKETING PLAN

Every company, regardless of its size or the sector in which it operates, needs to prepare a Marketing Plan. The fact that Marketing is linked to a changing environment that is continuously offering new challenges to companies requires the fulfillment of a process of continuous adaptation. Since the problems faced by companies evolve over time, answers must be focused in adapting to find new solutions. For this reason, Pulpit has focused on the search of persuasive and effective ways to communicate everyone, the creation of the innovative product that pretends to be developed, using productive technologies, ensuring the services provided meet client's expectations.

6.1. THE BRAND, ORIGINS & NAMING

The origin simply comes from the aim of satisfying a need that is still unknown to many. Although there are already companies that offer multiple services through cards or others that offer discounts on certain activities, a device that brings everything together offering various products through a single platform has not yet been developed. This is why the company can thrive and really succeed, because if expected success is achieved, people's lives could positively change making Pulpit become the brand of the future.

The name tries to communicate the main idea and principal function of the product, transmitting exactly what the company intends to accomplish. Octopuses have several arms that can be metaphorically interpreted as different possible options. For this reason, as the intention relies on the offering of different services through a single element, the following logo was designed with the purpose of visually transmitting the concept to everyone's minds, through a simple but effective illustration.

The 8 arms reflect the services and products offered while the head is the starting point from which everything is distributed. The name encourages people to use the app in a subliminal way by saying "do it" changing the word "do" for Pulp, as stating something like "Come and join us, change your lifestyle and be part of the future."



6.2. MARKETING MIX

Designing the marketing strategy involves creating the proper combination of elements that make up the marketing mix also known as the marketing 4Ps: Price, Product, Promotion and Place (Kotler, 2008) which aim to achieve the objectives set by the company.

For this it is absolutely necessary to combine the four variables with total coherence so that the whole plan makes sense guaranteeing its success.

The product is the variable that encompasses both the goods and services that a company intends to offer becoming the key agent by which the needs of consumers are met. As it has been described throughout the business plan, the service that the company intends to provide is very complete and ingenious, since there is still nothing similar in the market. In this sense, the product offered is distinctive, which facilitates the process of selling it to customers who are becoming more and more strict and exquisite every day. Moreover, taking into account the different competitors previously analyzed, attracting key partners is one of the biggest challenges the company faces. Hence supplying an innovative product as Pulpit card facilitates the achievement of companies' interest in the brand and that's why the product offered is the main strength of the startup, mainly due to its distinctiveness.

The price has been set after making a comparison of competitor's prices, to make an entrance in the market using a low cost strategy, offering lower prices at first to be able to catch consumers' attention.

Precio	Adultos	Niños de 6 a 12 años	Menores de 6 años
	Madrid Card 24 horas	47€	34€
Madrid Card 48 horas	60€	42€	Gratis
Madrid Card 72 horas	67€	44€	Gratis
Madrid Card 120 horas	77€	47€	Gratis
Madrid Card 24 horas y SIM Vodafone	57€	34€	Gratis
Madrid Card 48 horas y SIM Vodafone	68€	42€	Gratis
Madrid Card 72 horas y SIM Vodafone	74€	44€	Gratis
Madrid Card 120 horas y SIM Vodafone	82€	47€	Gratis

Table 4 – Prices of Madrid's card from Civitatis



In this sense it has been decided that the cards will have a cost of 5€ for the general cards and 47€ for the tourists one, as comparing prices with the Madrid Card of Civitatis, a strategy was needed to be able to attract their clients, offering a cheaper and more complete product. This will be well explained in the operations plan by proving and reasoning of all the costs and sources of income.

The distribution that will be used is simple and straightforward as consumers will only need phones to obtain the app. The only distribution channel that will be taken into account will be the process of mailing the cards to client's homes. Also post offices in airports and train stations among others will be considered so tourists can make the purchase easily once they arrive to the city.

Promotion will focus on being effective, simple and attractive. Considering that nowadays social media is used mostly by everyone, the advertising of the product will be made through Instagram and Facebook as they have been considered by the company, the best paths through which to reach as many users as possible. It has been concluded with the fact that the worth of mouth is the most effective way to attract as many people as possible, so having presence in social media will thus enable this to happen.

Finally regarding the **place** variable, there is not an exact point of sale. As explained before the product will be distributed through the app and through post offices. The desire is to facilitate people's lives in all aspects and that is why the objective has been to maintain a direct purchase process going in line with what the company pretends to sell, comfort and simplicity.



7. FINANCIAL PLAN

The profitability of a company is what determines its success and prosperity, thus an analysis and explanation of the costs and revenues as well as an estimation of firm's future performance must be commented in order to bring everything together. The financial plan is what demonstrates the viability of the project, using as backup real numbers and figures, showing if the targeted objectives are possible or unrealistic.

In this last section of the business plan, revenues, expenses and three possible scenarios will be thoroughly interpreted, outlining the company's future in a negative, positive and neutral way.

7.1. REVENUES

Market data has been collected to back up, as explained before, the estimations made of expected revenues. To forecast company's financials a series of assumptions have been developed, basing conclusions in the results obtained in the market analysis. These are explained as follows:

Firstly, after obtaining some statistics and figures regarding the voucher sector from (Nueva Tribuna), it has been found that:

- The annual growth rate of the sector has been 20% during the past years
- Over 14 million people where voucher clients in 2015 representing roughly 30% of Spain's total population during the year (46,6 million)

Having this said, from those statements some hypotheses have been assumed making an appraisal of potential Pulpit card's users, to calculate revenues as accurately as possible.

- Madrid's population accounted for 6.5 million people as of June 2017
Taking from above statistics that 30% of Spain's population where voucher clients and assuming in Madrid only half are coupon clients (15%), then there are 975,000 citizens that use this service
- In Madrid, TTP (Tarjeta de Transporte Público) has more than 3 million users, figures obtained from (ABC).



- Regarding targeted sectors, such as transport, leisure, culture and restaurants among others, the figures showed that average yearly consumption per capita in Spain is **€ 5,815**

Average Consumption per capita broken down in sectors
(Euros)

	01 Food & Non-Alcoholic Beverage	03 Retail shops	05 Furniture - Zara Home (ex)	07 Transport	09 Leisure	11 Restaurants		
	2016	2016	2016	2016	2016	2016		
Average consumption per capita								
Total	1.654,06	582,23	514,54	1.309,19	639,34	1.115,38	Average yearly consumption	5.814,74

Table 5- Average Consumption per capita broken down in sectors (Average and total household consumption in Spain, Instituto Nacional de Estadística, 2016)

Considering that Pulpit cards have targeted the tourist sector too, some relevance data have been found.

- Madrid has received nearly 12 million tourists in 2018, of whom 6.2 million are international (52%), staying in the city for an average of 3 days, representing an increase of 10.2% over 2016, figures obtained from (ABC).
- The average prices of tourist cards are: 47€ 1 day; 60€ 2 days; 67€ 3 days (obtained from analysing Civitatis's Madrid Card explained before).

Furthermore, additional assumptions have been brought about to obtain even more precise and credible results.

- The fee charged to key partners will only proceed when purchases of more than 20€ take place.
- The fee will equal 0,05% each time a transaction >20€ using Pulpit's card occurs.
- It has also been assumed that 80% of transactions will be > €20 to keep things simple and to attract key partner's interest offering fair conditions.
- The first year only 2% of the (975,000 people) will own Pulpit card.



- Gross amount of transactions using Pulpit's product = 80% of chargeable transactions x €5,815 x 975,000 people x 2% of Pulpit clients = **€ 90,714,000 per year.**

The following table gathers all these assumptions showing results the company could achieve if all hypotheses were met.

Year	2018	2019E	2020E	2021E	2022E	2023E	2024E
Operating inputs							
<i>Tourist card</i>							
Price (€)	47	47	47	47	47	47	47
Number of new users (# of people)	1.240	1.488	1.786	2.143	2.250	2.362	2.480
Total tourist users	1.240	2.728	4.514	6.656	8.906	11.269	13.749
<i>General card</i>							
Price (€)	5	5	5	5	5	5	5
Fee (%)	0,05%	0,05%	0,05%	0,05%	0,05%	0,05%	0,05%
Number of new users (# of people)	19.500	23.400	28.080	33.696	37.066	40.772	44.849
Total general users	19.500	42.900	70.980	104.676	141.742	182.514	227.363
Total number of users	20.740	45.628	75.494	111.332	150.648	193.782	241.112
General card client assumptions							
Madrid population (# of people)	6.500.000	6.529.900	6.559.938	6.590.113	6.620.428	6.650.882	6.681.476
Population growth	0,46%	0,46%	0,46%	0,46%	0,46%	0,46%	0,46%
Voucher clients (%)	15%	15%	15%	15%	15%	15%	15%
Yearly client acquisition (%)	2%	20%	20%	20%	10%	10%	10%
Avg. Consumption per year (€)	5.815	5.931	6.050	6.171	6.294	6.420	6.548
Small transaction quantity (€m)	20	20	20	20	20	20	20
Small transactions <€20 (%)	20%	20%	20%	20%	20%	20%	20%
Mid-large transactions per month (€)	7.559.162	16.630.156	27.515.350	40.577.582	54.946.037	70.751.337	88.137.168
Tourist card client assumptions							
Int. tourists in Madrid (# of people)	6.200.000	6.324.000	6.450.480	6.579.490	6.711.079	6.845.301	6.982.207
Tourist growth	2%	2%	2%	2%	2%	2%	2%
Target clients (# of people)	20%	20%	20%	20%	20%	20%	20%
Yearly client acquisition (%)	0,10%	20,00%	20,00%	20,00%	5,00%	5,00%	5,00%

Table 6 - Assumptions showing results obtained during first 7 years - General card and Tourist card



Firstly, as the company has targeted two different types of clients, thus providing two distinct cards for each, results have been separated to examine the revenues obtained with each service.

At the top part of the table, the number of tourist users gained each year has been calculated using assumptions and figures found about arrival of international tourists, targeted clients and a starting estimated growth of 0.1%. The same procedure has been used to calculate total number of General Card users that will be obtained, considering in this second product, transactions >20€ and other statements mentioned before. The intention is to measure consumer growth the company will experiment each year, so revenues can be calculated more precisely.

7.2. EXPENSES

Having discussed and proven how revenues are intended to be obtained, the following section will focus on explaining the costs the company will incur at the start of the project and during the next few years.

7.2.1 INITIAL COSTS & COGS

In the following section, initial costs and cost of goods sold will be explained for better understanding Income Statement's figures and the three scenarios that will be exposed later.

COGS		2019E	2020E	2021E	2022E	2023E	2024E			
Price per card		0,1								
Shipping costs per user		3								
Cost maintenance per user		6,5	6,5	6,5	6,5	6,3	6,3	Economies of scale		
Cost of the project										
	Useful life (years)									
	Depreciation table (SL)									
App	50.000	7		1	2	3	4	5	6	7
Computers	3.000	3		7143	7143	7143	7143	7143	7143	7143
Notary	500			1000	1000	1000				
Furniture	2.500	7		357	357	357	357	357	357	357
Total cost	56.000									

Table 7 - Cost of goods sold & Initial cost of the project



Regarding cost of goods sold, the three main expenses that the company will incur considering its main activities have been highlighted. At first, a payment to Inditar must be done to obtain the production of cards. Also, the delivery of the product once it has been purchased through the app must be added and finally the company will face costs related to maintenance for solving deterioration problems. This last one as explained in the table will experiment a decrease in cost due to economies of scale.

On the other hand, because all startups need initial costs to begin its operations, in this case 5 principle expenses have been considered as the most significant. The App creation is one of the pillars of the product so an investment will be made in the corresponding company GoodBarber, for the creation of the platform. Moreover, the purchase of required material of the office is necessary so that all departments, employees and the process in general can start functioning correctly. As technology is constantly changing, it has been estimated that every three years, computers will be changed, adapting to technological advancements, offering quality both to employees and customers.



7.2.2 OPERATING EXPENSES

The table below has been created to briefly make a breakdown of all the costs the company will have to face during the first year, necessary for starting its operations.

EXPENSES	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2018E
Operating Expenses													
Accounting and Legal	100	100	100	100	100	100	100	100	100	100	100	100	1.200
Advertising	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	24.000
Insurance	50	50	50	50	50	50	50	50	50	50	50	50	600
Interest Expense	50	50	50	50	50	50	50	50	50	50	50	50	600
Maintenance and Repairs	-	-	-	-	-	-	1.000	-	-	-	-	-	1.000
Office Supplies	200						200					-	400
Payroll Expenses (social security)	847	847	847	847	847	847	847	847	847	847	847	847	10.166
Rent	480	480	480	480	480	480	480	480	480	480	480	480	5.760
Software programs	500	500	500	500	500	500	500	500	500	500	500	500	6.000
Salaries and Wages	2.833	2.833	2.833	2.833	2.833	2.833	2.833	2.833	2.833	2.833	2.833	2.833	34.000
Taxes and Licenses	200	200	200	200	200	200	200	200	200	200	200	200	2.400
Telephone + Internet	100	100	100	100	100	100	100	100	100	100	100	100	1.200
Travel	500						500						1.000
Utilities	50	50	50	50	50	50	50	50	50	50	50	50	600
Web Hosting and Domains	25	25	25	25	25	25	25	25	25	25	25	25	300
Total Operating Expenses (exc wages)	7.936	7.236	7.236	7.236	7.236	7.236	8.936	7.236	7.236	7.236	7.236	7.236	55.226

Salaries	2018	
# of employees	2	We are assuming we hire 1 employee per year starting with two
Avg. Gross Salary	17.000	

Table 8 – Breakdown of Operating Costs

The most significant figures that may need further explanation are the employees' costs. Previously when commenting the human resources department, the description of the several employees required was made. Nevertheless, as stated before, at the



beginning of the business the CEO will oversee most of the activities having the support of two other experienced employees. The rest of vacancies will be created to target young enthusiastic students, offering internships programs, giving them professional opportunities helping them discover how a company works since inception. In this manner, what the company is trying is to lower costs during the first year as much as possible. Social Security Expenses have also been considered under the name of Payroll Expenses. After analyzing how Social Security is compounded in Spain, the figure that appears in the table is a result of calculating the amount of SS with the figures that appeared in (M.E.S.S, 2018).

7.3 CONSERVATIVE P&L

Having all the revenues and expenses explained the following section will show the forecasted Income Statement.

<i>Year</i>	2018E	2019E	2020E	2021E	2022E	2023E	2024E
Revenues	201.135	442.497	732.131	1.079.693	1.456.974	1.866.697	2.311.841
<i># of total users</i>	19.500	42.900	70.980	104.676	141.742	182.514	227.363
COGS	(187.324)	(351.539)	(548.597)	(785.066)	(1.001.013)	(1.267.341)	(1.560.301)
Gross profit	13.811	90.958	183.535	294.627	455.961	599.357	751.541
Opex	(55.226)	(55.226)	(55.226)	(55.226)	(55.226)	(55.226)	(55.226)
Personnel expenses	(34.000)	(51.000)	(85.000)	(119.000)	(153.000)	(187.000)	(221.000)
EBITDA	(75.415)	(15.268)	43.309	120.401	247.735	357.131	475.315
<i>EBITDA margin</i>	-37,5%	-3,5%	5,9%	11,2%	17,0%	19,1%	20,6%
D&A	(8.500)	(8.500)	(8.500)	(7.500)	(7.500)	(7.500)	(7.500)
Subsidies	-	-	-	-	-	-	-
Other income (loss)	(500)	-	-	-	-	-	-
EBIT	(84.415)	(23.768)	34.809	112.901	240.235	349.631	467.815
Interest income	-	-	-	-	-	-	-
Interest expense	(600)	(600)	(600)	(600)	(600)	(600)	(600)
EBT	(85.015)	(24.368)	34.209	112.301	239.635	349.031	467.215
Tax expense	-	-	(11.094)	(30.617)	(62.450)	(89.799)	(119.345)
Net income	(85.015)	(24.368)	23.115	81.684	177.185	259.232	347.870

Table 9 – Conservative P&L



During the first-year revenues reach 201,135€ but as fixed cost explained in the above tables are large considering that at the early stages of the company it has been assumed that the customer network is not enough to cover these costs, thus resulting in a negative EBITDA. Revenues increased at a CAGR 18E-2024E of 50.2%.

However, after the third forecasted year, client base is estimated to grow enough to cover fixed and variable costs attaining for the first-time positive EBITDA margins. This client increase is explained with the assumed 20% growth rate in voucher sector, reaching 227,363 in the 7th year.

Thereafter, EBITDA margins improve from 5.9 % to a steady c. 20%. This is a result that arises from a lower fixed cost burden in revenues. Depreciation shown in the table corresponds to the capitalization of costs incurred during the first year such as App creation (50.000€), equipment and furniture. The straight-line method was used assuming useful lives of 7, 3 and 7 years respectively. Anyways, the startup set up costs such as the app, are an outflow produced just in the first year, and following IRS (International Reporting Standards), these costs must be capitalized and not expensed as incurred, thus they have not been included in the P&L.

Other expenses correspond to notary costs incurred for the company creation during the first year too. A tax rate of 25% has been assumed considering the actual corporate tax law in Spain, considering that this law is more permissive with entrepreneurs. Nevertheless, for simplicity, the general rate has been used.

As commented, it is during the third year when the net income will start being positive, covering the high costs incurred at the start. Breakeven point is achieved in the fourth year as it is here when initial costs are covered by profits.

7.4 SCENARIOS

This is one of the most important segments of the analysis as here is where the profitability of the project will be exposed considering two possible scenarios, optimistic and pessimistic. The objective is to get a global view of how will company's performance behave in case objectives are met, dismissed or surpassed.



7.4.1 OPTIMISTIC

In the optimistic scenario, the initial acquisition of clients was set in 2.5% increasing in 0.5% the neutral forecast. This gave a total of 24,375 new clients during the first year. The short term yearly acquisition of clients was increased by 10%, up to 30% the next 3 years and by 5% up to 15% thereafter. As a result, the resulting forecasted P&L statement is the following:

Year	2018E	2019E	2020E	2021E	2022E	2023E	2024E
Revenues	236.849	538.924	924.628	1.417.652	1.974.558	2.604.425	3.317.670
# of total users	24.375	56.063	97.256	150.808	212.393	283.215	364.661
COGS	(221.937)	(434.755)	(711.417)	(995.670)	(1.359.298)	(1.635.861)	(2.076.034)
Gross profit	14.912	104.169	213.212	421.982	615.260	968.564	1.241.636
Opex	(55.226)	(55.226)	(55.226)	(55.226)	(55.226)	(55.226)	(55.226)
Personnel expenses	(34.000)	(51.000)	(85.000)	(119.000)	(153.000)	(187.000)	(221.000)
EBITDA	(74.314)	(2.057)	72.986	247.756	407.034	726.338	965.410
EBITDA margin	-31,4%	-0,4%	7,9%	17,5%	20,6%	27,9%	29,1%
D&A	(8.500)	(8.500)	(8.500)	(7.500)	(7.500)	(7.500)	(7.500)
Subsidies	-	-	-	-	-	-	-
Other income (loss)	(500)	-	-	-	-	-	-
EBIT	(83.314)	(10.557)	64.486	240.256	399.534	718.838	957.910
Interest income	-	-	-	-	-	-	-
Interest expense	(600)	(600)	(600)	(600)	(600)	(600)	(600)
EBT	(83.914)	(11.157)	63.886	239.656	398.934	718.238	957.310
Tax expense	-	-	(18.513)	(62.455)	(102.275)	(182.101)	(241.869)
Net income	(83.914)	(11.157)	45.373	177.201	296.659	536.137	715.441

Table 10 – P & L in optimistic scenario

In this new P&L number of total customers reaches 364,661, a 60% increase compared to the neutral scenario.

Revenues increased at a CAGR 18E-2024E of 55%, showing a 5% increase compared to the neutral forecast.

Compared with the conservative scenario mentioned before, EBITDA margins improve by nearly 10%, starting with positive figures since year 2.



7.4.2 PESIMISTIC SCENARIO

In the pessimistic scenario, the initial acquisition of clients was set in 1.5% decreasing 0.5% compared to the neutral forecast. This gave a total of 14,625 new clients during the first year.

The short term yearly acquisition of clients was decreased by 5%, down to 15% the next 3 years and by 5% down to 5% thereafter. As a result, the resulting forecasted P&L statement is the following:

Year	2018E	2019E	2020E	2021E	2022E	2023E	2024E
Revenues	165.421	358.570	584.187	847.843	1.124.682	1.415.363	1.720.579
# of total users	14.625	31.444	50.785	73.028	96.383	120.906	146.655
COGS	(140.524)	(256.671)	(415.635)	(598.621)	(771.402)	(983.050)	(1.179.978)
Gross profit	24.897	101.898	168.553	249.223	353.280	432.314	540.600
Opex	(55.226)	(55.226)	(55.226)	(55.226)	(55.226)	(55.226)	(55.226)
Personnel expenses	(34.000)	(51.000)	(85.000)	(119.000)	(153.000)	(187.000)	(221.000)
EBITDA	(64.329)	(4.328)	28.327	74.997	145.054	190.088	264.374
EBITDA margin	-38,9%	-1,2%	4,8%	8,8%	12,9%	13,4%	15,4%
D&A	(8.500)	(8.500)	(8.500)	(7.500)	(7.500)	(7.500)	(7.500)
Subsidies	-	-	-	-	-	-	-
Other income (loss)	(500)	-	-	-	-	-	-
EBIT	(73.329)	(12.828)	19.827	67.497	137.554	182.588	256.874
Interest income	-	-	-	-	-	-	-
Interest expense	(600)	(600)	(600)	(600)	(600)	(600)	(600)
EBT	(73.929)	(13.428)	19.227	66.897	136.954	181.988	256.274
Tax expense	-	-	(7.348)	(19.266)	(36.780)	(48.038)	(66.610)
Net income	(73.929)	(13.428)	11.878	47.631	100.174	133.950	189.664

Table 11 – P&L in pesimistic scenario

In this new P&L number of total customers reaches 146,655, decreasing 35% compared to the neutral scenario.

Revenues increase at a CAGR 18E-2024E of 48%, showing a 3% decrease compared to the neural forecast.

In this last scenario, it can be observed that EBITDA margins are lower as economies of scale are not reached as in other scenarios, as there is a higher pressure on costs in addition to lower client acquisition.



8. CONCLUSION

In this Final Degree Project an in depth analysis of the Spanish environment and an investigation of the market has been made for better understanding existing competitors' behaviors discovering the key tools necessary for facing possible threats and opportunities. The environment of entrepreneurship in Spain has been discussed by an exhaustive analysis of statistics, showing that promoting entrepreneurial activity should be an objective. In this case, the idea of a different and novel product has been used to try to convey that with the necessary instruments, extraordinary things can be created.

The viability of the company has been proved using the financial plan where all revenues and expenses have been clearly defined, designing and exposing a prosperous future for the brand bringing everything together.

The project has been developed with the aim of transmitting two main ideas. Firstly, the intention was to get a better perspective acquiring higher knowledge of how a company works, perfectly understanding all the operations and plans needed for developing creative ideas that could change many people's lives.

On the other hand, the promotion of entrepreneurial activity has been intended with this writing encouraging people to go ahead and take the chance to start a business, thus educating students helping them become proactive.

However, the limits of this project have been considered since despite having demonstrated the possible feasibility of the project, it cannot be completely proven unless the creation of the product is done in real life.

Anyways, the intention that has been sought throughout the project has been achieved, by demonstrating with evidence how to do an investigation to prove the possible success of an idea.



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