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Accounting Consulting

BUSINESS PLAN

ACCOUNTING MANAGEMENT SYSTEMS

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October 14, 1992

Accounting Management Systems provides consulting services to assist small- and medium-sized businesses in choosing and implementing microcomputer accounting systems. This plan reviews current markets, competition, and the skills and equipment needed to successfully build a business of this kind .

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EXECUTIVE SUMMARY

The Purpose of the Plan

This document outlines a proposed microcomputer consulting service and will help in identifying requirements for starting and operating the business outlined here. In order to do this, the report will review the market or markets that might exist, determine what competition exists in those markets and identify the skills and equipment needed. Financial performance is projected and funding requirements are considered.

The information contained in this report will serve two main purposes: to determine the viability of the proposed business and to measure its ongoing operations.

The Company

Market Needs to be Met

Accounting Management Systems (AMS) will provide consulting services to small and medium sized businesses to assist in selecting and implementing available microcomputer accounting systems.

Many smaller and medium-sized businesses today need to implement or upgrade their accounting and business

reporting systems. These businesses seldom have the necessary skills available to meet these needs in a successful or timely fashion. They simply want a solution that will meet their needs, works when it is supposed to, and is cost effective to implement.

Competitive Advantages

Accounting Management Systems will offer four and a half years of experience in the selecting and implementation of off-the-shelf micro-computer accounting programs. Other specific advantages include:

- Experience with proven microcomputer equipment and software.
- An existing network of contacts among resellers and other consultants.
- Formal training and practical experience in business management and operations.
- Polished communications skills.
- Low overhead costs.

Competitive Weaknesses

As a start-up, Accounting Management Systems will be faced with a number disadvantages:

- Dependent on one person.
- Will not possess all specialized skills required in every situation.
- The lack of formal offices for meetings.
- The lack of a professional image.

Products and Services

Accounting Management Systems will provide consulting services to small and medium-sized businesses that wish to implement or upgrade microcomputer-based accounting systems using off-the-shelf programs. These systems will vary from a single computer to small computer networks at several sites linked via telecommunications equipment.

A typical engagement would include some combination of the following services:

- A thorough needs analysis.
- An objective assessment of the wide variety of accounting software available, and how each one meets the needs determined, with a recommendation and alternatives.
- Accurate documentation of existing procedures. Application of these procedures to the selected new system and documentation of the new procedures.
- Installation and configuration of the selected programs and required hard ware.
- Training of staff in the use of the new systems.
- Ongoing support for the new programs.

These services will be billed at an hourly rate between $40 and $70. The rate charged will depend on the size of each engagement, anticipated future activity with the client and the opportunity to develop or acquire new skills during the engagement.

Market Analysis

Target Market Characteristics

A typical business that might hire Accounting Management Systems is expected to be:

- Smaller in size, up to $5 million or 100 employee.

- Local or regional in scope.
- In the service, retail, wholesale or light manufacturing sectors.

Target Market Size

The vast majority of businesses in Canada are small, as defined above. Approximately 6,700 businesses in Calgary in 1991 met all of these characteristics. That many exist outside Calgary in the southern Alberta area, for a total of about 13,500. At least 10% of that number begin as new businesses each year.

Marketing and Sales Activities

Marketing Strategy

Marketing activities will initially concentrate on networking in the following areas:

- Computer dealers.
- Accounting software vendors.
- Other consultants.
- Accountants and other personal service professionals.
- Participation in trade shows and industry seminars.
- Referrals from past or existing clients.
- Participation in electronic forums dedicated to the target market and to consulting.

Media advertising does not appear to offer any significant return at this point. Possible marketing opportunities include:

- Direct mailings.
- Cooperative advertising with computer dealers and accounting software vendors.
- Direct participation in seminars and trade shows in partnership with dealers or vendors.
- Paper and electronic bulletin board postings.

Sales Strategy

An initial meeting with prospective clients will be performed at no charge. This meeting will confirm the existence of needs for change. The prospective client must come away from the meeting with some trust or confidence in the consultant and his ability to implement a solution to the client's needs.

Operations

Accounting Management Systems will operate from a home office for much of its first year. Necessary equipment, including a phone, answering machine, fax capability, file storage and computer equipment will be kept in that office.

Most of the actual consulting services and meetings with clients will be performed at the client's place of business. Some configuration of equipment and software and the writing of proposals and documentation will be performed in the home office.

All significant engagements will be initiated with an informal meeting where the prospective client's needs are discussed and confirmed to exist. This first meeting will be followed by a written proposal and a contractual engagement letter to be signed by the client before further work is performed.

Records of existing systems and procedures, alternatives and recommendations, hardware and software purchases and configurations will be kept. Records of the billable time spent on each engagement will also be

kept.

Meetings with the client staff will be held at important points during each engagement to ensure that everyone involved is aware of the progress and the work that remains to be done. In most engagements, it is expected that client staff will perform some of the configuration work.

Management and Ownership

Accounting Management Systems is organized as a sole proprietorship with Richard L. Sawinski as its owner, manager and only consultant.

Financial Data: Funds Required and Uses of Funds

The initial requirements for capital are between $10,000 and $12,000. Approximately half of this amount would be raised through debt financing, the rest would be met through cash flow. These funds will be used as follows:

- $5,000 to $6,000 for computer equipment.
- $2,500 to $3,000 for licensing agreements with several vendors.
- $2,000 for computer software purchases.

COMPANY DESCRIPTION

Nature of the Business

Who is Accounting Management Systems?

Accounting Management Systems is a sole proprietorship operated by Richard L. Sawinski. His resume available upon request. This company will provide consulting services to small and medium-sized businesses. Its primary services are to assist in selecting and implementing microcomputer accounting systems. Secondary services would include implementation of related business programs and hardware and possibly sales of specific hardware and software. Retail sales are not the focus of this business.

What marketplace needs will AMS meet?

All businesses need to be managed. The basic process of management is to: collect information about the business, its day to day operations, its customers and its environment; to compare the information with past information, projections and information about competitors; and to make decisions about the businesses activities. A sound accounting/management system using readily available computer technology can collect data accurately, minimizing chances for human error. It can also analyze the report on the data quickly and communicate the information to staff, customers and associated businesses. Because the accounting/management system is central to any business, managers also have needs beyond the mechanics of the system itself, including obtaining a solution on a timely basis, cost effective implementation and operation of the system, and confidence in the abilities of the service provider.

Who has the needs for my service?

All businesses have these needs. Owners and managers are faced with more and more information with which to make decisions about their operations. They see current computer technology every day in newspapers, department stores and in other businesses. This technology promises to help them do more work in less time with better results.

Most of the skills will not be needed on an ongoing basis, sohiring or training staff cannot usually be justified. The business simply wants a solution that will meet their needs, one that works when it is supposed to, and is cost effective to implement and operate.

Accounting Management Competitive Advantages

Account Management Systems offers four and a half years of direct experience in the selection and implementation of off-the-shelf microcomputer accounting programs.

Formal training and nine years combined experience in both the management and operation of a variety of different business will help to provide a ready understanding of the specific needs in each client situation.

Polished communications skills will quickly and accurately document the client's needs, the alternatives and recommendations for change.

Direct experience with various mini- and microcomputer equipment, current knowledge of the latest PC technology and existing contacts among resellers and other consultants will help to ensure up-to-date solutions and smooth transitions.

Low overhead costs will help with profitability in the first few years.

Competitive Weaknesses

Reliance on a single person is a drawback. Only so many hours are available to perform chargeable services, prospect for new clients, manage the business and maintain or learn new skills. This is also the source of considerable flexibility in choosing with services to offer and which skills to obtain.

Some engagements will require specific skills that are not possessed and cannot be learned quickly. Through contacts in the consulting and computer sales industry these functions will have to be sub-contracted or referred to other parties.

During a typical engagement some functions are more labour intensive, such as installing cable and the physical installation of other equipment. In order to maximize chargeable time and profit, these functions may be sub-contracted to third parties with whom Accounting Management Systems has dealt in the past.

Initially, a lack of formal offices and a professional image will pose problems. Meeting space has already been secured with several computer dealers and office management contacts on an as-needed basis. Options for rented space and a leased vehicle are examined in detail in the body of this report.

Answering services are being met initially with a computerized voice mail box system. A cellular telephone is also an option that is being considered.

PRODUCTS AND SERVICES

Detailed Description

Accounting Management Systems will provide consulting services to small and medium-sized businesses that wish to implement or upgrade microcomputer-based accounting systems using off-the-shelf programs. These systems will vary from a single computer and program to small computer networks to several sites linked via telecommunications equipment. The systems will be chosen to meet the specific sites linked via telecommunications equipment. The systems will be chosen to meet the specific client needs, primarily to provide greater management reporting and control for the client businesses along with improved operating efficiency.

Specific services will typically be combined during a single engagement. However, each of these services can

be offered individually, depending on the client's needs. The services will include:

- A thorough needs analysis.
- An objective assessment of the wide variety of accounting software available, and how each one meets the needs determined, with a recommendation and alternatives.
- Assistance in sourcing and obtaining the selected programs and equipment.
- Accurate documentation of existing procedures and application of these procedures to the selected new system with documentation of new procedures.
- Installation and configuration of the selected programs and required hardware.
- Conversion of existing data from paper records or previous systems to the new system.
- Training of staff in the use of the new systems.
- Ongoing support for the new programs.

The range of computer programs supported include:

- Accounting programs: General Ledger, A/P, A/R, cheque writing, bank reconciliation.
- Operations programs: Order Entry, retail Point of Sale, Inventory and Purchasing.
- Management support programs: Property Management and Contact Management.
- Fully integrated electronic data interchange (EDI).
- Integration with other basic office programs such as local area networks, electronic mail, word processing, spreadsheets and databases.

Specific benefits of services

Businesses may already use computer equipment to conduct and manage their operations. Increasingly, smaller and medium-sized businesses are taking advantage of newer computer technology to increase their efficiency and competitiveness.

The new systems often require changes to existing procedures and can impact many related areas of a business operations. If the effects are anticipated and carefully considered, efficiency might be improved in these areas as well. If these effects are ignored there may well be unnecessary frustration and delay in the implementation. A consultant experienced in implementing new systems and anticipating the required changes will return the investment in his wages by increasing the benefits and decreasing the frustrations.

Wherever possible, the new systems will be integrated with existing computer systems and business operations. In some cases the new accounting systems will be required because of changes to business operations. In other cases the new systems will act as a catalyst for changes to their procedures and computer systems. In both cases there is an opportunity to provide greater efficiency; in the operations of the client businesses.

Legal agreements that could affect AMS

A consulting and sales agreement is being negotiated with Management Systems Inc. (MSI) of Georgia and Manitoba. This agreement will provide for referrals to Accounting Management Systems from MSI marketing and support activities. The sales aspect of the agreement is required because MSI does not sell its products through retail channels. The range of products available run from small business accounting software to management systems for medium-sized businesses and carry list prices from $225 to $15,000.

A similar agreement is being sought with International Computer of Alberta and New York. This agreement would involve only the consulting and support services for their line of Accounting Plus accounting programs.

Discussions have been held with Imagine Corporation of Oregon with respect to their Clear Account 1 and 2 products. Although they do not have any formal consulting programs they have provided evaluation copies of all of their software.

Imagine and the other firms above provide an electronic forum where customers from all over North America who are using the products can request assistance and services.

MARKET ANALYSIS

Industry Description and Outlook

Description of primary industry

Most statistics available for the computer consulting industry are based on a broad category of computer services, including rental/leasing of computer systems, time sharing systems, programmers, support and help desk providers, as well as consultants for everything from large networks to publishing of CD-ROMs.

Consultants dealing specifically with accounting software are a small subset of this group. Many computer dealers or resellers are drawn to the market, but few have or acquire any specific accounting skills or an understanding of accounting and management systems.

Public accountants are more likely to offer competent skills in selecting and implementing this type of computer system. Whether they do or not typically depends on their size and management style.

Independent consultants who concentrate on the accounting software market are still rare.

Size of the industry

Currently

According to Statistics Canada the number of computer service providers in Canada, as defined above, grew from 9,380 in 1988 to 9,694 in 1989. The number of such firms with employees decreased from 6,560 in 1989 to 5,682 in 1991.

This does not likely indicate that the industry is shrinking or consolidating, but more likely reflects the trend towards self employment in Canada.

The number of such businesses in Calgary is approximately 3 to 4% of the total, or 300 to 400 businesses. Perhaps half of this number are involved in financial systems. However, the number that concentrate specifically on accounting systems is likely on 2 1/2 to 5% of this number, or between 8 and 20 firms.

In Five Years

A growth rate of 2.5% from 1988 to 1989 would translate into an additional SO to 100 computer service firms in Calgary in five years.

Industry characteristics and trends

Historically

Computerized accounting and management systems consulting among smaller and medium-sized businesses is a new market that has existed only for the past 10 to 12 years, since the personal computer has allowed smaller companies to computerize.

It is becoming an established industry, but it is constantly evolving. The nature of any computer service business is that change is constant.

Currently

The industry is in growth phase as a result of the recent drop in price of 80/486 PC's and the move towards graphic user interfaces such as Microsoft's Windows.

In the future

The move towards graphic user interfaces in accounting software is just starting. Other future considerations include Electronic Banking (i.e. Direct Debit) and fully integrated business sstems between trading partners (EDI).

Target Markets

Distinguishing characteristics of primary target markets

Small businesses, under $5 million annual sales, fewer than 100 employees.

- Local or regional in scope.
- Involved in the service, retail, wholesale or light manufacturing sectors.
- Located in the Calgary or southern Alberta geographic area.
- Considering a new or upgraded computer accounting system.
- Lack the skills needed to properly implement a computer accounting system.

Primary target overall market size

6,700 such businesses exist in Calgary, a total of 13,500 in southern Alberta. Computer Services, as defined by Revenue Canada generated $299 million in revenue in Alberta during 1989. Anticipated market growth for service sector and light manufacturing is 5% annually.

Market penetration

An average of 1 major engagement per week would represent approximately 40 new clients each year, with perhaps 50% of those as ongoing support clients. This would be a 100% maximum client load a single person could carry. 40 clients represents 0.3% of the total market annually.

Pricing levels

Anticipated sales price for consulting services is between $40 and $70 per hour. A typical implementation engagement would generate about 25 hours of chargeable time. This represents $25,000 to $35,000 in annual revenue. A support client would average 8 hours annually. Projecting an initial number of support clients at 20 represents $8,000 to $11,000 additional revenue. Sales of software and hardware are projected at less than $8,000 annually, representing software for two typical implementations and the hardware for one implementation.

Methods by which specific members of target market were identified

- Directories of businesses in Calgary and area are available through the
- Calgary Economic Development Authority and several private providers.
- The Calgary Herald newspaper publishes a list of new business start-ups each Monday.
- Some accounting software vendors make referrals from inquiries to therrown marketing efforts.

Media through which I communicate with specific members of my target market

- Publication of advertisements for consulting services is not expected to be a primary source of new clients. Neither is advertising on radio or television. Space in the yellow pages will be considered, but not in the first year of operation.
- Direct mail to lists of new businesses obtained from sources above could result in significant new client leads.
- Participation in product and industry forums or trade shows has been effective for many consultants in this and in many other fields.
- Networking is expected to be the largest source of new client leads. This includes referrals from other consultants, computer resellers, business acquaintances and existing clients.
- Referrals are anticipated from accounting software companies, as discussed in the Legal Agreements section.

Trends and anticipated changes within primary target market

Many clients are looking for smaller, less expensive accounting software. Most clients do not understand initially that the cost of software is usually the smallest component of a computer system, and that hardware requirements, consulting fees and training costs each represent larger costs. The trend towards graphic user interfaces and computer programs integrated with each other are now strong factors even among smaller businesses. Many software firms are no longer offering free technical support. Technical support by telephone has certain limitations by nature. Consulting services at reasonable prices have been scarce in the accounting systems market.

Secondary target markets

Some specialized accounting software and computer hardware is not readily available or not available at all through traditional resale markets. Such products are sold exclusively through implementors, or Value Added Integrators. Such products include voice mail systems, integrated workgroup systems, EDI or Electronic Data Interchange systems. Each of these can overlap with accounting or management systems and represent potential sources of revenue. Computer training services by themselves represent a very large market, although generally not profitable for small providers. It can represent a source of additional cash flow, especially on a contract basis where consulting work could be scheduled flexibly. Ongoing support of accounting systems clients will likely grow into a considerable time commitment if past clients are retained for periods of a year or more. This would represent a need to either hire additional staff or scale back other secondary markets.

Market Test Results/Preliminary Contacts in Target Market

Market test procedures

During the months of December 1993 to March 1994, twelve potential customers were contacted regarding accounting systems consulting work. Visits were made to 10 of these potential customers for the purpose of an initial needs analysis.

Reaction of potential customers

Work was actually performed for 5 of these potential customers. Four of these engagements were for support work only, one was an implementation engagement that has generated 12 hours to date.

Two other potential customers have appreciated the initial meeting and expressed an interest in pursuing the recommended changes at a future date. The remaining three were appreciative but did not feel a need for any services at this time.

Test group's willingness to purchase services at various price levels

None of the potential customers were concerned about the rates charged for the services, all between $40 and $50 per hour. This indicates that the rate is reasonable and could be increased, especially for larger implementation engagements.

Competition

Identification

A number of direct competitors exist, as well as a wide array of indirect competitors. A partial list of competition and its market share is available upon request.

Competitor	Direct/Indirect	Market Share
KPMG Peat Marwick Thorne	Indirect	5.0%
Arthur Andersen Consulting	Indirect	4.0%
Ernst & Young	Indirect	2.0%
Deloitte & Touche	Indirect	1.5%
Collins Barrow	Direct	0.3%
Compleat Business Solutions	Direct	2.5%
C.A.T.S. Computer Inc.	Direct	0.3%
PJ Business Services Ltd.	Direct	0.3%
Gordon B. Lipon, CM. A.	Direct	0.2%
C.S.B. Systems	Direct	1.0%
Bottom Line Solutions	Direct	0.5%
Cal-Mour Consultants	Direct	0.5%
Channel Systems Ltd.	Direct	0.7%
Retail Management Systems	Direct	1.2%
Quasar Business Solutions Inc.	Direct	0.5%
Roberts & Company	Direct	0.8%
Axiom Business Mgmt Systems	Indirect	?
A.G.W. Computer Consultants	Indirect	?
Compu Touch Ltd.	Indirect	?
Dun & Bradstreet Software Services	Indirect	?
Timesavers Information Technology	Indirect	?
P C Management Consulting	Indirect	?

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C.S.B. Systems	Direct	1.0%
Bottom Line Solutions	Direct	0.5%
Cal-Mour Consultants	Direct	0.5%
Channel Systems Ltd.	Direct	0.7%
Retail Management Systems	Direct	1.2%
Quasar Business Solutions Inc.	Direct	0.5%
Roberts & Company	Direct	0.8%
Axiom Business Mgmt Systems	Indirect	?
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Strengths of competitors

Larger competitors have a broader base of skill to draw on internally. Many of these competitors have as much or more experience than AMS. In addition, larger firms have larger capital bases to obtain new skills, arrange licensing agreements, work with advanced technology.

Weaknesses of competitors

Many of these competitors are larger organizations that must charge between $70 and $120 per hour for their services. Also, these larger organizations (speaking as an ex-employee of one of the above) are less flexible in meeting client needs and slower in adapting to changes in their markets. In fact, most of the indirect competition is more concerned with actual sales of software or hardware than with understanding and meeting client needs. Furthermore, almost all of the competitors have office space and salary costs resulting in higher overhead that must be met through higher volume (client needs vs. cash flow) or higher rates.

What is the competitor's target market?

Most of the larger firms pursue larger and medium-sized businesses than can justify high charge rates and require more specialized software and systems.

Barriers to entry into market

Capital costs do not represent a significant barrier to entry in this market, but time requirements to maintain skills and pursue potential clients are high, as with most professional consulting work. Technology is a key component and represents most of the capital costs. Without very current hardware a computer consultant is working at a disadvantage because he or she cannot be as efficient as the competition and is not familiar with what most of his/her clients will be using. Additionally, there are no regulatory restrictions to providing computer consulting services, which is in my favor.

MARKETING AND SALES ACTIVITIES

Overall Marketing Strategy

What are specific plans in marketing service?

- Networking among past and current customers, other consultants and other business acquaintances is at the top of my list for marketing my business.
- Posting notices at community bulletin boards, in community newspapers and on electronic bulletin board will also be pursued.
- Participation in accounting software forums is already in progress. Some of these forums are ongoing in electronic form, while others are less frequent.
- Participation in industry seminars and trade shows will be limited to attendance at this point. As a reputation is built, it may be possible to be invited to speak at some of these events. This will require a high degree of expertise and credibility and some political work efforts.

What are the expected costs of these activities?

- Networking will cost no more than the occasional lunch.
- Posting notices will cost nothing, until the larger circulation community papers are approached.
- Participation in various electronic forums adds to the cost of bulletin board system (BBS) subscription, but the incremental cost is averaging about $10 to $15 per month.
- Industry seminars quite often charge an admission of $5 to $20. This is expected to cost less than $300 per year. Any speaking engagements will not occur in the first year and travel costs are usually met in those cases.

How does AMS plan to grow?

In the first years the goal is to establish a reputation in the field and survive while doing so. The ultimate goal here is to become busier than a single person can handle. The aim at this point is to have a handful of associates with which work is shared. In the future, if the business is successful, it will become necessary to hire staff or contract out more of the support and hands on implementation work. After four or five years the ideal would be to have one or two salaried staff.

Sales Strategy

The actual delivery of the service will be carried out by Richard L. Sawinski, the owner of Accounting Management Systems. The process of making a sale is as follows:

- Identify a potential client.
- Meet with the client to determine whether specific needs exist and what they are. This meeting will be free of charge. Care must be taken that the client is not allowed to ask a million questions and then perform the implementation him or herself.
- Sell the potential client on the reputation and capabilities of my business (myself).
- Perform the actual services.

OPERATIONS

Service Delivery Procedures

Once an engagement has been agreed to the following steps will be performed:

1. A formal engagement letter and contract is written and delivered to the client which:
    - Spells out the nature of the work to be performed
    - Recommends an initial schedule for providing the services
    - Details any hardware and software purchases that will be required
    - Highlights the client's responsibilities during implementation
    - Estimates the number of hours and approximate total cost
    - Contains legal recourse instructions and limitations
2. The engagement letter is delivered to the potential client and when signed, constitutes an initial contract for the services. Any changes to the agreement that the client requests are considered at this time.
3. The actual services are delivered according to the agreed on schedule.
4. The engagement is reviewed periodically by AMS and the client to ensure that the goals are being met.
5. Once the engagement is complete, billing is finalized. There may have been partial billings during the course of a particularly large engagement.
6. A number of follow up calls are made to the client over the next two months to ensure that the new system is working properly and inquiring into any support services required.

7. Mailings regarding upgrades will be sent to each past client unless they indicate they do not wish to receive them.

Operating Competitive Advantages

Techniques

The operations described above are proven techniques similar to those used while performing similar consulting work during the course of my employment with a local accounting firm. Some changes have been made to recognize market realities, but the structured approach serves to meet the client needs in most cases without overlooking minor needs or legal loopholes.

Experience

Most of the direct competition identified will have similar or greater experience in working with accounting information, computer systems and procedural analysis. Most of the indirect competitors do not possess the same experience. Economics of scale and direct costs of production do not exist for this service work.

Supplier Relationships

Suppliers of specific hardware or software are a concern only in secondary markets that Accounting Management Systems might enter. However, in providing consulting services, relations with the software vendors are important. Proper vendor relations offer:

- Advance notice of changes and upgrades.
- Access to program fixes and undocumented techniques.
- Potential referral of clients.
- Access to new versions of programs at reduced or nominal cost.

Care must also be taken when working with several vendors products. A certain rivalry can exist between vendors and this can threaten most of the above benefits to consultants.

Operating Conditions

Location

Operations for Accounting Management Systems are based in home office in Calgary. Some configuration and most of the writing of proposals and documentation will be performed in the home office. Most of the actual consulting services and meetings with clients will be performed at the client's place of business.

Hours of operation/availability

Hours of operation are expected to be from 7:30 AM to 6:00 PM Monday to Friday. Work on new implementations will routinely be done outside of these hours. Any support work not related to new implementations that is requested outside of normal hours will be charged at a 50% premium to the normal rate for that service or client.

MANAGEMENT AND OWNERSHIP

Organization Structure

Accounting Management Systems is currently organized as a sole proprietorship. Revenue during the first year or two is not expected to need sheltering from personal tax. In addition, there are no large start-up costs to capitalize and no special protection from liability that incorporation offers that cannot be incorporated into an engagement contract. If the business growth were to meet the projections contained in this report, then the business would likely be incorporated during its fourth year.

FUNDS REQUIRED AND THEIR USES

Current Funding Requirements

Approximately $6000 of initial funding is required in order to purchase initial computer hardware and software and to establish licensing agreements with several software vendors. Beyond these needs, most initial costs are expected to be met from the cash flow of the business.

This funding will be required within the first few months of operation. The funds will take the form of either bank or private borrowing at current rates and will likely be amortized over a three-year period.

Funding Requirements over the Next Five Years

Additional funding requirements over the next five years are related to acquiring additional computer equipment either for the business itself or for salaried staff.

Use of Funds

- Capital expenditures.
- Working capital needs will be met from personal finances or from cash flow.
- Debtretirement is limited to the initial capital funding and will be met from cash flow.
- Acquisitions are not seen as an issue, although opportunities for acquisition may arise and will be investigated at the time that incorporation becomes an issue.

FINANCIAL DATA: HISTORICAL

Current financial statements for Accounting Management Systems from November, 1993 to March, 1994 are available on request. These represent work primarily in the secondary market of formal training and should be interpreted as such.