

## Summary Business Plan

### Genesis of i-Show (i-秀)

While China's businessmen are jumping to the burgeoning China market, a research done by Hay Group this year shows that global business leaders are most concern about understanding the China market. However, the current collecting marketing data procedure remains a black box, and many doubt on the accuracy of marketing data. Understanding Chinese consumers' preference remains a critical issue that businessmen want to address.

Recognizing the strong need in this area, **i-Show** serves as a knowledge factory to produce precise knowledge for better customer insights and utilize its niches to provide an integrated business solution for companies.

### Product Description and Benefits

Companies can display their newly launched or prototypes in **i-Show**. This helps to gauge market response and feedback on the products. **i-Show** will run through its membership database and select members that fit the profile of the products' intended market. Selected members are invited to try the product(s) at **i-Show**. After completing the questionnaire(s) base on their hands-on experience with the product(s), they will receive attractive incentives like free exclusive products and bonuses.

The whole data collection procedure is transparent. **i-Show** creates an opportunity to interact with potential customers and observe customers' behavior, and hence sharpen customer

strategies to win over customers. As **i-Show**'s membership database expands, it is bringing a pool of customers right before marketers' eyes.

Attracting members to **i-Show** is crucial. Chinese consumers yearn for a better life and want to be informed. Capturing this mentality, providing attractive incentives aside, interactive exhibits are available for visitors to experience the current and future trend. Such "hands on, minds on" edutainment helps position **i-Show** as a place where innovation and ideas are showcased.

For corporate customers, **i-Show**'s responsibility does not stop at analyzing questionnaire result. **i-Show** also provides professional advice on branding, pricing and marketing strategies. As **i-Show** handles companies from various industries, **i-Show** can solve the networking gap issue, or what is known as the 'structure hole'. **i-Show** can act as a network brokerage and connect their customers timely. Through this way, customers may seek business opportunity with companies across industries and create synergy.

Hence, **i-Show**'s customer base will include:

- Companies who need a competitive end-to-end business solution.
- Consumers looking for hands-on experience on the latest trends and lifestyle.

Main revenue streams will come from consulting fees, membership fees and entrance fees.

## Risk and Opportunities of i-Show

**i-Show** combines two growing business in China: marketing research and consultancy business. China's market research business is expected to grow by 70% to USD 1 billion in 2009 from 600 million last year, while consultancy business grows steadily at 20-25%.

With a high demand for such business services, the **potential of i-Show is huge**. However, **i-Show** faces a few risks:

- *Potential Competitors*

**i-Show** may face competition from marketing research and consultancy firms. However, **i-Show's** innovative marketing tools and brokerage of network service are what these potential competitors are unable to offer. Currently in China, no company offers such services all under one roof. As a first-mover, **i-Show** is able to create barriers by strengthening its network continuously and generate more precise knowledge for its corporate clients.

The Chinese government has announced plans like tax incentives and increase government subsidy to encourage creativity. To fulfill its corporate social responsibility to support creativity, **i-Show** can be a platform for budding entrepreneurs or students to showcase their inventions. Through **i-Show**, they can find potential investors or sell their invention to end users. This will encourage the growth of innovation. **i-Show's** effort to propel innovation enables it to be eligible for government grants and lowers the cost of business. Hence, **i-Show's** consultancy fee can be kept lower than those charged by consultancy firms.

- *Ethical Dilemma*

There will be situations where competing brands approached **i-Show** for assistance. **i-Show** associates are subject to code of ethics and should maintain high integrity and must not divulge trade secrets to any party.

- *Intellectual Property (IP)*

China's weak IP regulation may hinder creativity. The Chinese government is working to improve this area. **i-Show** will take measures to prevent leakage of sensitive information that will threaten its customers' IP.

### **Management Team**

**i-Show** is founded by five highly committed, and well-qualified inspirers. They bring with them professional knowledge, experiences and extensive contacts in marketing, end-to-end business solution, and technology into **i-Show**. All five founders are pursuing International MBA at China's most prestigious Peking University, and this helps **i-Show** gain trust and support from both the public and the private sectors in China. Sitting in the advisory team is Professor Tu Rungting, the Associate Professor of Marketing in Peking University Guanghua School of Management. With Professor Tu's remarkable achievement in both corporate and academic field, he will be able to provide valuable contacts and advice to **i-Show**.

### **Finance Matter**

**i-Show** needs a capital of USD0.7 million to roll out its first shop in Beijing. Future plans include expanding to other big cities. This will help companies to have a holistic understanding

of China market. **i-Show** plans to operate and grow the business until it is well received by public consumers and companies. The Management team is investing USD0.35 million, and is seeking for strategic investors to fund an additional USD0.35 million for initial start-up. The project shall begin with 5,000 members. The initial investment of USD0.7 million promises an NPV of USD7.21 million, with an Internal Rate of Return (IRR) of 30% to **breakeven in two years** (See Sensitivity Analysis Part 1). The detailed Sensitivity Analysis is summarized in the tables below.

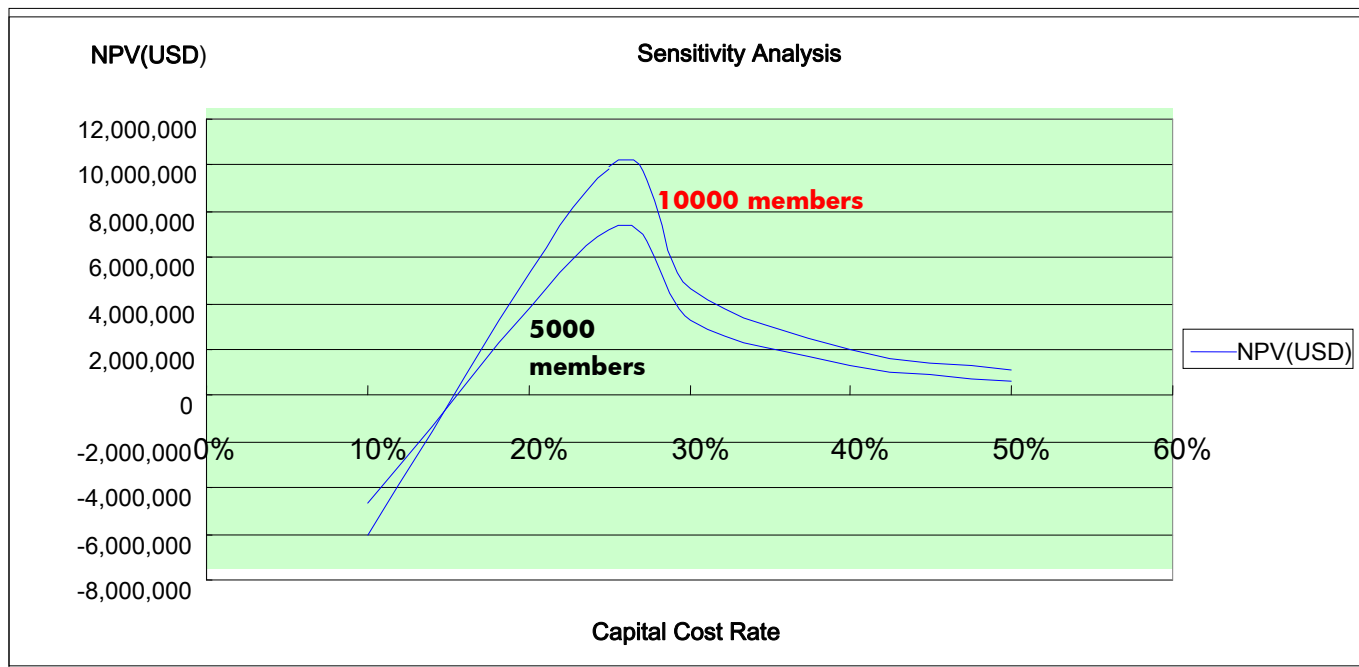
**Table 1 Sensitivity Analysis**

Projects	Members in the first year	Revenue Growth Rate	Capital Opportunity Cost Rate	Initial Investment NPV (USD)	NPV (USD)	IRR (2 years)
Starting point	5000	20%	25%	0.7million	<b>7.21 million</b>	<b>30%</b>
Alternative 1	5000	20%	30%	0.7million	<b>3.265 million</b>	
Alternative 2	10000	20%	25%	0.7million		<b>44%</b>
Alternative 3	10000	20%	30%	0.7million	<b>4.626 million</b>	

**Table 2: Sensitivity Analysis (Refer to Sensitivity Analysis Part 1 to 4 for details.)**

<b>Members in the first year</b>	<b>Capital Opportunity Cost Rate</b>	<b>NPV(USD)</b>
5000	10%	-4,625,850.34
	25%	7,210,884.35
	30%	3,265,306.12
	40%	1,292,517.01
	50%	634,920.63
<b>Situation when Members increase to 10000</b>		
<b>Members in the first year</b>	<b>Capital Opportunity Cost Rate</b>	<b>NPV(USD)</b>
10000	10%	-5,986,394.56
	25%	9,931,972.79
	30%	4,625,850.34
	40%	1,972,789.12
	50%	1,088,435.37

**Figure 1: Graphical Presentation of Sensitivity Analysis**



**Figure 2: Graphical Presentation of Potential Reward**



There are two possible exit strategies for investors. The first exit strategy is IPO within 3 years of operations. This creates liquidity for investors and generates additional capital for cross-provincial expansion. Another exit opportunity is through acquisition merger with corporate like marketing and consultancy firm or public corporation that promotes innovation and business development.

We strongly believe that the uniqueness of our business model will make this business a lucrative investment not to be missed.



## Sensitivity Analysis Part 1: When Capital Opportunity Cost Rate = 25%, **Members = 5,000**

<u>Initial Costs ( 1 year)</u>	<b>RMB</b>	<b>USD</b>
Rental Costs - Showroom	960,000.00	130,612.24
Rental Costs - Office	480,000.00	65,306.12
Renovation Costs - Showroom and Office	1,200,000.00	163,265.31
Equipment Costs - Showroom and Office	500,000.00	68,027.21
Software Costs	400,000.00	54,421.77
Employees Salaries	840,000.00	114,285.71
Management Salaries	288,000.00	39,183.67
Advertising and Promotions	200,000.00	27,210.88
Government and Legal Fees	100,000.00	13,605.44
<b>TOTAL</b>	<b>4,968,000.00</b>	<b>675,918.37</b>

<u>Revenues:(2 years-RMB)</u>	First Year	Second Year	<b>TOTAL ( 2 YEARS)</b>	<b>USD</b>
Consulting fees	1,825,000.00	3,650,000.00	<b>5,475,000.00</b>	<b>744,897.96</b>
Membership fees	1,000,000.00	1,000,000.00	<b>2,000,000.00</b>	<b>272,108.84</b>
Entrance fees	75,000.00	100,000.00	<b>175,000.00</b>	<b>23,809.52</b>
<b>TOTAL</b>	<b>2,900,000.00</b>	<b>4,750,000.00</b>		
<b>IRR</b>	0.3	0.3		
<b>Factor</b>	0.769230769	0.591715976		
<b>PV</b>	2,230,769.23	2,810,650.89	<b>5,041,420.12</b>	

Exchange Rate: USD 1.00 = RMB 7.35

	<b>RMB</b>	<b>USD</b>
NPV of Renenue(B19/(0.25-0.2)	58,000,000.00	7,891,156.46
NPV of Investment(B19/(0.25-0.2)-C11	53,000,000.00	<b>7,210,884.35</b>

Footnotes:

1. In terms of consulting fee, we earn RMB5000 per day in the first year, and RMB10000 per day in the second year;
2. In terms of membership fees, we charge RMB200/person, we estimate we will have **5000** members in the first year and 5000 more in the second year.
3. In terms of entrance fees, we estimate RMB5 per person per time, and have 15000 visitors in the first year and 20000 visitors in the second year
4. The revenue growth rate is estimated to be 20%.
5. The capital cost is **25%**.

## Sensitivity Analysis Part 2: When Capital Opportunity Cost Rate = 30%, **Members = 5,000**

<b>Initial Costs ( 1 year)</b>	<b>RMB</b>	<b>USD</b>
Rental Costs - Showroom	960,000.00	130,612.24
Rental Costs - Office	480,000.00	65,306.12
Renovation Costs - Showroom and Office	1,200,000.00	163,265.31
Equipment Costs - Showroom and Office	500,000.00	68,027.21
Software Costs	400,000.00	54,421.77
Employees Salaries	840,000.00	114,285.71
Management Salaries	288,000.00	39,183.67
Advertising and Promotions	200,000.00	27,210.88
Government and Legal Fees	100,000.00	13,605.44
<b>TOTAL</b>	<b>4,968,000.00</b>	<b>675,918.37</b>

<b>Revenues:(2 years-RMB)</b>	<b>First Year</b>	<b>Second Year</b>	<b>TOTAL ( 2 YEARS)</b>	<b>USD</b>
Consulting fees	1,825,000.00	3,650,000.00	<b>5,475,000.00</b>	<b>744,897.96</b>
Membership fees	1,000,000.00	1,000,000.00	<b>2,000,000.00</b>	<b>272,108.84</b>
Entrance fees	75,000.00	100,000.00	<b>175,000.00</b>	<b>23,809.52</b>
<b>TOTAL</b>	<b>2,900,000.00</b>	<b>4,750,000.00</b>		

Exchange Rate: USD 1.00 = RMB 7.35

	<b>RMB</b>	<b>USD</b>
NPV of Revenue(B19/(0.3-0.2))	29,000,000.00	3,945,578.23
NPV of Investment(B19/(0.3-0.2))-C11	24,000,000.00	<b>3,265,306.12</b>

Footnotes:

1. In terms of consulting fee, we earn RMB5000 per day in the first year, and RMB10000 per day in the second year;
2. In terms of membership fees, we charge RMB200/person, we estimate we will have **5000** members in the first year and 5000 more in the second year.
3. In terms of entrance fees, we estimate RMB5 per person per time, and have 15000 visitors in the first year and 20000 visitors in the second year
4. The revenue growth rate is estimated to be 20%.
5. The capital cost is **30%**.

### Sensitivity Analysis Part 3: When Capital Opportunity Cost Rate = 25%, **Members = 10,000**

#### Initial Costs ( 1 year)

	RMB	USD
Rental Costs - Showroom	960,000.00	130,612.24
Rental Costs - Office	480,000.00	65,306.12
Renovation Costs - Showroom and Office	1,200,000.00	163,265.31
Equipment Costs - Showroom and Office	500,000.00	68,027.21
Software Costs	400,000.00	54,421.77
Employees Salaries	840,000.00	114,285.71
Management Salaries	288,000.00	39,183.67
Advertising and Promotions	200,000.00	27,210.88
Government and Legal Fees	100,000.00	13,605.44
<b>TOTAL</b>	<b>4,968,000.00</b>	<b>675,918.37</b>

#### Revenues:(2 years-RMB)

	First Year	Second Year	TOTAL ( 2 YEARS)	USD
Consulting fees	1,825,000.00	3,650,000.00	<b>5,475,000.00</b>	<b>744,897.96</b>
Membership fees	2,000,000.00	1,000,000.00	<b>3,000,000.00</b>	<b>408,163.27</b>
Entrance fees	75,000.00	100,000.00	<b>175,000.00</b>	<b>23,809.52</b>
<b>TOTAL</b>	<b>3,900,000.00</b>	<b>4,750,000.00</b>		

<b>IRR</b>	0.44	0.44	
<b>factor</b>	0.694444444	0.482253086	
<b>PV</b>	2,708,333.33	2,290,702.16	<b>4,999,035.49</b>

Exchange Rate: USD 1.00 = RMB 7.35

	RMB	USD
NPV of Revenue(B19/(0.25-0.2))	78,000,000.00	10,612,244.90
NPV of Investment(B19/(0.25-0.2))-C11	73,000,000.00	<b>9,931,972.79</b>

Footnotes:

1. In terms of consulting fee, we earn RMB5000 per day in the first year, and RMB10000 per day in the second year;
2. In terms of membership fees, we charge RMB200/person, we estimate we will have **10000** members in the first year and 5000 more in the second year.
3. In terms of entrance fees, we estimate RMB5 per person per time, and have 15000 visitors in the first year and 20000 visitors in the second year
4. The revenue growth rate is estimated to be 20%.
5. The capital cost is **25%**.

## Sensitivity Analysis Part 4: When Capital Opportunity Cost Rate = 30%, Members = 10,000

### Initial Costs ( 1 year)

	RMB	USD
Rental Costs - Showroom	960,000.00	130,612.24
Rental Costs - Office	480,000.00	65,306.12
Renovation Costs - Showroom and Office	1,200,000.00	163,265.31
Equipment Costs - Showroom and Office	500,000.00	68,027.21
Software Costs	400,000.00	54,421.77
Employees Salaries	840,000.00	114,285.71
Management Salaries	288,000.00	39,183.67
Advertising and Promotions	200,000.00	27,210.88
Government and Legal Fees	100,000.00	13,605.44
<b>TOTAL</b>	<b>4,968,000.00</b>	<b>675,918.37</b>

### Revenues:(2 years-RMB)

	First Year	Second Year	TOTAL ( 2 YEARS)	USD
Consulting fees	1,825,000.00	3,650,000.00	<b>5,475,000.00</b>	<b>744,897.96</b>
Membership fees	2,000,000.00	1,000,000.00	<b>3,000,000.00</b>	<b>408,163.27</b>
Entrance fees	75,000.00	100,000.00	<b>175,000.00</b>	<b>23,809.52</b>
<b>TOTAL</b>	<b>3,900,000.00</b>	<b>4,750,000.00</b>		

Exchange Rate: USD 1.00 = RMB 7.35

	RMB	USD
NPV of Renenue(B19/(0.3-0.2)	39,000,000.00	5,306,122.45
NPV of Investment(B19/(0.3-0.2)-C11	34,000,000.00	<b>4,625,850.34</b>

Footnotes:

1. In terms of consulting fee, we earn RMB5000 per day in the first year, and RMB10000 per day in the second year;
2. In terms of membership fees, we charge RMB200/person, we estimate we will have 10000 members in the first year and 5000 more in the second year.
3. In terms of entrance fees, we estimate RMB5 per person per time, and have 15000 visitors in the first year and 20000 visitors in the second year
4. The revenue growth rate is estimated to be 20%.
5. The capital cost is 30%.