

BUSINESS PLAN
FOR
RELATIONAL TECHNOLOGY
INTERNATIONAL

R.O.

Prepared by
Nicholas Birtles

April 26, 1985

50% Costing
10% Profit

SUMMARY OF EUROPEAN PLANS

1. Have UK operation fully functional and profitable by August, 1985. Fully functional means installed in permanent offices, with complete facilities, offering full customer support and training. UK revenue for FY86 to be £1.28M. UK profit for FY86 to be 150K (12%).
2. Have German operation fully functional by January 1986 and profitable by April 1986. German revenue for FY86 to be 1,710KDM. German loss for FY86 to be 200KDM (11%).
3. Have French operation fully functional by May 1986 and profitable by August 1986. French revenue for FY86 to be 2,700KFF. French loss for FY86 to be 636KFF (26%).
4. Establish at least four new distributors in FY86 with revenue of \$250K and get \$1.250K from existing distributors.
 \$800K from INENCO
 \$350K from SOBEMAP
 \$100K from Mesarteam
- need list of DIST
5. Establish agreements with at least one European hardware manufacturer with revenue in FY86 of \$250K.
6. Establish agreements with at least five VARS with revenue in FY86 of \$250K.
7. Profit from indirect operations (excluding existing distributors) is \$224K. ?
8. Overall summary for FY86 in \$000's.

	Revenue	Royalty	Profit
UK	1,600	480	187.5
Germany	570	171	(66.7)
France	270	81	(63.6)
Indirect	750	225	166.5
	<u>3,190</u>	<u>957</u>	<u>223.7</u>
			7%
Existing Distributors	1,250	625	-
	<u>4,440</u>	<u>1,582</u>	<u>223.7</u>

Excluding \$300,000 in capital equipment.

PREMISES FOR RTI EUROPEAN PLAN

- 1. European Sales Executives can achieve Sales Performance equivalent to ~~\$600K~~ ^{\$720K} per annum.
- 2. Royalty to RTI paid at rate of 30% on INGRES Software licenses and renewal fees (not on training, consulting, etc.)
- 3. Takes 6 months to achieve profitability in UK, 9 months in other European countries.
- 4. First year of profitability in each country will be 10-12%, subsequent years 15-20%.
- 5. Marketing/Sales Promotion costs will be 6-9% ^{- TARGET 8%} of revenue in UK needs investment of \$100K each in first year in France and Germany.
- 6. F & A costs will be ~~5-6%~~ ^{9%} of revenue.
- 7. Phase overall European plan to start up each country when last start up is profitable or keeping overall European operation cash positive except for major capital investment.
- 8. Takes 6 months to get operation fully functional from first staff on board.

Documentation

+ the original mechanics

etc @ cost + 10%

OBJECTIVES

1. To become the major supplier of Relational Database Management software and associated services in markets outside North America.
2. To create long term profitable growth.
3. To establish every operation as financially viable.
4. To act ethically with both our customers and supplier.
5. To make RTI an interesting and exciting place to work thereby attracting and retaining top quality staff.

STRATEGIES

1. To establish direct sales, support and marketing operations in major markets. Major markets are currently defined as having a minimum of 1000 DEC VAX systems or minimum of 1000 major IBM sites capable of running VM or MVS or an aggregate of 1,500 of both VAX and IBM. Currently this means UK, Germany, France and Australia.
2. To establish and support distributors in non major markets who will sell and support RTI's software to agreed performance levels for both sales and support.
3. To establish and support agreements with major non US hardware manufacturers of super micros and minis running UNIX operating systems for them to OEM INGRES on their equipment. Major defined as over \$200 million turnover and over 1,000 installations. Currently defined as Bull, ICL, Siemens, Olivetti, Nixdorf and Phillips.
4. To establish and support agreements with major non US software and computer service companies to use INGRES as a basis for their offerings under the VAR program.
5. To establish a profitable consultancy business to complement the sales of INGRES.

GOALS

RTI's international operations to be at least 35% of RTI's total revenue by FY90.

<u>REVENUE</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>
<u>Direct Operations</u>			
UK	1.6M	2.00M	4.00M
Germany	0.57M	1.25M	2.5M
France	0.27M	1.00M	2.00M
Far East	<u>0.40M</u>	<u>1.25M</u>	<u>2.5M</u>
Total	2.84M	5.5M	11M
<u>Indirect Operations</u>			
Distributors	1.5M	3.0M	6.0M
OEM	0.25M	1.0M	2.0M
VAR	<u>0.25M</u>	<u>0.5M</u>	<u>1.0M</u>
Total	2.00M	4.5M	9.0M
Grand Total	4.84M	10.0M	20.0M
Total RTI Revenue	36M		
	13%		

REV. 0.

ALL

GOAL NO OF LICENCES

	FY85	FY86	FY87	FY88
Average unit sale price		\$33K	\$40K	\$50K
UK per year		30	75	130
Cummulative	20	50	125	255
Germany per year		15	44	90
Cummulative	5	20	64	154
France per year		8	31	63
Cummulative	20	28	69	132
Australia per year		5	25	40
Cummulative	5	10	35	75
Total per year		58	175	323
Cummulative	50	108	283	606
Distributors per year		60	100	160
Cummulative	20	80	180	340
OEM's Average Price	\$2K		\$2.5K	\$3K
Per Year	250		800	1333
Cummulative	150		1050	2383

TACTICS

needs
measurement
criteria

1. Direct Operations

- a. Establish direct sales and pre-sales support organizations.
- b. Establish telephone hot line and training service.
- c. Establish post sales consultancy service.
- d. Establish marketing services function.
- e. Establish finance and admin. functions.

2. Indirect Operations

- a. Establish sales organization.
- b. Establish support organization.

European Revenue Performance

UK Average Sales Performance £48K per Month

UK

	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
NICK	1 4.8	2 9.6	.4 19.2	.6 28.8	.8 38.6	1 48	1 48	1 48	2 48	1 48	1 48	1 48	1 48	1 48	1 48	1 48	566.4
Aiden	-	-	.1 4.8	.2 9.6	.4 19.2	.6 28.8	.8 38.4	1 48	1 48	1 48	1 48	1 48	1 48	1 48	1 48	1 48	518.4
SE3	-	-	-	-	-	-	-	-	-	.1 4.8	.2 9.6	.4 19.2	.6 28.8	.8 38.9	1 48	1 48	196.49
Total <i>+HC</i>	4.8	9.6	/24	38.4	57.6	76.8	86.4	96	96	100.8	105.6	115.2	124.8	134.1	144	144	1281.6

GERMANY

Average Sales Performance 150K DM per month

	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
Sales 1	-	-	-	-	-	1 15	.1 15	.4 60	.4 60	.7 105	1 150	1 150	1 150	150	150	150	1,155
Sales 2	-	-	-	-	-	-	-	-	-	.1 15	.1 15	.4 60	.4 50	.7 105	150	150	555
Total <i>+HC</i>						15	15	60	60	165	165	210	210	355	300	300	1,710 (KDM)

FRANCE

Average Sales Performance 500 KFF per month

	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
Sales 1	-	-	-	-	-	-	-	-	-	.1 50	.1 50	.4 200	.4 200	.7 350	1 500	1 500	1,850
Sales 2	-	-	-	-	-	-	-	-	-	-	-	.1 50	.2 50	.4 200	.4 200	.7 350	850
Total <i>+HC</i>										50	50	250	250	550	700	850	2,700 (KFF)

*PO or philosophy
& objectives*

NIC

Diane Admin. Aide - Junior 6/85

	Tech Services 4/85	United Kingdom MGR 9/85	Germany MGR 6/85	France 11/85	DISTI 9/85
Consultancy 11/85	Cust. Support 4/85	Trn. Mgr. 3/86	- Sales 8/85 - Sales 6/85 - Tech Sup. 6/85	- Sec 7/86 - Sales 9/85 - Sales 12/85 - Tech Sup 9/85	- Sec 12/85 - Sales 1/86 - Tech Sup 2/86
	- Person 1 9/85 - Person 2 1/86				- Mgr - Innenco - Sobemap - Mesarteam - So. Adv. - Aust. - etc. - Tech Sup 3/86
		£1.25M	DM 1.8M	2.25MFF	

*With
good idea*

Need
raise — 5%
500 increase

BUDGET FOR UK

1986

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
<u>Salaries</u>												
MD	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Admin.	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Junior	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
UK Manager	-	-	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Sales 1	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Sales 2	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Sales Support	-	-	-	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Tech Support Mgr	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Tech Support 1	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Tech Support 2	-	-	-	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Tech Support 3	-	-	-	-	-	-	1.5	1.5	1.5	1.5	1.5	1.5
Consultant 1	-	-	-	-	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Consultant 2	-	-	-	-	-	-	-	2.0	2.0	2.0	2.0	2.0
Training Mgr	-	-	-	-	-	-	-	-	2.0	2.0	2.0	2.0
SALARIES TOTAL	12.7	1.27	15.2	18.2	20.2	20.2	21.7	23.7	25.7	25.7	25.7	25.7

BUDGET FOR UK

1986

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
Office Rental	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Other Office Costs	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
TOTAL OFFICE COSTS	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Other Staff Costs 30% <i>detail used</i>	3.8	3.8	4.6	5.5	6.0	6.0	6.5	7.1	7.7	7.7	7.7	7.7
Recruitment	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Training	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Marketing	5.0	5.0	6.0	6.0	6.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0
F&A Inc. deprec. - 9% £2K per month	4.0	4.0	4.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0
TOTAL	38.5	38.5	42.8	47.7	50.2	50.2	54.2	56.8	60.4	60.4	60.4	60.4
Revenue	57.6	76.8	86.4	96	96	100.8	105.6	115.2	124.8	134.4	144	144
Commission 10%	5.76	7.68	8.64	9.6	9.6	10.08	10.56	11.52	12.48	13.44	14.4	14.4
Royalty 30%	17.28	23.04	25.92	28.8	28.8	30.24	31.68	34.56	37.44	40.32	63.2	43.2
Profit @ 10%	(3.94) (7%)	7.58 10%	9.04 10%	9.9 10%	7.4 8%	10.28 10%	9.16 9%	12.32 11%	14.48 12%	20.24 15%	26 18%	26 18%

first up



needs cap line

BUDGET FOR GERMANY FOR FY86

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	Total
<u>Salaries</u>													
G.M.	12	12	12	12	12	12	12	12	12	12	12	12	144
Admin.		4	4	4	4	4	4	4	4	4	4	4	44
Sales 1	-	-	8	8	8	8	8	8	8	8	8	8	80
Sales 2	-	-	-	-	-	8	8	8	8	8	8	8	56
Tech. Supp.	-	-	8	8	8	8	8	8	8	8	8	8	80
Salaries	12	16	32	32	32	40	40	40	40	40	40	40	404
Other Staff Costs	3.6	4.8	9.6	9.6	9.6	12	12	12	12	12	12	12	121
Recruitment	36	-	48	-	-	16	-	-	-	-	-	-	100
Training	6	6	12	-	-	6	1	1	1	1	1	1	36
Office Rental	6	6	6	6	6	6	6	6	6	6	6	6	72
Other Office Costs	6	6	6	6	6	6	6	6	6	6	6	6	72
Marketing	-	-	25	25	25	25	25	25	25	25	25	25	250
F & A	6	6	8	8	8	10	10	10	10	10	10	10	102
Total Costs	75.6	74.8	144.6	98.6	98.6	119	100	100	100	100	100	100	1211.2
Revenue	-	15	15	60	60	165	165	210	210	255	300	300	1710
Commission 10%	-	1.5	1.5	6	6	16.5	16.5	21	21	25.5	30	30	171
Royalty	-	4.5	4.5	18	18	49.5	49.5	63	63	76.5	90	90	526.5
Profit	(76.5)	(65.8)	(135.6)	(62.6)	(62.6)	(20)	(1)	26	26	53	80	80	198.7
%	-	-	-	(104%)	(104%)	(12%)	(1%)	12%	12%	20%	26%	26%	(11%)

Budget for France for FY86

	July-Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	Total
<u>Salaries</u>										
G.M.	-	36	36	36	36	36	36	36	36	288
Admin.	-	-	12	12	12	12	12	12	12	72
Sales 1	-	-	-	25	25	25	25	25	25	150
Tech. Supp.	-	-	-	-	25	25	25	25	25	125
Salaries	-	36	48	73	98	98	98	98	98	635
Other Staff Costs 30%	-	10.8	14.4	21.9	29.4	29.4	29.4	29.4	29.4	190.5
Recruitment	-	100	20	75	60	-	-	-	-	255
Training	-	25	25	25	25	2.5	2.5	2.5	2.5	110
Office Rental	-	25	25	25	25	25	25	25	25	200
Other Office Costs	-	25	25	25	25	25	25	25	25	200
Marketing	-	-	-	80	80	80	80	80	80	480
F & A	-	25	25	25	35	35	35	40	40	260
Total Costs	-	156.8	182.4	350	377.4	294.9	294.9	300	300	2,256
Revenue	-	-	50	50	250	250	550	700	850	2700
Commission	-	-	5	5	25	25	55	70	85	270
Royalty at 30%	-	-	15	15	75	75	165	210	255	810
Profit	-	(156.8)	(152.4)	(320)	(227.4) (90%)	(145) (58%)	35 6%	120 17%	210 25%	(636) (24%)

