

For More Happy Children

FLUX (Kyo Kyo)

## **Executive Summary**

Our company, FLUX, aims to decrease child and infant mortality by creating a management service that insures people get what they need safely, securely, and reliably. According to Transparency International, even if aid is sent, it's hard to know where aid often goes to. By using IC chips, we will know if they actually got the necessary medical equipment parts, medicine, powder milk.

## **Mission**

\* To manage aid so that it reaches developing countries safely, securely, and reliably.

\* To sell to 27 companies by Year 3.

## **Service**

Our idea, FLUX, is a service. It is a supply chain managing company. Right now, aid are being sent, but it goes through many organizations before people receive it. Unfortunately, due to the lack of transparency, corruption, and lack of information between local people and the warehouses, aid is being sent but sometimes does not get received. According to Aurelia van Heerden, the founder of Fair Labor Association, " the problem is the lack of trust, the lack of confidence, the lack of partnership between NGOs, campaign groups, civil society organizations and multinational companies." Our solution to this problem is to build a management service that uses IC chips. By using IC chips, we will manage on our own server whether or not the aid has passed through organizations and communities to individuals. To make it more accurate, we will build up data using local dispatch workers. The IC chip will confirm that the person got what they need with the person's voice, face, and mouth movement. Our first operation will be in Bangladesh due to a semi-democratic government, large population, and dropping but rather high child and infant mortality rate. We focused on children under 5 and specialized in monitoring medical equipment parts, medicine, and powder milk. According to a 2011 WHO survey, only 40 percent of medical equipment the 16 low-income countries are non-functional and we thought we could help. With our service, we not only will we help improve child and infant mortality rate, but we will improve companies' trust and confidence in humanitarian aid.

## **Market Analysis and Marketing Strategies**

According to The Commitment to Development Index 2017, Japan ranked 26th. In each category, Japan ranked 5th in technology but 12th in aid. So, we see an opportunity to improve Japan's aid using our strong suit. There are companies that makes monitoring equipment like NEC and Renesas Electronic, organizations that gives equipment to people in developing countries like Kopernik, and Google's Graftas that makes it easier to audit and manage supply chains. According to One World, a magazine, companies are helping developing countries help grow. There are companies that are monitoring logistics, but there are no company that are managing it.

Our main customers are the Red Cross, pharmaceutical companies, and large-scale medical equipment makers. On Year 1 we will sell to 12 companies and the Red Cross, on Year 2 to an additional 6 companies, and an additional 9 companies on Year 3. From Year 3, we will try to sell to overseas companies like Johnson & Johnson. According to OurWorld, more and more companies are expanding to reach developing countries' market. Our main marketing strategy is networking. According to the magazine, Entrepreneur, networking is vital to work to NPOs. We will go to One World Festival on Year 1, and Japan Life Science Week on Year 2. In addition, we will send salespeople to companies and advertise a half page ad on Nippon Jitsugyo Publishing's Kigyuu-Jitsumu.

## **Operations**

Our headquarters will be in Kyoto City. On Year 1, we would have xxx employees with xxx. Our service will cost \$8432 per month.

We did a SWOT analysis of our company. Our biggest strength is that our management is secure and hard to corrupt. Also, our service could be used for various reasons, it's an innovative idea, and our data on people would be accurate. Our weakness is that we would improve child mortality in a systematic but indirect way. In addition, we will be deeply in the red for the first year, and our company would have a low profile. Our opportunity is that various companies are helping to developing nations and companies want transparency. Our threat is that our customer base is limited, research on supply chain transparency is increasing, and we are prone to cyber attacks. With our strength and opportunity we can increase trust in humanitarian efforts. By tracking aid we can fight corruption. In the worst case, we will collaborate with large cooperation that has a management division like NEC.

## Finance

The latest conversion rate from JYP to USD (¥106 = \$1)

| Finance                        |                  |                                 |  |                         | Year1       |           | Year2       |           | Year3       |           |
|--------------------------------|------------------|---------------------------------|--|-------------------------|-------------|-----------|-------------|-----------|-------------|-----------|
| <b>Start-Up</b>                |                  | <b>Sales</b>                    |  |                         |             |           |             |           |             |           |
| Start-Up Expenses              |                  | Subscription Fee                |  |                         | \$983,699   |           | \$1,660,169 |           | \$2,319,102 |           |
| Office Supplies                | \$12,370         |                                 |  |                         | \$0         |           | \$0         |           | \$0         |           |
| Development Cost               | \$47,542         |                                 |  |                         | \$0         |           | \$0         |           | \$0         |           |
| Insurance                      | \$47,542         |                                 |  |                         | \$0         |           | \$0         |           | \$0         |           |
| Advertising(Homepage)          | \$666            |                                 |  |                         | \$0         |           | \$0         |           | \$0         |           |
|                                | \$0              | <b>Total Sales</b>              |  |                         | \$983,699   |           | \$1,660,169 |           | \$2,319,102 |           |
|                                | \$0              | <b>Operating Expenses</b>       |  |                         |             |           |             |           |             |           |
| <b>Total Start-Up Expenses</b> | <b>\$108,120</b> | Labor Cost                      |  | Programmer              | 10people    | \$570,505 | 10people    | \$475,421 | 10people    | \$475,421 |
| <b>Start-Up Assets</b>         |                  |                                 |  | Operator                | 3people     | \$94,133  | 5people     | \$156,889 | 5people     | \$156,889 |
| Computer for server            | \$33,279         |                                 |  | Public relations        | 3people     | \$142,626 | 5people     | \$237,710 | 5people     | \$237,710 |
| Server                         | \$1,848          |                                 |  | Dispatch Workers        | 5people     | \$237,710 | 5people     | \$237,710 | 5people     | \$237,710 |
| IC Chip                        | \$190,168        |                                 |  |                         | people      | \$0       | people      | \$0       | people      | \$0       |
| Camera                         | \$9,508          | <b>Total Labor Costs</b>        |  |                         | \$1,044,975 |           | \$1,107,730 |           | \$1,107,730 |           |
|                                | \$0              | Advertising                     |  | Homepage(wix)           |             | \$145     |             | \$145     |             | \$145     |
|                                | \$0              |                                 |  | One world festibal      |             | \$192     |             | \$0       |             | \$0       |
|                                | \$0              |                                 |  | Japan Life Science Week |             | \$0       |             | \$3,737   |             | \$0       |
|                                | \$0              |                                 |  | Magazine(Kigyou Zitumu) |             | \$2,377   |             | \$2,377   |             | \$2,377   |
|                                | \$0              | <b>Total Advertising</b>        |  |                         | \$2,714     |           | \$2,522     |           | \$2,522     |           |
|                                | \$0              | Dispatch Workers                |  |                         | \$2,494     | 3weeks    | \$2,494     | 3weeks    | \$6,518     |           |
| <b>Total Start-Up Assets</b>   | <b>\$234,805</b> | Server                          |  |                         | \$2,526     |           | \$2,526     |           | \$2,526     |           |
| <b>Grants</b>                  |                  | IC Chip                         |  |                         | \$22,820    |           | \$1,902     |           | \$1,902     |           |
| Grants From Nation             | \$228,731        | Bank (Operating Expense)        |  |                         | \$291       |           | \$327       |           | \$391       |           |
| Grants From Kyoto              | \$14,263         | Divident For Shareholders       |  |                         | \$0         |           | \$0         |           | \$0         |           |
| <b>Sponsorship</b>             |                  | <b>Total Operating Expenses</b> |  |                         | \$1,075,820 |           | \$1,121,237 |           | \$1,121,589 |           |
| Investment(10 people)          | \$47,542         | <b>Operating Income</b>         |  |                         | \$144,510   |           | \$394,421   |           | \$1,197,514 |           |
|                                | \$0              | <b>Tax On Profit</b>            |  |                         | \$0         |           | \$118,208   |           | \$358,895   |           |
| <b>Total Start-up income</b>   | <b>\$290,536</b> | <b>Net Profit</b>               |  |                         | \$144,510   |           | \$276,213   |           | \$838,619   |           |
| <b>Total Start-up cost</b>     | <b>\$52,389</b>  |                                 |  |                         |             |           |             |           |             |           |

| Finance 2 Year1                  | Start-Up | Month 1   | Month 2   | Month 3   | Month 4   | Month 5   | Month 6   | Month 7   | Month 8   | Month 9   | Month 10  | Month 11  | Month 12  | Total     |
|----------------------------------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Cash on hand(beginning of month) |          | \$51,624  | \$131,093 | \$202,129 | \$273,166 | \$327,338 | \$381,697 | \$429,778 | \$450,220 | \$462,229 | \$465,806 | \$460,950 | \$447,662 | \$447,662 |
| Cash on hand(end of month)       | \$51,624 | \$131,093 | \$202,129 | \$273,166 | \$327,338 | \$381,697 | \$429,778 | \$450,220 | \$462,229 | \$465,806 | \$460,950 | \$447,662 | \$425,941 |           |

| Income                        | People | 0         | 1        | 2        | 2        | 4        | 4        | 5        | 8        | 9        | 10       | 11       | 12        | 13        |
|-------------------------------|--------|-----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|
| Subscription Fee              |        | \$0       | \$8,432  | \$16,865 | \$16,865 | \$33,730 | \$33,730 | \$42,162 | \$67,460 | \$75,892 | \$84,325 | \$92,757 | \$101,190 | \$109,622 |
| Grants                        |        | \$239,442 | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0       | \$0       |
| Sponsorship                   |        | \$46,847  | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0       | \$0       |
| <b>Total Income per month</b> |        | \$286,289 | \$16,865 | \$16,865 | \$16,865 | \$33,730 | \$33,730 | \$42,162 | \$67,460 | \$75,892 | \$84,325 | \$92,757 | \$101,190 | \$109,622 |

| Cash paid out                        | Labor cost | \$0       | \$85,808 | \$85,808 | \$85,808 | \$85,808 | \$85,808 | \$85,808 | \$85,808 | \$85,808 | \$85,808 | \$85,808 | \$85,808 | \$85,808 |
|--------------------------------------|------------|-----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Advertising                          |            | \$656     | \$12     | \$12     | \$12     | \$12     | \$200    | \$2,354  | \$12     | \$12     | \$12     | \$12     | \$12     | \$12     |
| Start-Up Expense                     |            | \$106,540 | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      |
| IC Chip                              |            | \$187,389 | \$1,874  | \$1,874  | \$1,874  | \$1,874  | \$1,874  | \$1,874  | \$1,874  | \$1,874  | \$1,874  | \$1,874  | \$1,874  | \$1,874  |
| Server                               |            | \$1,821   | \$207    | \$207    | \$207    | \$207    | \$207    | \$207    | \$207    | \$207    | \$207    | \$207    | \$207    | \$207    |
| Divident For Shareholders            |            | \$0       | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      |
| Computer for server                  |            | \$32,793  | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      |
| Camera                               |            | \$9,369   | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      |
| Dispatch Workers                     |            | \$2,458   | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0      |
| <b>Total Cash paid out per month</b> |            | \$341,026 | \$87,902 | \$87,902 | \$87,902 | \$87,902 | \$88,089 | \$90,244 | \$87,902 | \$87,902 | \$87,902 | \$87,902 | \$87,902 | \$87,902 |

| Finance 2 Year2                  | Month 1   | Month 2   | Month 3   | Month 4   | Month 5   | Month 6   | Month 7   | Month 8   | Month 9   | Month 10  | Month 11 | Month 12 | Total |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|-------|
| Cash on hand(beginning of month) | \$425,941 | \$411,997 | \$398,053 | \$375,676 | \$353,300 | \$330,923 | \$283,249 | \$235,575 | \$187,900 | \$131,794 | \$67,255 | \$2,716  | \$0   |
| Cash on hand(end of month)       | \$411,997 | \$398,053 | \$375,676 | \$353,300 | \$330,923 | \$283,249 | \$235,575 | \$187,900 | \$131,794 | \$67,255  | \$2,716  | \$61,823 | \$0   |

| Income                        | People | 13        | 13        | 14        | 14        | 14        | 17        | 17        | 17        | 18        | 19        | 19        | 19        |
|-------------------------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Subscription Fee              |        | \$109,622 | \$109,622 | \$118,055 | \$118,055 | \$118,055 | \$143,352 | \$143,352 | \$143,352 | \$151,785 | \$160,217 | \$160,217 | \$160,217 |
| <b>Total Income per month</b> |        | \$109,622 | \$109,622 | \$118,055 | \$118,055 | \$118,055 | \$143,352 | \$143,352 | \$143,352 | \$151,785 | \$160,217 | \$160,217 | \$160,217 |

| Cash paid out                        | Labor cost | \$90,962 | \$90,962 | \$90,962 | \$90,962 | \$90,962 | \$90,962 | \$90,962 | \$90,962 | \$90,962 | \$90,962 | \$90,962 | \$90,962 |
|--------------------------------------|------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Advertising                          |            | \$12     | \$12     | \$12     | \$12     | \$12     | \$12     | \$12     | \$12     | \$12     | \$12     | \$12     | \$12     |
| Start-Up Expense                     |            | \$2,623  | \$2,623  | \$2,623  | \$2,623  | \$2,623  | \$2,623  | \$2,623  | \$2,623  | \$2,623  | \$2,623  | \$2,623  | \$2,623  |
| IC Chip                              |            | \$1,874  | \$1,874  | \$1,874  | \$1,874  | \$1,874  | \$1,874  | \$1,874  | \$1,874  | \$1,874  | \$1,874  | \$1,874  | \$1,874  |
| Server                               |            | \$207    | \$207    | \$207    | \$207    | \$207    | \$207    | \$207    | \$207    | \$207    | \$207    | \$207    | \$207    |
| <b>Total Cash paid out per month</b> |            | \$95,678 | \$95,678 | \$95,678 | \$95,678 | \$95,678 | \$95,678 | \$95,678 | \$95,678 | \$95,678 | \$95,678 | \$95,678 | \$95,678 |

## Conclusion

We would need an investment of \$xxx from xxx people. With our company we can help reduce child and infant mortality rate. Thank you for taking your time and we hope you will invest in us.