

**UNIVERSIDAD ESAN**



## UniBuddy - Business Development Plan

**En colaboración con:**



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## List of abbreviations

BBA	Blocked Bank Account
CAC	Customer Acquisition Cost
CLV	Customer Lifetime Value
DACH	Germany, Austria and Switzerland
FTE	Full-time Employee
HHL	Handelshochschule Leipzig, HHL Leipzig Graduate School of Management
LBW	Leipziger Wohnungs- und Baugesellschaft
P&L	Profit & Loss
PTE	Part-time Employee
ROI	Return on Investment
SS	Sommersemester (Summer Semester)
TK	Techniker Krankenkasse
USP	Unique-Selling-Proposition
WS	Wintersemester (Winter Semester)

## **Executive summary**

UniBuddy is an online platform and website that allows internationals to set up the most essential arrangements necessary for relocation to Germany while they are still in their home countries. UniBuddy helps to arrange private apartments, set up a blocked bank account and provide health insurance.

UniBuddy “hacks” German bureaucracy, disrupting the way services are provided and easing transitions for internationals. The platform is easy to navigate and is aimed at foreigners, with limited or no German proficiency.

The company was founded by two post-graduate entrepreneurs who have worked in their spare time to develop a self-sustaining project that can kick off without big initial investments.

There are already three partners who have decided to collaborate and sign the contract with UniBuddy. With further growth, UniBuddy can establish collaboration with public institutions and improve the public administration sector.

Having already strong collaboration developed with the Graduate School of Management in Leipzig, HHL, the first customer base of 154 international students per year have been contacted.

With 420 number of customers, the break-even point will be achieved between third and fourth year.

The founders and management team are confident in the success of the company and are strongly dedicated to rapid growth and development.

# 1 Introduction

## 1.1 What is the problem?

Friendly economy, clean and safe cities, a high level of education, unemployment waving at about 3% make Germany one of the most attractive countries for relocation (“Germany Unemployment Rate | 2019 | Data | Chart | Calendar | Forecast | News,” n.d.). Germany is also a great destination to obtain higher education. Most of the universities do not charge any tuition fees and offer a wide variety of courses, some of which are also taught in English. While the statistics themselves prove promising, actually making it to Germany can discourage any keen aspirant. Based on the high quality of the products, which are often manufactured by local companies, Germany takes pride in its sophisticated bureaucratic system. The process can be extremely frustrating for expats, especially for those coming from countries outside the European Union. As of winter semester 2017/2018, there were 17.570 Indian students attending universities in Germany. After Chinese and Turkish students, Indian students are ranked the third largest group of international students in Germany (gent, 2018). For the sake of an example, we will look into the relocation process of a student from India. To start with, the student needs to obtain a German visa. In order to make a visa appointment, he or she must present a statement of an opened bank account in Germany with secured funds. The most common provider of banking services (which will be presented below) operates only in German, takes about 2-3 months to set up an account and ranks as the most expensive. Alternatively, the student can take a more affordable local provider. The local bank will need only a few weeks for the opening of an account and charges a smaller fee. After successfully setting up the visa appointment (after approximately 1-4 months) and having received the visa, the student can start searching for accommodation. Unfortunately, no private apartment can be rented without possessing a regular bank account number and vice versa. In order to set up a regular bank account, the customer must provide a residing



address. It is a vicious circle. The situation can get a bit easier if a student applies for, and receives on time, a place in a student dorm. However, here as well one must show iron patience. In cities such as Munich, student apartments can have a waiting period of 5 semesters (2,5 years) (Wartezeiten\_Mietpreisliste.pdf, n.d.)! Expats planning to relocate with family members must bear in mind that no student dorm can be rented by students coming with their spouses or children. That means having to look for a private apartment and facing the challenges already described above. Going further, after having rented an apartment, the student must apply for a residents' permit. To do that, he must prove possession of a blocked account in a German bank. Our student did that but with a local provider which at this point is not valid. Here contacting a German provider is a must. Costs for blocked bank accounts are double. Without any knowledge of German, however, the process of obtaining support and lots of information can be extremely costly, frustrating and time consuming. The student has to bear the cost twice; first by setting up a blocked bank account in India and later on again in Germany. Many of these situations are a vicious circle. This administration process proves to be ineffective and time inefficient. Relocation to Germany for the purpose of studies seems reserved either for students blessed with knowledge of German or financial means to pay for extra services. Unfortunately, this is not always the case. Here is where UniBuddy comes into play. UniBuddy bridges the gap of luxury service and makes it available for an affordable price. And not only this, it also simplifies the relocation process by providing truthful and straightforward information and guidance. Now relocation is made easy and public administration is revolutionized.

## **1.2 Problem and statistics**

Personal interviews have been performed with 40 international students studying at HHL Graduate School of Management. 85% percent of the students interviewed came from a country outside the European Union, which means they need a visa and a blocked bank

account. 12,5% came to Germany with a partner/family member which means that those students were not eligible for accommodation in a student dorm. Finally, the question with regard to the most difficult task of the relocation process: 47,5% thought finding an apartment and 22,5% opening the bank account. While analyzing this survey, one must bear in mind that the sample tested is not representative. It may or may not represent the entire population of the international student community in Germany. However, the survey clearly shows the existence of a relocation and public administration problem. And this is a problem UniBuddy is trying to solve.

### **1.3 What is the solution?**

UniBuddy is addressing precisely the bottlenecks described above. At first the company provides blocked bank account within only 24h. That means the visa process can be started and the waiting period of 1-5 months shortened. UniBuddy also knows of apartments available for which no local bank account needs to be provided. And finally, the company helps clients to set up health insurance within 24h that is fully valid for the start of their studies. UniBuddy deals with the main stumbling blocks during the relocation process in a fast and affordable way. How this will be done is described in the following paragraphs.

### **1.4 Purpose of the study**

The main objective of this study is to set up a business plan for investors interested in helping to establish UniBuddy as a company in Germany. Some initial contacts and cooperation partnerships have already been established; therefore, potential investments could take the start-up to a ready-to-run level. Additionally, by creating this business plan, one tries to achieve a more cohesive vision of the company and to analyze possibilities for marketing, development and growth. Fully establishing UniBuddy as a company would be a great benefit to international student communities both within and outside Germany.

## **2 Company description**

UniBuddy is an easy, trustworthy and remote service provider for internationals with limited or no German proficiency who want to set up their life in Germany. UniBuddy exists to ease the process of relocation to Germany. The idea of the business sprung from a personal experience relocating to a foreign country and knowing how difficult and stressful this process might be.

### **2.1 Mission statement**

The purpose of founding UniBuddy is to make the relocation as smoothly and stress-free as possible. It is meant as an online service that operates from within Germany and takes care of the most essential arrangements for international clients while they are still residing in their home countries. UniBuddy helps with arranging private accommodation, setting up a blocked bank account and taking out health insurance. If needed, UniBuddy can provide additional consulting services. Its service is trustworthy, easy and, that is the most important, will be provided remotely via the internet.

UniBuddy provides services designed to help students through their vital first months after arriving in the new location, making sure that they will have a stress-free arrival and can enjoy their life as a student in Germany.

UniBuddy's mission goes beyond serving end customers. As a long-term perspective, UniBuddy aims to transform administration processes. By introducing more and more digital and automated forms, the company hopes to instigate German public offices to modernize and digitalize public services.

### **2.2 Target customer**

Target market describes the audience at which the service is directly addressed. In other words, the customers to whom the service is primarily aimed at. According to Philip Kotler "There is only one winning strategy. It is to carefully define the target market and direct a superior offering to that target market". Defining and clearly aiming at the target

customer means obtaining a clear direction of the service, though one cannot exclude the fact that such a service can perfectly well be provided to anyone outside such group. Target customer of UniBuddy is clearly defined but not limited to the group.

Two general factors are the principal criteria of the potential customers: internationals planning to move to Germany and people with limited knowledge of German. Limitation in speaking German is a category, but not a precondition to access services offered by UniBuddy.

Given the fact that the company does not require a prerequisite to be eligible for the services, a wider range of customers can also greatly benefit UniBuddy resources. By serving any internationals, be it families, company delegates, working individuals, etc., UniBuddy enters a wider competition range. This point will be described in the competitors' section.

### **2.3 Core Competencies**

Competitive Advantage can be described as something that the competing firms are not able to do, or it is something owned by the firm that the rival firms wish to have. On the other extreme, core competences are the distinct proficiency of the company, which cannot be imitated by its rivals.

Gary Hamel said that it can be defined as a harmonized combination of multiple resources and skills that distinguish a firm in the marketplace (Nourani, 2020, p. 79). Core competences closely relate to the USPs.

UniBuddy's team is composed of individuals who are foreigners themselves and who have gone through the same relocation process and thus know it inside out. Additionally, operating in various languages, mostly in English and in German, is an additional advantage to connect the local, only German-speaking arrangements for those with only English-speaking customers. What differentiates UniBuddy from public services is also a sense of transparency and price fairness. The customer is fully informed what the service costs from

the very beginning and stays informed without much investigation or research. Moreover, available self-guided steps online (streamlining) are another competency. Most agencies do not have such a specific model and operate on a request-answer basis which is time consuming and not transparent to the end customer.

Additionally, UniBuddy ‘hacks’ German bureaucracy by knowing the exact bottlenecks of public processes and adapting to them in a quicker and more efficient way.

What is UniBuddy’s unique selling point? UniBuddy works online with the customers so key forms are filled before the person’s arrival in Germany. Most of the arrangements can be completed without physical presence in destined country which brings enormous savings of both time and money. The expats can arrive with all pre-requirements ready and dedicate themselves straight away to their destined activity, for example studies. Additionally, the business model is greatly scalable. Given its online operations UniBuddy can open bank account and provide health insurance accounts for students in other German cities. UniBuddy diminishes physical presence and contact to the minimum and thus limits travel costs and location restriction to end customers.

## **2.4 Key Success Factors**

Critical success factor is a management term for an element that is necessary for an organization or project to achieve its mission.

Key Success Factors are the functions, activities, or business practices defined by the market not the company, and, as viewed by customers, that are critical to the company/customer relationship. Generally speaking, Key Success Factors are three to five areas that a company may focus on to attain its vision. As a reminder, the 5 Key Success Factors are:

- Strategic Focus (Leadership, Management, Planning)
- People (Personnel, Staff, Learning, Development)

- Operations (Processes, Work)
- Marketing (Customer Relations, Sales, Responsiveness)
- Finances (Assets, Facilities, Equipment)

The principle Key Success Factor for UniBuddy is operation through online platform. UniBuddy aims to smooth and automated operating processes. By creating easy to follow steps online, the service can be provided from anywhere and to anyone. It also does not require physical presence. For this reason, operating online is the core through which UniBuddy operates. Secondary factor is the customer relationship. UniBuddy's core aim is to create a fast, informative service that provides objective information with 100% of reliability. In this way, UniBuddy transmits the message of being trustworthy and efficient source of resolving relocation issues.

## **2.5 USPs**

What makes UniBuddy unique besides all core competencies, is the background experience of the founders. The relocation experience made by the founders is what makes UniBuddy unique. Only the person who went through similar experience can fully understand the struggles and potential problems encountered along the way. Moreover, coming from an academic background makes the founders easily connected to necessary network of students and institutions in need of such services.

The core team of UniBuddy is made up of international students who are familiar with German bureaucratic systems and the pain points of our customers. The company operates in both English and German, and the service is remote, simple to use, and trustworthy. With UniBuddy, the customers can simply start their studies with less stress.

## 2.6 Vision

UniBuddy is meant to disrupt the traditional way the services are done in Germany. Most of the administrative procedures are still oriented to paper or person approach where multiple documents are being verified and little or no validity is given to electronically provided services. Also, there is little flexibility to provide services online. There is a general mistrust or fear of dishonestly while operating online. The vision of UniBuddy is to impact public system and digitalize the way services are provided. The vision of UniBuddy, is to become a service provider for public offices and to disrupt public administration. The vision is to become main relocation service provider in Germany with greatly automated steps, timely completion, fair pricing and clear guidance on how to complete the relocation in Germany. UniBuddy vision is to unify, concise and verify the information available online and become a reliable source of information. The idea is to help government institutions achieve more for less, meaning provide public services in a more efficient and effective manner. UniBuddy is meant to bring fresh ideas to German bureaucracy, introduce innovation and suggest new, more efficient, transparent ways of dealing with public requests. The vision of UniBuddy is not necessarily to provide nuances in technological solutions, but rather use available means, such as internet or smartphone and reshape current processes.

Initial services created by UniBuddy are providing housing, blocked bank account and insurance. The long-term vision is to extend services to more customized, and personal requests. The future in perspective could mean cooperation with alternative taxi services to offer flat rate on airport pick up service, pick up of rented apartment keys and setting the apartment ready for the incomer on the first days. Other services could include setting up a mobile phone number and internet for incomers to Germany. In a word, anything that is needed for an expat to set off in a new country. Once the optimal position is established in Germany, UniBuddy aims to develop the business model in other European countries.

## **2.7 How it works**

The main functionality of the business model is operating through website. Through the portal, UniBuddy provides customers with a platform to create a personal profile which services as a basis to requesting services. Personal profile aims to act as a platform to exchange necessary documentation and track progress of a request. It is also a facility in case of a returning customer to request further services. Through the personal profile a customer can register for a bank account, housing, and/or health insurance. Services are provided either a la carte or as a package. Upon completing the service request and pre-filling compulsory information a customer is led to the payment window for the service. Payment structure is simple. Payment for service is made directly through the website upon completing the online service request. Payment can be done using standard credit card or PayPal. In addition, UniBuddy receives commission fee from partners. Through the online personal profile UniBuddy confirms the completion of a request. The platform serves also as means to confidentially exchange information where the customer has full control of the progress made and what data is shared with the service provider. New legislation on General Data Protection Regulation in Europe set high standards on protecting personal data of the customers. Through data available on the personal account, the customer has full control of shared data.

## **2.8 Services**

What UniBuddy brings to the table is a level of digitalization and modernization of services that have been existing long time in the market. By automatizing and setting online document application UniBuddy cuts off paperwork and manual input, thus saving costs and increasing efficiency. Given the service niche, UniBuddy is introducing an affordable price for a selective service, which only well-off customers were willing to pay for.



Why specific services are selected? The three core services were chosen due to the high demand on the German market. UniBuddy allows what has been impossible until now- to arrange a relocation to Germany, with the most important arrangements, fully online.

### **2.8.1 Housing**

Apartment rental in Germany has been a hot topic for years. Prices skyrocket every season and demand over supply increases from year to year. Not only availability of decent options is the stumbling block. Extensive paperwork on rental and financial history are the requirements to be admitted only for apartment viewing. After finding a dream place, or simply, any place, a potential tenant must go through a casting with the landlord. At the end, the most well-off, non-committed, non-conflicting, no-pet, no-children, no-smoking and no player on musical instruments candidate is selected. In conclusion, finding an apartment in Germany can be a very frustrating experience.

What UniBuddy does is to become face for future tenants and take the rental risk on the company name. By providing an already available selection and ready-to-rent apartments, UniBuddy makes possible what is almost impossible for an international living outside of Germany- finalizes apartment rental at hand and makes it available upon arrival.

### **2.8.2 Blocked bank account**

Due to high number of foreign internationals immigrating to Germany, the country tries to assure well-being and financial stability of potential incomers. One of the requirements to settle in this central European country, for non-EU or non-OECD country nationals, is possession of blocked bank account, so called Sperrkonto in German. In cases of non-EU countries, it is also a condition for German visa application. Blocked bank account is a proof of financializing of the stay with an amount blocked, where money withdrawals are limited. The requirements have gone even more rigid. From 1 January 2020, the presumed annual requirement that must be paid into the blocked account when applying for a visa will

increase to €853 per month or €10,236 per year. This increased amount applies to all visa applications submitted from 1 September 2019 (Amt, n.d.). There is a number of such Sperrkonto providers available on the market, which differ in cost of service and time of set up. However, a mystery to the customer remains with which provider does the timing and cost meet at the breakeven point. Available services are either secure, expensive and taking eternity or short and easy but at the end not effective. UniBuddy shortens the waiting period to the minimum available on the market and offers competitive price. With UniBuddy Sperrkonto confirmation is available in 24h from the request. With the instant confirmation, visa process can be started immediately without any difficulties.

### **2.8.3 Health Insurance**

While relocating to Germany for study or work purposes, a valid health insurance is a must. No valid contract will be made without a statement on health coverage. Also, international students must provide a valid health insurance registration while initiating studies. The health insurance in Germany is an industry on its own. For an expat with little or non-German language skills is almost impossible to differentiate the components in the offers. Most expats are caught by surprise to realize the insurance they purchased in the home country is only valid for travel and not studying or working requirements. What UniBuddy does; is to do the brainwork for the internationals. UniBuddy provides the best ranked health insurance option in the German market. The service provided is proved to be the most effective and the most secure. No tricks, no frills. The expat can arrange all the insurance requirements from abroad and simply activate it on the start date of study or work. The insurance is fully compatible with universities or employment requirements. With UniBuddy there is 100% certainty that the selected product will be approved.

## **2.9 Key partners**

As mentioned in the purpose of the study statement, some essential contacts for providing services have already been established. As a starting point, three main services have been selected to start off the relocation offer. Those include housing, insurance and blocked bank account. For the same three, main partners have been selected and their choice will be described below.

At the current development stage, UniBuddy already cooperates with three business partners: housing, blocked bank account provider and insurance provider. As UniBuddy strives to offer top quality service, the best providers in the market have been selected for the same.

### **2.9.1 Housing and cooperation with LWB.**

For the purpose of providing secure and affordable apartments, the state-owned company: LWB has been selected. LWB stands for Leipziger Wohnungs-und Baugesellschaft which in English translation means Leipzig Housing and Construction Company Ltd. LWB is municipal real estate company of the city of Leipzig. It not only owns, manages, rents, purchases real estate in this German city but also manages third party properties. In result, LWB manages about 10,6% of all city apartments. With more than 7.350 houses and 35.200 apartments, LWB is the largest municipal housing company in the state of Saxony. Just as a reference, Leipzig consists of close to 600,000 residents (“Leipzig,” 2019).

There are four reasons for choosing this partner for effective partnership with UniBuddy. LWB currently offers the largest selection of apartments in a variety of sizes. Also, LBW offers currently the biggest choice of apartments with the widest availability of locations. Secondary, LBW apartments offer quite competitive market rental price as compared to privately owned spaces. Additionally, LWB is subsidized by the state which makes rental price more competitive and more accessible, for example for students. Third

argument is that by operating with one provider there is the facility of establishing one rental procedure for all apartments which would not be possible with single, individual owners or companies, meaning streamlining of business operations. Lastly, despite a German general trend of bigger demand than supply, LBW apartments stand frequently available. Such flexibility is extremely important for internationals who arrive to Germany on a short notice period and urgently look for an apartment.

LWB operates through location managers. Each manager is responsible for buildings in specific locations and facilitates the rental formalities of the specific location. Cooperating with LWB in different locations demands establishing contact with many different managers. Currently UniBuddy operation with one manager and provides a portfolio of about 100 available apartments in distance of 2km to two main Leipzig Universities: University of Leipzig and HHL, Graduate School of Management.

As potential further partner for already established apartments dedicated to students is Basecamp Leipzig. Basecamp Leipzig offers furnished apartments to students and its main advantage is short period rental, which is optimal for incoming exchange students for 3-6 months. Those apartments already contain furniture and are fully equipped, which is not common in Germany. Short term rental is nearly impossible with other real estates or private owners. The main disadvantage is elevated pricing in comparison to for example LWB.

## **2.9.2 Techniker Krankenkasse**

Anyone coming to Germany who comes for a tourist visit or is staying only temporarily must be officially registered and contain compulsory German insurance. There is a differentiation between public and private insurance. While public insurance is widely accessible to everyone, certain conditions apply to private health insurance. In the jungle of various insurance providers, UniBuddy has gone through selection process and opted for year after year the best ranked insurance provider in Germany. Techniker Krankenkasse, TK in

abbreviation, is a public insurance, non-profit company in Germany. So far, it is the largest insurer in Germany and consisting of about 10,4 million members (“Versichertenzahlen: Die größten Krankenkassen in Deutschland,” n.d.). Although the pricing of insurance is dependent on the person’s status, TK remains one of the most competitive insurers on the market. For new customers, TK offers an information package and registration forms in English language. Also, although not stated officially, almost all services in TK can be also provided in English, which for non-German speakers, is a great advantage. There is an option for online, 24h customer chat where customers can ask any question they want or simply can ask to be called back. Most of the personal questions can be done online through a MyTK information portal. TK digitalization does not end there. All important information can be also received online. The documents can be easily downloaded and printed. If that was not enough, TK also provides 24h service line to provide information on the nearest available doctor. This list can filter practitioners operating in English language. All those amenities make life of a non-German speaker stress free.

No wonder why TK has been named the best insurance provider in Germany for the last 13 years (“Die Techniker—Deutschlands beste Krankenkasse 2019,” n.d.). It’s digitalization, smooth operations and online accessibility makes TK a perfect UniBuddy provider. Its ready-to-use forms can be smoothly integrated on UniBuddy portal.

### **2.9.3 Expatrio**

As has been described in previous sections, setting up a block bank account can be a burdensome, time and money consuming process. After a deep research in the market, three most popular providers of Sperrkonto (German name of blocked bank account) have been compared. Due to its international presence and name recognition, DeutscheBank becomes a popular choice among Expats, however it still remains the most expensive option.

DeutscheBank also wins regarding complexity and paperwork. Less demanding is widely

known Fintiba, which offers a bit more competitive price and quicker operations. A not yet well-known option is quite fresh on the market- Expatrio. Expatrio offers the most affordable price available on the market in the shortest time. The provider issues a blocked bank account confirmation already after 24h from the request. This confirmation is recognized by the Embassies and allows to initiate Visa appointment.

The general overview of the selected blocked bank account providers is presented in

Table 1:

Table 1: General overview of blocked bank account providers

	<b>DeutscheBank</b>	<b>Fintiba</b>	<b>Expatrio</b>
<b>Time</b>	2-3 months	2 weeks	24h (receiving confirmation ready to use at the Embassy)
<b>Cost</b>	€150,00 initial fee €5,90 monthly maintenance	€89,00 initial fee €4,90 monthly maintenance	€49 initial fee €5 monthly maintenance
<b>Operating in English</b>	No	Yes	Yes

Moreover, Expatrio is fully accepted and approved by Foreign Federal Office. The company is the fastest and the most affordable. What is also greatly advantageous is that it operates fully in English and service can be requested fully online. As additional benefit, Expatrio assures that in case of visa refusal, it commits itself to full money refund. Low risk and high efficiency make it a perfect partner for UniBuddy. Additionally, UniBuddy focuses on partners whose operations can be integrated into online platform and can be easily navigated by the customers.

## 2.10 Location and Geographical organization

Given the very nature of UniBuddy's services the primary location of the provider is Germany. The idea is to provide services based fully on online contact; therefore, the geographical limitation is not restricting. Moreover, the business model can be easily edited and adapted in various cities across Germany.

Germany has been selected as a country of residence of the founders of the company. Moreover, Germany remains as one of the most attractive countries to relocate to (“The 10 Best Countries to Live in for Expats—Condé Nast Traveler,” n.d.). Low unemployment rates and free access to higher education have been already extensively discussed in the introduction.

Germany has also great population distribution. Despite a large population of over 83 mln, Germany has relatively few large cities, and only four have a population over 1 million (“Germany Population 2019 (Demographics, Maps, Graphs),” n.d.). Urban decentralization allows for a great development opportunity for a startup. Especially if the model can be “copied and paste” from city to city. As for the start, UniBuddy would be based in Leipzig and take Basislager (coworking space in Leipzig), as its founding office (“Basislager Coworking Leipzig,” n.d.). Further along the line, UniBuddy would grow strategically to expand with physical presence in further cities. The growth plan will be discussed in Milestones.

## **2.11 Form of the company**

The company would bear the form of Limited Liability Private Company. This English translation would be equivalent to the German form of Gesellschaft mit beschränkter Haftung, GmbH.

In the German legal system such company form brings quite a number of advantages. GmbH gives quite big flexibility with the foundation. This is permitted for any legally permissible purpose, be it any individual or a group. GmbH also gives flexibility in the embodiment of the articles of association, the change of shareholders (provided that this is not restricted in the articles of association) or in the company succession. The decisive factor in deciding on a GmbH is its limited liability. In contrast to a partnership, a GmbH does not provide for any personal liability to the shareholders. This reduces the risk for the

stakeholders. This is particularly important in certain sectors or professions that involve high risks. Finally, GmbH is a legal entity and it can independently conclude transactions. The managing director represents the GmbH externally.

GmbH also has some disadvantages that are important to keep in mind. One of the initial limitations is a high starting capital amount. The amount equals to 25.000 euros, half of which must be paid in the founding. With the minimum capital comes the liability of the shareholders, however, refers to the entire minimum capital, i.e. at least 25.000 euros.

Unfortunately, establishing a GmbH brings along a high bureaucratic workload and number of formalities given its demanding accounting responsibilities. Additionally, there must be a strict separation between the assets of the shareholders and the GmbH. Such requirement asks for a strong internal discipline in managing the company. In case of violations of these obligations, the Managing Director may face criminal consequences and civil liability arising from his private property. After close evaluation of advantages and disadvantages, it is considered that GmbH would be appropriate company form for UniBuddy. In case of founders who wish not to take on personal liability it seems the most logical solution. It is also the most practical solution for start-ups. The founding capital, which should be paid at least in half, can be raised in means of crowdfunding or processing first customer request which will not require a big initial monetary investment. Moreover, the money is not “lost” as the registered capital is there to work with the founder, or to be spent. A serious start-up often requires spending anyway, for example in salaries, office equipment, rent, advertising, etc. To close up the formalities, the founder must reserve extra 500 euros for notary activities. The GmbH, as an independent legal entity, can acquire intellectual and other property independently, also independently of the partners. This makes the founder independent of personnel changes and facilitates negotiations with investors. In conclusion,



GmbH brings multiple benefits to UniBuddy, and possible obstacles can be solved within the structure of the startup.

### **3 Market Analysis**

This Chapter will focus on the market analysis based on surveys done with Students in Leipzig. Living in Germany for several years I experienced that there is a need for advice and help for people coming to Germany for the first time. I realized that the problems and needs are the same for people coming to Germany to study. This fact I confirmed after coming back to Leipzig/Germany from Peru.

We focused on HHL Students in Leipzig to validate this assumption.

#### **3.1 Market Need**

During the relocation to Germany many students face more or less the same issues to be solved. This starts with the lack of German skills for the registration in the city in order to conclude their matriculation to the university. Major problems are also to find an accommodation, open a bank account and find the right health insurance. These processes could be done only being in Germany and can't be already solved in the original country where the Students are coming from. We developed a questionnaire in order to identify and quantify the main problems. The interviews were taken in personal form and addressed basically the HHL Students from our cohort. Additional interviews were taken in order to get at least a sample size of 40 persons. In order to see if there is a market need we asked also the willingness to pay in the interviews. The result of the survey conducted is shown in Figure 1 below.

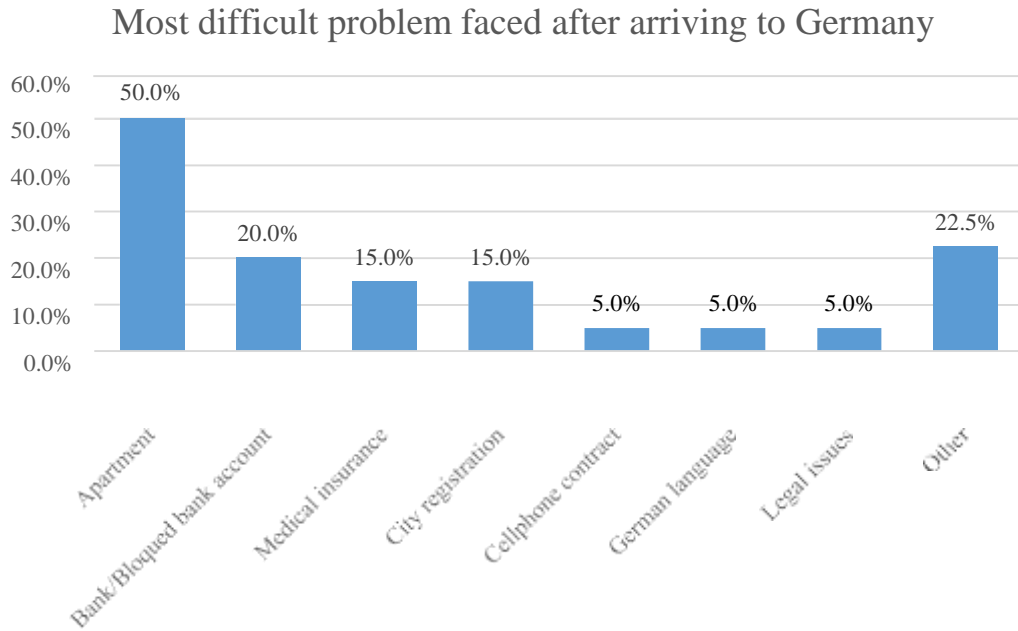


Figure 1: Most difficult problem faced after arriving to Germany

Here we can see that the 3 first mayor problems are Apartment, Bank/Blocked Bank Account and health insurance. These problems match the need for support experienced during my life in Germany over 25 years.

One big factor to see if there is a real need is how much are the people willing to pay for a service that will solve these problems in advance.

To identify this important value, we include this question in the survey conducted.

The Figure 2 below shows us the range that people would pay for this service.

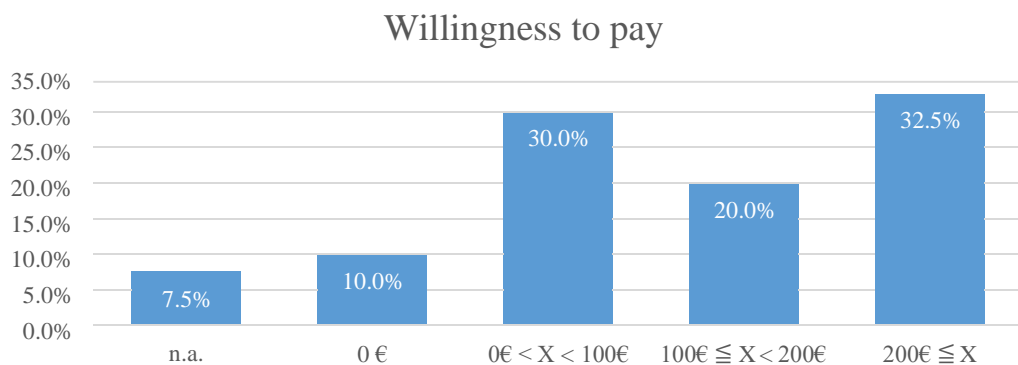


Figure 2: Willingness to pay

We can see from the Figure 2 that 82,5% of the persons interviewed are willing to pay for the service. The amount differs in a range from 13,00 € to 600,00 €. We noticed while interviewing the students that the amount of money a person is willing to pay differs across different countries. It is linked to the value each person gives for 1 hour of work.

Combining these 2 result out of the survey we can conclude that there is a market need for HHL Students and the service could be offered for 100,00€ to 150,00 €. In order to have a robust sample size the survey needs to be incremented to at least 200 persons.

The next step to identify the market is to know the market size and the market share this service is aiming for. This analysis will be done in the next subchapter.

### 3.2 Market size

In order to estimate the potential of the service we need to know the market size we are targeting. “A first general information about the market can usually be obtained quickly and cost-effectively from trade associations, economic departments of credit institutions, statistical state and federal offices, economics institutes (i.e. German Institute for Economic Research, Berlin), industry Chambers of Commerce and via internet research. The classic instrument of market research, however, is the survey, in which practical information can be obtained about the chances to establish on the market with new products and services.”(Nagl, 2015, p. 14). For the market research we used available data from different official federal offices. The Table 2 below shows us the number of foreign students in Leipzig.

Table 2: Number of Students 2017/2018 (own representation, based on(Stadt Leipzig, n.d.)

<b>Universities and Colleges in Leipzig</b>	<b>Students</b>	<b>Foreign students</b>
Total number of students	40.235	5.281
Leipzig University	30.226	3.542
HHL Leipzig Graduate School of Management	672	259
Hochschule für Grafik und Buchkunst Leipzig	616	150
Hochschule für Musik und Theater "Felix Mendelssohn Bartholdy" Leipzig	1.190	344
Hochschule für Technik, Wirtschaft und Kultur Leipzig	6.111	808
Hochschule für Telekommunikation Leipzig	1.420	178

According to the Table there were 259 international students in the year 2017/2018. We must be very careful when using data available when it comes to the interpretation. As we both were students of HHL we knew that the number of 259 international students is too high to be the correct data. In order to confirm this value, we research and found that the correct value we need is the number of foreign student beginners per year. Figure 3 shows the number of HHL foreign student beginners. The yearly average potential market increase is 8,8%.

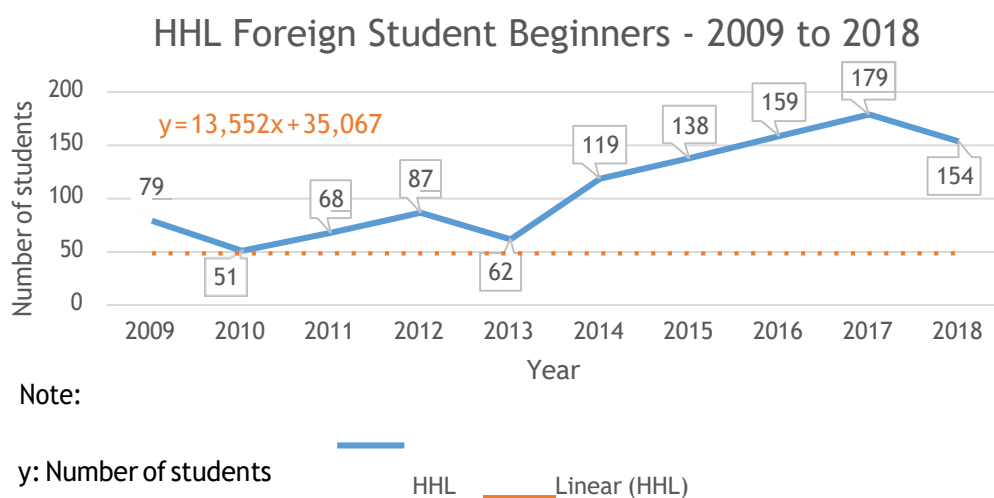
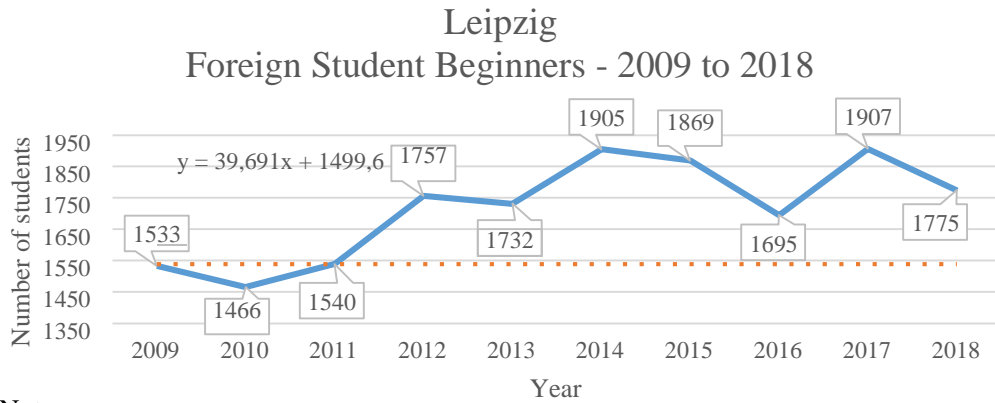


Figure 3: Foreign Student Beginners (HHL) (own representation, based on Statistisches Landesamt des Freistaates Sachsen, 2019, p. 8)

With this data we can now estimate the market more accurate. For the first year we focus on HHL students as our target market. This because we know the behavior of this market very well from our own experience and from the survey done. Assuming that the trend showed in Figure 3 will remain, we will have an increasement of 13 Students per year. For the first Year our target of the market is to get 30% to 35% of the potential customers from HHL and this leads to 50 students for the first year.

In Figure 4 we can see the number of international students since 2009 for the city of Leipzig. The average yearly market increase in Leipzig is 2,2%.



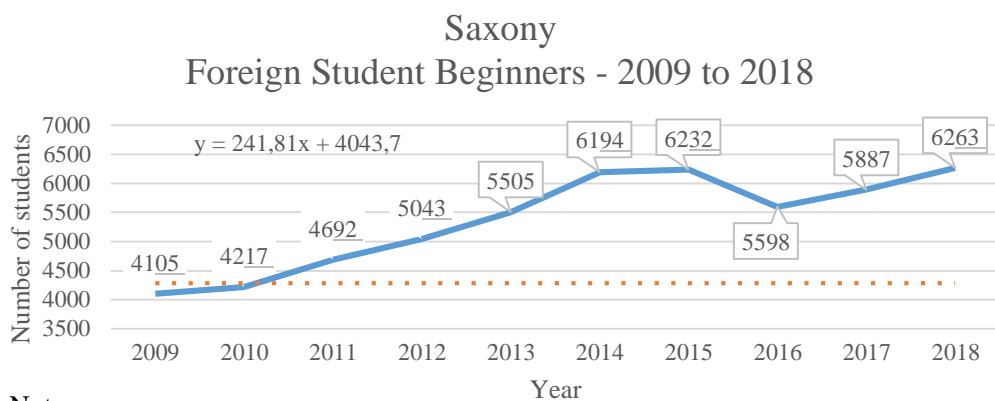
Note:

y: Number of students  
x: Year - 2009

— Leipzig — Linear (Leipzig)

Figure 4: Foreign Student Beginners (Leipzig) (own representation, based on Statistisches Landesamt des Freistaates Sachsen, 2019, p. 7-12)

Assuming that the achieved number of customers will be about 8,5% of the potential customers in Leipzig, we can target 150 Students to be our customers in the second year. For the third year we focus on Leipzig but with a target to achieve 20% of the potential customers. This will give us a number of 400 customers in the third year. For the fourth year we want to expand to Saxony. Figure 5 shows the number of students in Saxony from 2009 to 2018.



Note:

y: Number of students  
x: Year - 2009

— Saxony — Linear (Saxony)

Figure 5: Foreign Student Beginners (Leipzig) (own representation, based on (Statistisches Landesamt des Freistaates Sachsen, 2019, pp. 7–12)

We can see that the yearly average market increase for Saxony is 3,9%. We are quite confident that we will achieve 900 customers since this represents only 14,4% of the potential customers in Saxony. Finally, we can say that after the fourth year our focus will be to increase the market penetration in Sachsen and focus on important university cities in Germany with attractive number of potential customers.

Figure 6 shows the number of international students since 2009 for Germany.

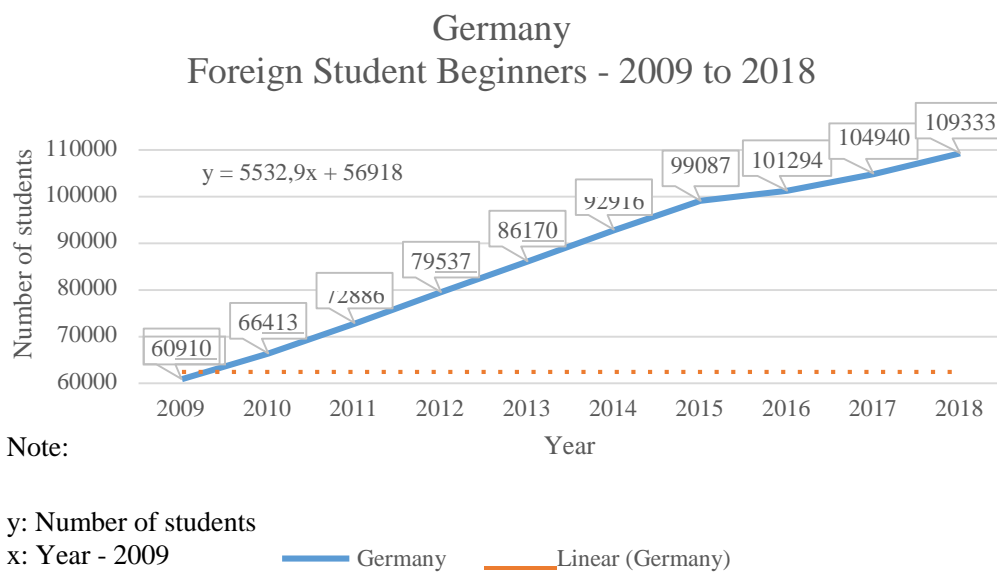


Figure 6: Students in Germany (2009 to 2018) (own representation, based on Statistisches Landesamt des Freistaates Sachsen, 2019, p. 8, DAAD, Deutsches Zentrum für Hochschul- und Wissenschaftsforschung, & W. Bertelsmann Verlag, 2019, p. 56)

We can see that the number of foreign student beginners increases in average by 5500 every year. This represents a yearly potential market increase of 5,06% for Germany. In some cities this number might be higher and more attractive for the business expansion. For the decision on which cities to expand there is a market research needed that is not part of this study.

Table 3 below shows us an overview of the potential market targeted for every year taking the numbers from 2009 to 2018 as a reference, to forecast the expected market size in 2020.



Table 3: Market size / target market acquisition

(own representation, based on Statistisches Landesamt des Freistaates Sachsen, 2019, pp. 7–12), DAAD, Deutsches Zentrum für Hochschul- und Wissenschaftsforschung, & W. Bertelsmann Verlag, 2019, p. 56)

Year	1	2	3	4	<5
Target Region	HHL	Leipzig	Leipzig	Saxony	Germany
<b>Market size (2018)</b>	154	1775	1775	6263	109333
<b>Forecasted market size (2020)</b>	182	1855	1855	6756	120679
<b>Average yearly market increase</b>	8,8%	2,2%	2,2%	3,9%	5,1%
<b>Target customers</b>	50	150	400	900	2190
<b>Target market acquisition</b>	27,4%	8,1%	21,6%	13,3%	1,8%

### 3.3 Trends, seasonality and sensitivity

Most of the Universities in Germany starts classes in October for the Winter Semester (WS). Only few careers offer a possible start in Summer (SS). At HHL exchange students start classes in the WS in SS and some of them also in Spring. It is assumed that the highest demand for UniBuddy services will start 1 to 2 months before the start of classes. Taking this in consideration we can assume that the highest demand will be between August and the end of September as shown on Figure 7. Particularly at HHL we assume that there will be also a demand for the service between November and end of December and between February and end of March.

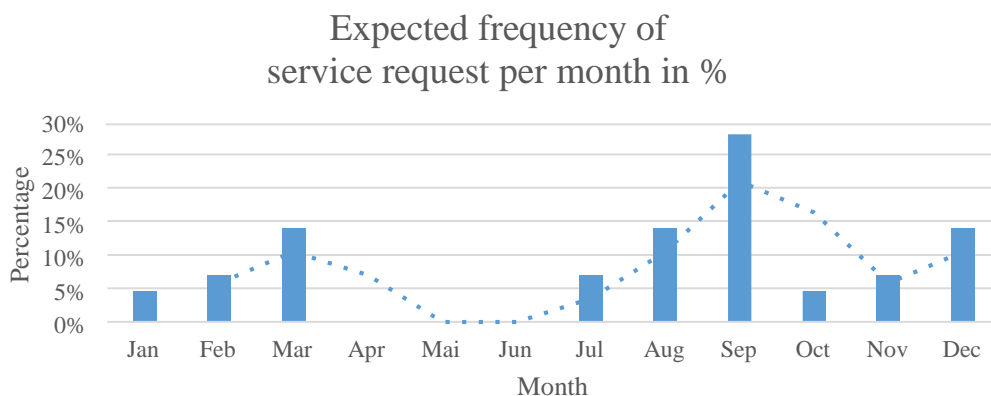


Figure 7: Expected frequency of service request per month in %

It is important to constantly monitor demand in order to observe any deviations caused by other factors than the timing of the standard academic year. By this we could confirm or update the forecast.

Regarding the market increase we could see in Figures 3 to 5 that there is a trend of an increasing market. Figure 8 below shows us an overview of the average yearly market increase in different regions.

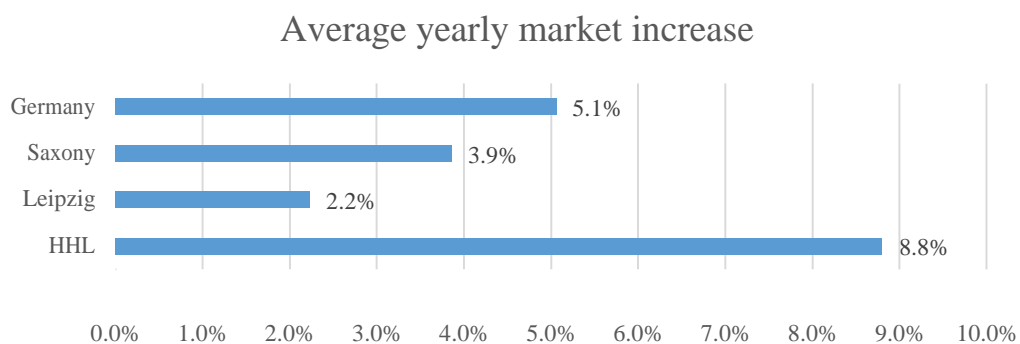


Figure 8: Average yearly market increase

For the sensitivity we can see in Figures 5 and 6 that the deviation from the trendline was low for Saxony and Germany. There were mayor deviations for HHL and Leipzig as we can see in Figure 3 and 4. Du to this we can say that there is a higher risk in forecasting the market for Leipzig and HHL compared to the bigger and more stable market in Saxony and Germany. This has to be taken in consideration for the financial planning specially at the early stage of the startup.

### 3.4 Competitors

In the current market reality, it is difficult to find companies that do not have competition. Even if a company has a monopoly on a given market (whether regulated by law or is the strongest or is the only player on a given market) it never works in isolation from the competition. Competition analysis has as its goal to analyze strengths and weaknesses of the competitors already performing on the market. Your competitor analysis is the best way to

determine how your company will begin to steal customers away from other guys and how your company will keep them coming back for more (Bennett, 2005, p. 31). This analysis can allow to forecast possible actions on behalf of competitors and develop strategies on how best to compete with challengers.

Below analyzed competitors were chosen based on providing the most similar services. Three main competitors in the German market have been selected: Erfolg Team, Fidelio Relocations and Expatrio. Table 4 summarizing the comparison results will be presented at the end.

### **3.5.1 Erfolg Team SIG e.K**

Erfolg Team SIG e.K. is a service provider located in Germany. Its main objective is to help international students reach their academic and career goals. Erfolg is a consultancy which covers a variety of services such as: recommendation of courses, preparation of application documents, finding health insurance, supporting in visa application, setting up the bank account and finally assisting in travel arrangements.

The main strengths of Erfolg are the team consisting of experts in each field and offering additional and customized services such as applications to Universities and travel assistance. One of the main weaknesses of Erfolg is lack of streamlined process. There is no information online what one must do to obtain a service, how it works or in how much time will the service be provided. There is also no pricing information or clear online forms. Erfolg does not offer housing nor assistance in finding apartment. The prices for basic services start at 2000-euro gross.

For the purpose of this business plan and testing of the efficiency, the company has been contacted. The customer needed to call specific number at given time otherwise no service or information could be given. After setting up multiple appointments with the

customer service, the information given was not clear and confusing. Moreover, no clear guidance was given on next steps and what does the price entails.

Here UniBuddy has competitive advantage: efficiency, price transparency, fully digital and streamline processes and most important competitive pricing.

### **3.5.2 Fidelio Relocations**

Fidelio is a full-service provider who tailors its work to satisfy all personal and professional needs of internationals. Fidelio provides information on living in Germany as well as preparing all the documentation process necessary for relocation. The company services include city registration, tax application, opening bank accounts, providing insurance, child benefits application, work permits and visa registration and other.

The main strength of Fidelio Relocations is its long presence in the market (over 22 years) (“Fidelio Relocation Service in Deutschland & International,” n.d.). The company prides itself on individually tailored services to customer needs. Another great advantage is the established collaborations not only individuals but also with companies. Nevertheless, Fidelio also has some weaknesses. The principal one is its high pricing, which can easier be afforded by companies than relocating students. There is, however, no official information about such on the website, therefore there is no price transparency. Given its high range of services, the company is not specialized in any particular one, therefore might not possess expertise in it. Fidelio Relocations neither does provide housing.

Despite multiple attempts to contact Fidelio Relocations through online form, no feedback has been received. This fact indicates that the company does not pay much attention to individual customers.

Here UniBuddy’s competitive advantage is similar to the one in case of Erfolg. It is efficiency in providing services by fully digital and streamline processes as well as offer and price transparency.

### **3.5.3 Expatrio**

Expatrio is a digital relocation platform for internationals who wish to relocate to Germany. The company operates fully digitally and offers providing blocked bank account and insurance. Expatrio aims to be the main digital relocation provider in Germany and provide fully online, trustworthy, secure and affordable service (“Expatrio | expatrio.com,” n.d.).

Expatrio, although young on the German relocation scene, has many great strengths. It is fully digital, very fast and efficient service provider. Bank account request confirmation is sent within 24h. The information available online is clear and easy to understand. The pricing is fair, transparent and affordable. Additionally, Expatrio services are approved by German Federal Foreign Office which gives it more credibility to new customers. To weaknesses of Expatrio belong lack of brand recognition and being quite new on the market (3 years). The company neither provides housing and nor services on demand.

For the purpose of creating the business plan, Expatrio has been contacted multiple times and each experience has been positive. Young, dynamic and professional team working for the company makes every customer contact seamless.

While comparing to Expatrio, UniBuddy’s main competitive advantage is the additional service which is housing. UniBuddy should be attentive to the growth of this competitor for possible services portfolio expansion.

In a summary, one can see that in aspects of target audience Erfolg Team and Expatrio are the most relevant competitors. However, high pricing of Erfolg Team makes it less competing to UniBuddy. Expatrio, is the most direct competitor from the three presented. While comparing the Expatrio, UniBuddy wins over by providing housing possibilities and service on demand when needed.

Table 4: Overview competitors

Service	Erfolg Team	Fidelio Relocations	Expatrio	UniBuddy
<b>Housing</b>	no	no	no	yes
<b>Insurance</b>	yes	yes	yes	yes
<b>Bank account</b>	yes	yes	yes	yes
<b>Service on demand</b>	yes	yes	no	yes
<b>Target group</b>	Foreign students	Individuals or companies	Foreign students	Foreign students
<b>Pricing level</b>	High	High	Affordable	Affordable

The following positioning map shown in Figure 9 provides an insight into the relationship between variety of services and uniqueness of the website of UniBuddy in relation to its competitors.

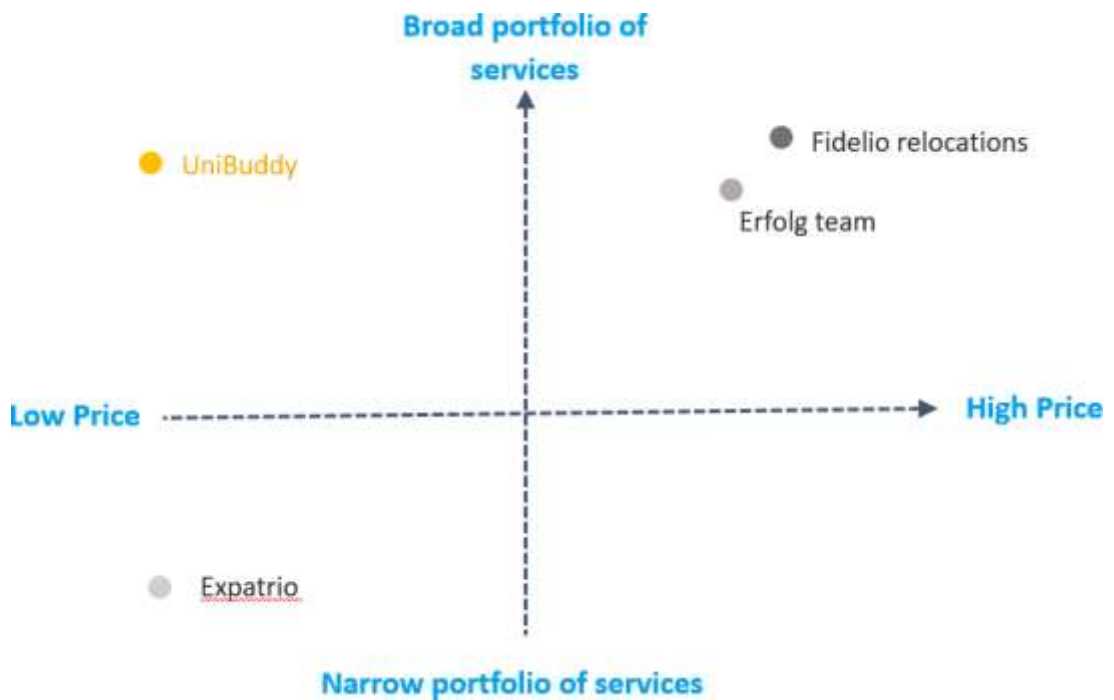


Figure 9: UniBuddy's positioning map

### 3.5 Five Forces

It is worth using the analysis of Porter's Five Forces before attempting to enter a given market. It is used to assess the attractiveness of the sector and is based on 5 different factors that are related to the company's environment. Figure 10 shows Five Forces analysis for UniBuddy.

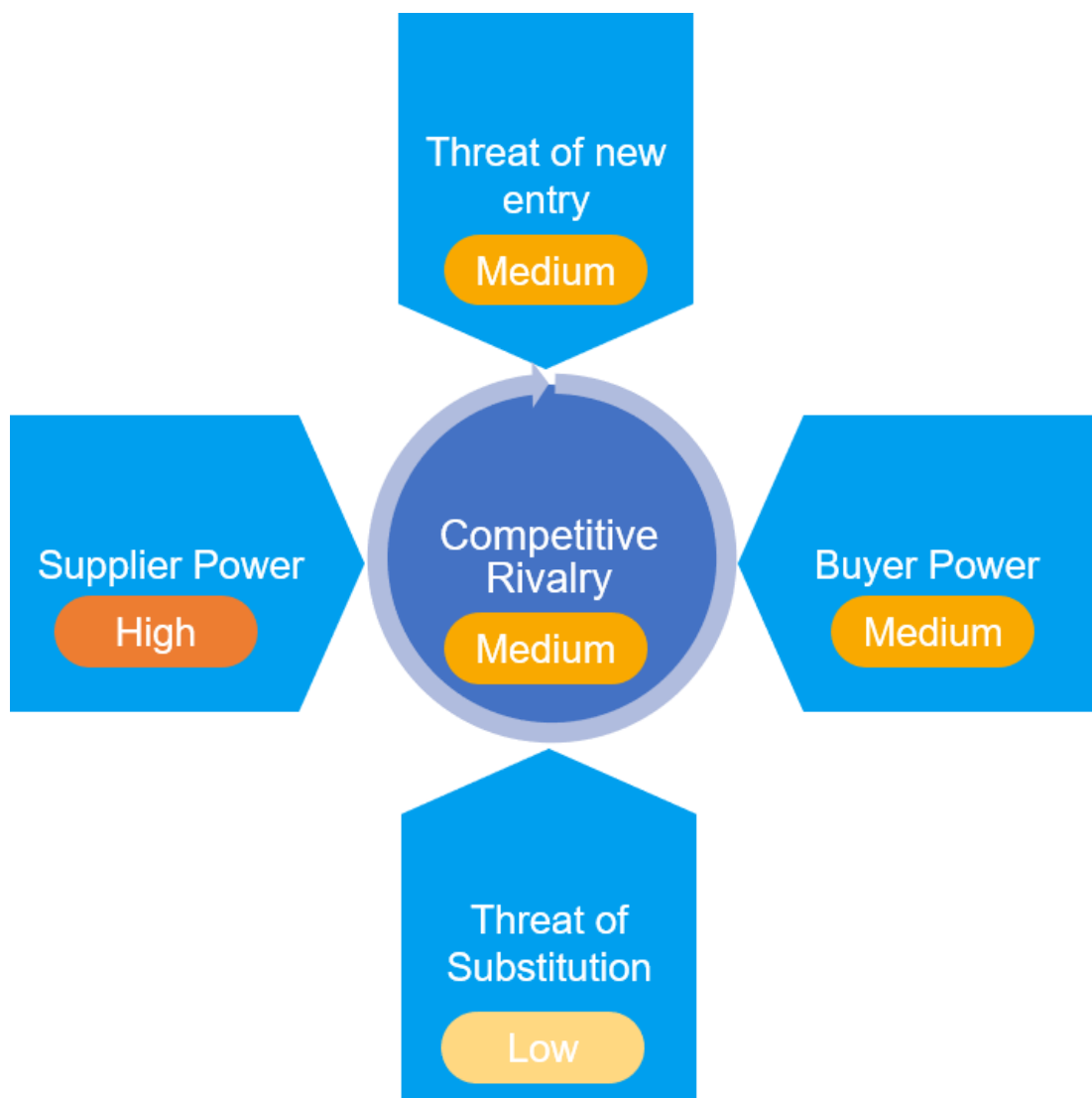


Figure 10: Porter's Five Forces for UniBuddy

Threat of new entry is medium. The idea of relocation services is not new in the market. It is in complicated to get qualified personnel, establish a website and create similar

services. What is difficult is to establish reliable partners and suppliers who deliver services on values important to UniBuddy. What is also difficult is to obtain certain level of creativity and process improvement mindset to establish new ways of working and efficient service delivery.

Threat of buyer power is medium. There is already several service providers available on the market and customers can switch to competitors. However, customers have little power in price shaping of the services.

Threat of substitution is low. There is source available that could replace similar service. The only possibilities would be blogs or other information sites. Even those are not complete substitutes as although they provide the information, they cannot full provide the service. Many customers still have preference to pay for service rather than complete a task themselves.

Threat of supplier power is high. Partners play a key role in success of UniBuddy. Without a good collaboration UniBuddy is unable to complete a service. Also, price increase of service provider directly impacts UniBuddy. There is a need to create multiple partnerships to decrease a risk of high dependence.

Competitive rivalry is medium. There are few companies that provide similar services as UniBuddy. Existing ones still differ in the portfolio and price range. Due to UniBuddy's USP customers should remain loyal and benefit from its services.



## **4 Risk Analysis, Marketing and Sales**

In the following chapter we will focus on the profound SWOT analysis. Such investigation will allow for a better understanding where company is at in regard to its good and weak sides. SWOT analysis will be a prior step in analyzing risk, how to tackle it and develop market strategy. As the next aspect we will introduce marketing methods mix as a method to control marketing plan. A good marketing plan will give us also a strong foundation to develop sales strategy. In the final part of this chapter we will discuss channels, strategies and approaches to maximize UniBuddy's sales. To summarize the prior analysis, we will present strong arguments why we think UniBuddy will be successful.

### **4.1 SWOT**

While planning the business, one of the very common analysis factors, is SWOT analysis. SWOT stands for strengths, weaknesses, opportunities and threats. SWOT compares internal and external components to analyze the environment for the new project. SWOT analysis is so useful and logical that many underestimate its value in planning. However, this simplicity often leads to unfocused and poorly conducted analyses (Ferrell & Hartline, 2008, p. 119). For this reason, listing a variety of SWOT arguments might not be enough for an objective analysis. For the purpose of the business plan, estimating value or weight of each argument would be a better comparison. Those will be stated in Figure 11 below. Let's first point out components of each aspect.

#### **Strengths of UniBuddy**

- Big potential market
- High value of service
- No exact competitor yet existing in the market
- Affordable price
- Fully digital service- available remotely
- Easy and self-explanatory layout

### **Weaknesses of UniBuddy**

- Complexity of country specific relocation requirements
- High risk and liability possibilities in case of house rental
- Housing often demands physical presence in the city service is provided in
- No possibility to establish exclusivity with public universities as those cannot collaborate for profit with private companies

### **Opportunities for UniBuddy**

- Low digitalization of public services and possibility to establish collaboration with such
  - Possibilities to expand in the area of other services
- Possibility to establish exclusivity in working with private universities or even companies
- Opportunities for purchasing real estate and establishing own, independent housing option

### **Threats for UniBuddy**

- By providing more relocation online the risk of directing the customers directly to service providers
- With improving international relations, the need to own a visa and blocked bank account is diminishing
- Threats that partners in service will become competitors

In the below SWOT weight evaluation, the minimum value is 1 and the maximum value is 5. This evaluation allows for selecting the most impacting points from each area and developing a strategy to tackle it.

 Strengths	Weight	 Weaknesses	Weight
<ul style="list-style-type: none"> <li>• <b>Big potential market</b></li> <li>• High value of service</li> <li>• No exact competitor</li> <li>• Affordable price</li> <li>• Fully digital service</li> <li>• Easy layout</li> </ul>	5 4 3 3 4 2	<ul style="list-style-type: none"> <li>• Complex country requirements</li> <li>• <b>Liability in apartment rental</b></li> <li>• Physical presence needed</li> <li>• No exclusivity with public universities</li> </ul>	3 5 2 2
 Opportunities	Weight	 Threats	Weight
<ul style="list-style-type: none"> <li>• Collaboration with public services</li> <li>• Other services</li> <li>• <b>Exclusivity with private universities</b></li> <li>• <b>Owning real estate rental option</b></li> </ul>	3 4 5 5	<ul style="list-style-type: none"> <li>• Directing the customers to service providers</li> <li>• Visa and blocked bank account need removal</li> <li>• Partners becoming competitors</li> </ul>	2 3 4

Figure 11: SWOT Analysis for UniBuddy

## 4.2 Risk Assessment

Before diving into the topic, one must understand the definition of risk. Risk is the possibility that a hazard will cause loss or damage. But risk offers both opportunity and danger (Sadgrove, 2005, p. 5). Risk assessment in a new business, is an extremely important aspect in assuring success of the company. Risk assessment allows for profound analysis and preparation for possible difficulties. Throughout business literature there are multiple methods of evaluating risk. The steps presented below were chosen basing on the best fit to UniBuddy business.

1. Identify risks. The first step necessary in risks assessment is identification of possible threats. It means clarifying what exact situation can hinder the business action or development. It is important to make a proper categorization of where the risk is coming from. Risks in formation of new business can be internal as well as external. Internal risks take origin from within of the organization. Possible examples include internal resources risk, financial fluidity risks and marketing risks. To the external risks belong those that are out of the control of company management and dependent of external factors such as: competition, political and legal regulations, environmental catastrophes and economic trends.

In case of UniBuddy, as early start up business, possible risks could include lack of specialized personnel, lack of developed customer network and lack of fully developed presence on the market.

2. Document the risk. As previous step listed the possible threats to the company, documenting has as its purpose to order the threats in regards of the level of the impact. The Table 5 lists three main risk considered for evaluation. To each risk a percentage of probability is assigned. In order to understand the impact of each risk, a weight value is assigned. With the list below, the risk of lack of developed customer network has the biggest probability of occurring and also has the biggest impact of all. Thanks to such categorization allows for a better and clear understanding of the situation.

Table 5: Risk assessment evaluation for UniBuddy

<b>Risk</b>	<b>Probability of occurring</b>	<b>Weight</b> (scale from 1 being very small 5 being very big)
<b>Lack of specialized personnel</b>	80%	3
<b>Lack of developed customer network</b>	100%	5
<b>Lack of fully developed presence on the market</b>	90%	4

3. Identify risk delegates. After evaluating the exact difficulties, the company can be facing, it is important to delegate people responsible for each aspect. This will allow for developing a certain sense of responsibility and proactive attitude to changing environment. The delegation does not need to be related to business functions of specific personnel.

4. Develop control methods and monitoring. As the final step in risk assessment will be to establish for all delegates reporting plan and observation methods of concrete risks. For example, the lack of specialized personnel can be monitored by listing what specific roles is the company missing to fill. Additional control might be made by observing what knowledge is the personnel missing along completing certain responsibilities. Through a close observation and evaluation of risk impact, UniBuddy can put necessary means into place to better respond to business needs.

As described above, risk assessment is necessary to evaluate not only financial threats but also any other possible difficulties. It creates a healthy sense of tension, to be ready to face possible risks. Additionally, it provides a reliable information to budget planning and speaking to investors to cover costs of possible investments. In a word, risk assessment is a great tool which can help UniBuddy to succeed on the market.

### **4.3 Marketing mix**

Although Marketing Mix has been around for almost 60 years (Gronroos, 1994) it still has some validity when it comes to creating and shaping tactics to evolve with the business on the market. The four variables established by Jerome McCarthy also have a perfect application by UniBuddy in creation of a successful strategy.

### **4.3.1 Product plan**

UniBuddy products, or rather services, in that case, must be what the customers expect them to be. The principle criterion is the quality of service. Delivering the service in a timely, efficient, seamless manner through a virtual platform, is what the target customer is looking for. By streamlining the services and reducing delivery time, UniBuddy can focus on developing supplementary services, such as airport pick up or personalized errands awaiting in the rented apartment.

### **4.3.2 Price plan**

Price not only has a direct impact on revenue generation but also on the perception and value assessment of the product/service by the customers. Price belongs to one of the most important decisions made in business. UniBuddy aims to be an affordable option in the market, to reach vast population of students and at the same time provide top service quality. UniBuddy does not belong to custom made, luxury service reserved for few. Rather, shaping of UniBuddy pricing should be fair, straightforward and clear from the beginning. Given that, the company pricing is rather a constant than a variable. UniBuddy does offer promotions and offers for bringing in new customers. While working with a new business, such pricing strategy which hooks on promotion, can be very effective.

### **4.3.3 Promotion plan**

As briefly mentioned, promotion means how is the customer informed of the existence of the brand and what means are used to achieve that. Given the fact that UniBuddy is aiming to provide service for customers all around the world, the promotion must be concentrated on digital means and online presence. The advertising needs to reach international sites with information for expats and relocation. Another additional aspect is close collaboration with embassies. Often embassies are the first and most trustful place

where prospering expats turn for information. Establishing a trustful relation and public image generates trust in services provided and brand recognition.

#### **4.3.4 Place plan**

As the last but not the least component of Marketing Mix is place. The great advantage of UniBuddy is that the service provider is not tied up to a specific location. Additionally, physical presence such as store or representative office, are not a must between UniBuddy and the client as the company operates online. From strategical and partner cooperation point of view, the best location for UniBuddy is from inside Germany. There is no limitation for a specific location or city. As the business grows some part of operations (such as IT, Customer Service) can be outsourced to more economic locations within Europe.

#### **4.4 Sales Strategy**

To be or not to be on the market often depends on a properly chosen sales strategy, which should not only include maintaining the current level of sales, but above all planning its growth. The sales strategy defines all the most important areas affecting company relations with clients. These include but are not limited to target groups of customers and their preferences, strategy of reaching customers and methods of communication with customers.

UniBuddy should focus on the most prospective markets which currently attract a significant number of students to Germany.

1. Chinese market

To better attract Chinese students UniBuddy should establish stronger ties through marketing on Chinese platforms. Focus on using WeChat attributed to the difficulty to reach platforms such as Facebook.

2. Indian market

There is high growth rate of Indians at German Universities (13,14% from 2017 to 2018) making it a highly attractive market. UniBuddy should use of online platforms

(forums, YouTube, etc.) as well as reliance on other student recommendations to penetrate the Indian market.

### 3. European market

There is overall a high interest in services provided by UniBuddy supported by high willingness to pay. European culture being strongly service oriented. European customers need for assistance addressing registration, housing, and other bureaucratic hurdles especially for nations outside of DACH region, given the language limitations.

UniBuddy should work to attract new customers and convert them into promoters.

This process should use the below means and channels for this process, as shown in Figure 12. Since UniBuddy works primarily online, also online platforms and social media should be used as promotion channels. Additionally, campaigns and promotions can be used to encourage current customers to attract new ones.



Figure 12: Channels and strategies for UniBuddy sales

Additionally, to grow in a crowded market UniBuddy should either offer the same services as its competitors but cheaper or offer better unique services as stated in Figure 13.



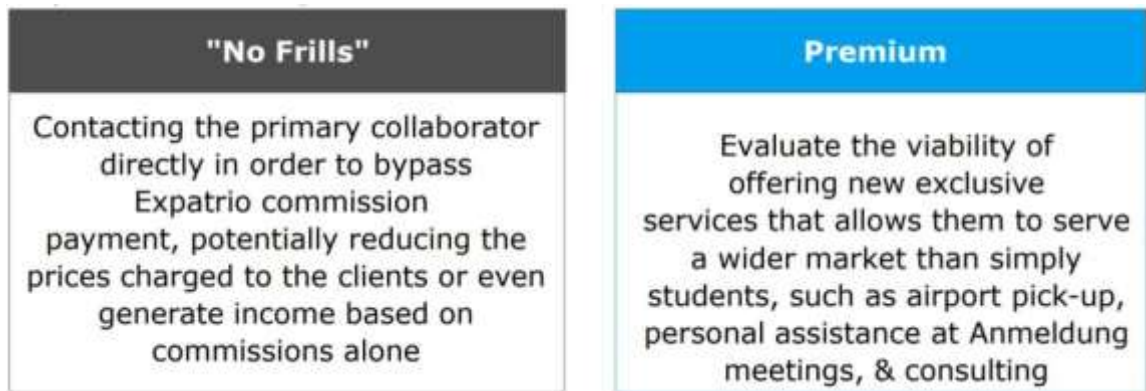


Figure 13: Strategy approaches for UniBuddy

One of the biggest concerns for people is housing. Ideally, UniBuddy should consider obtaining another provider for affordable housing to become a viable alternative to Studentenwerk (University Student Housing), especially for families.

#### 4.5 Reason for Success

There are many definitions of success. Many have same adjective in common: perseverance and not giving up despite the failure. The road to success and the road to failure are almost exactly the same. (“The Road To Success—Thrive Global,” n.d.) What is it important is to persevere in achieving goals step by step.

Those skills are strength of character rather than academic learning. However, there are some aspects of building a business that can help have a better start and eventually achieve success.

The essence of operations and internal structure allow UniBuddy operate greatly without a major initial investment. Services function through website. No facilities nor major equipment are necessary. The company can start operating while possessing only a website. Second reason for success is that UniBuddy responds to actual need of customers. By providing service to few clients with connections can allow the company to be quickly known by the word of mouth. Finally, the reason for success is the team that composes UniBuddy. The founders are individuals who have passed through the problem they are trying to solve. They have a pro-active attitude and better understanding of potential

bottlenecks. Moreover, the founders have gone through the entire process from the perspective of the customer. For this reason, they can create service that exactly meets the needs of customers.

A successful business requires passion. Not just technical possibilities, idea, resources but passion. If you are passionate about your business, you will be prepared to make the sacrifices in time, money and effort to achieve your goals. (Chapman, 2008, p. 40) When something goes wrong or difficulties arise people with passion will not be easily discouraged. Passion will be the back motor to learn from mistakes and push forward. Moreover, clear intentions. There is a reason behind each business, and it should not be money. The reason of existence of UniBuddy is to help people. Brian Tracy once said that successful people are always looking for opportunities to help others. Unsuccessful people are always asking: “What’s in it for me”? (Haight, 2018, p. 6). It is to save their precious time and allow them to have the best experience in their life. It is to fulfill their challenging goals. UniBuddy exists to make complicated things seamless. UniBuddy exists because not everything in relocation process operates well. UniBuddy’s mission is to reshape current public services and make world more accessible, fair and open. UniBuddy works for those who have not yet developed efficient public services or have not raised them to the level of digitalization of XXI century.

## **5 Management and Organization**

An organized company needs to have an organized internal structure. As the next important part, we have introduced management and team organization. In the following paragraphs we will describe type of management structure as well as internal roles and responsibilities. We will go further by explaining how team is organized and what is the employee schedule. Such analysis gives us clear picture of each role, lays out expectations for the staff, allows for good planning, makes it easier to plan work and forecast future hiring.

### **5.1 Management structure**

Management structure is highly dependent on the lifecycle of the progression of the business. Each business should develop the structure that meets their needs the most at a given stage. Larry Greiner, professor at USC`s Marshall School of Business has identified six phases organizations go through as they mature (Mimbang, J. B., 2015, p. 15). Greiner also indicates that at the end of every stage there is a crisis point which pushes organization to adaptation. The stages indicated by the professor include creativity, direction, delegation, coordination, collaboration and alliances. Naturally, during the startup phase, the hierarchy is flatter, communication is informal. The management requires frequent and obstacle free communication between all functions. As the company grows, and the internal structure expands, a more organized and disciplined form is required. For the purpose of the business plan, a structure for the initial fourth year of the company will be discussed, assuming the initial “forming” stage has already passed. The management structure discussed below will be analyzing the second stage of Greiner`s curve which is Growth through Direction.

Business literature distinguishes a variety of types of management structures. To the most common belong functional top-down, divisional, matrix and flat. As a start-up, the most beneficial structure to implement for UniBuddy is flat; or so-called horizontal. The size of the company plays crucial role as such structure would not function by big, well establishes businesses. In flat management structure the middle management is eliminated,

employees work by departments, such as marketing, IT, customer care and finance.

Departments have a direct head who in turn reports directly to the CEO. The internal structure would have the form shown in Figure 14.

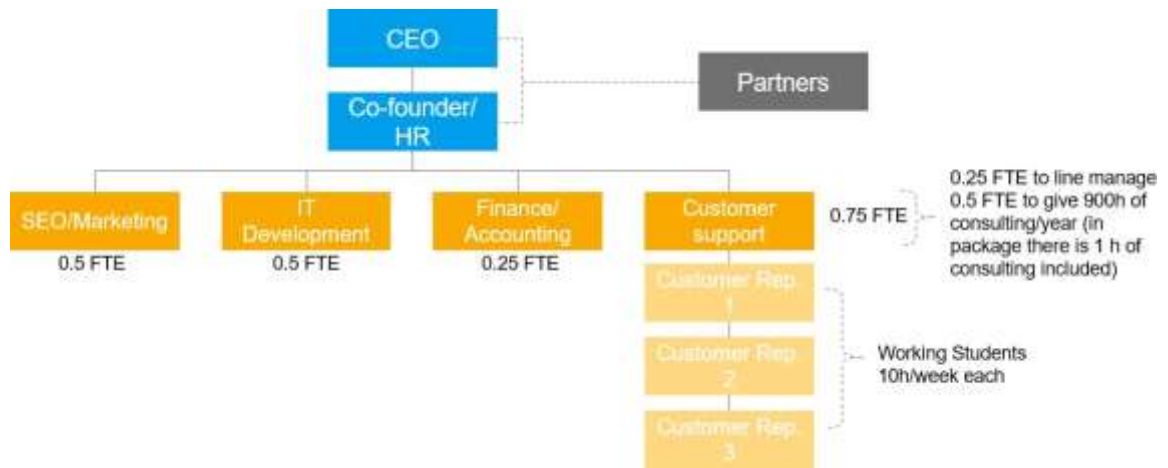


Figure 14: UniBuddy's organization chart

CEO and the Co-Founder have the main supervising and directing function. The second head with direct line reports is the Customer Support which would direct a team of 3 working students. All 4 main functions report directly to the CEO/Co-Founder. Given the relatively small size of the team, a frequent and direct communication between working students and CEO should occur.

Given the fact that external partners play a vital role in providing services they should be contacted directly with the CEO/Co-Founder as direct reporting.

## 5.2 Team organization

The chart presented in the section above describes the management structure of the department. Team organization will go into details of how the team is internally organized within each department and what task does each position cover. Again, it is important to underline that team organization described in following paragraphs refers to initial stage of the foundation of the company. The structure above represents the fourth year of the

company. As the business grows and company broadens the range of services and customers, a re-organization is inevitable.

Each person employed at his or her role will fulfill a multitasking hybrid role (“Hybrid Jobs,” 2016). Working for a start-up often demands a variety of skills. The company is not yet fully developed, and its products or services are still taking on the final shape. Moreover, startups not always have the budget to employ many workers, each specialized in different area. For those reasons UniBuddy plans in fourth year to employ 2 full time employees and 3 working students. By the labor law in Germany, full-time enrolled students of a university can work in companies up to a maximum 20 hours a week. The statutory minimum wage of € 8,50 per hour applies. The only limit is that a student cannot exceed 20 hours of work per week. In the case of UniBuddy there would be 3 working students working 10 hours per week each. The students would take charge of providing customer support to customers calling by phone or contacting per email. The hired students would cover the support in English and in German. The 3 working students would report directly to Customer Support Manager. This person would be employed full time. Standard full-time employment in Germany consists of 40h per week. 75% of time (30h weekly) would be dedicated to area of customer support, including line management, managing escalations or difficult cases and to the personal consulting purchased by the customers in the package service. In the fourth year, it is calculated to provide about 900 packages with 1 h of personal consulting included. The Customer Support Manager would be the person to provide that and it would take about half of his full-time employment. That leave the person with 25% (10h weekly) of his time to dedicate to his line reports and issues escalations. The remaining 25% of the persons working time would be dedicated to the area of Finance/Accounting. The workload of UniBuddy in fourth year should allow for one person to dedicate 10 hours weekly to keeping track of transactions, managing books and monitoring

financial fluidity of the company. In case of need of specialist support, tasks can be occasionally outsourced to service providers. The second person employed by UniBuddy full time in fourth year would be a person who 50% (20h weekly) of time would dedicate to marketing, establishing and maintaining relationship with partners, developing promotional campaigns and visibility in online search engines. Parallel, the same employee would dedicate the remaining 50% of working time to IT development, website maintenance and making sure the online portal is running without any problems. Lastly, the role of the CEO and the Co-founder would be centered online management of employed workers, completing HR functions, such as employee performance, salaries and career plans as well strategic and further development of the company. The budget plan for the fourth year of UniBuddy's existence would consider this hybrid model as the most effective for the given time. Naturally, as the company grows, and workload increases the budget for employee salaries would also increase. This would allow for hiring specialists in each area.

## **6 Milestones**

In the following chapter, although short, yet important we will speak about setting up the milestones for the next four years. Milestones set up critical checking-in points to understand if the company is going in the right direction and is not lost in everyday struggles. Milestones will help us analyze the progress and check if the alignment is needed along the way. Milestones we will present are a natural consequence and sequence of actions we take to grow UniBuddy.

Establishing milestones is the backbone of building a business. They allow to stay focused, measure the progress and set new challenges. Yogi Berra said that without a plan, even the most brilliant business can get lost. You need to have goals, create milestones and have a strategy in place to set yourself up for success. (Taylor, 2015)

For this reason, main milestones have been set for the UniBuddy business. Those would refer to goals to be accomplished in the short period of time, meaning in about 2-4 years from the foundation of the company. The following milestones should give the company a solid foundation for kick-off and service testing on the market. Once successful, new, scalable milestones can be established for the period of growth of the company. Although establishing milestones is the means to giving direction and focus of the company in initial years, it is important to observe company growth and adapt them as needed along the progress. Nevertheless, difficulty in reaching the milestones should not cause an excuse in dismissing them and creating new ones.

### **Year 1**

The following milestone would be to provide services to first 50 clients. We expect from these 50 clients receiving additional 20% coming from recommendation. In year 1 we need to establish cooperation contracts with our partners. By providing quality service, the goal would be to rely on mouth marketing where the customers would be part of the chain establishing trust and brand recognition. As shown in Figure 15, in the first year we aim to

achieve a collaboration agreement with HHL and make first contact with German federal foreign office.

### UniBuddy Milestones Year 1



Figure 15: Milestones Year 1

### Year 2

In year 2 one of the milestones would also be to establish collaboration with German Embassy in India, China and USA as shown in Figure 16.

### UniBuddy Milestones Year 2



Figure 16: Milestones Year 2

German Embassy in a destined country would be the first and most reliable contact for future expats. Therefore, having their support and active referral source would greatly benefit UniBuddy. This will help us to establish brand recognition in 3 most promising markets: India, China and USA. By focusing on specific markets UniBuddy can better tailor



the service to the local relocation requirements and focus on the markets with biggest potential first. Moreover, we will need to focus strengthening our presence on the Leipzig market by establishing collaboration with University of Leipzig.

### **Year 3 & 4**

In year 3 we need to increase our market penetration in Leipzig and in year 4 we need to expand to whole Saxony. This will be achieved by contacting the major Universities in Leipzig and Saxony as shown in Figure 17.

### **UniBuddy Milestones Year 3 & 4**

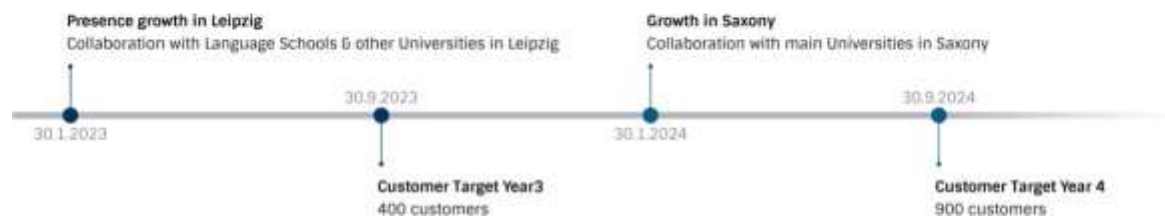


Figure 17: Milestones Year 3 & 4

### **Years < 5**

The planification after year 4 is not part of the study. For this period an important milestone would be to institute collaboration with 5 biggest private universities in Germany. The collaboration would mean an established partner contract, where universities would recommend UniBuddy to incoming international students in the acceptance letter. In such circumstances UniBuddy would become the relocation service provider. Through this way, UniBuddy would gain trust and establish a stable source of clients.

Final milestone would be to scale and improve marketing. UniBuddy would need to set a regular presence on social media and weekly posts by google ads.

A goal would be to publish informative articles on different aspects on relocation to Germany. In that way, there would be a greater possibility found by random Google searches on specific topics. Brand awareness is a significant factor of company growth. While dealing with a global market SEO would be the means to be sufficiently visible.

## 7 Financial Plan

In order to forecast the service and its sustainability, we analyze the start phase that comprising four years. Our estimation based on the start of the business in Leipzig, approaching in the first year the HHL Students. For year 2 and 3 we focused still in Leipzig, but then taking in consideration all other universities and colleges. The data for this forecast was extensively analyzed in chapter 3. After this initial phase the next step for the expansion will consider implementing the service in whole Germany. This step is not part of the study.

### 7.1 Business Model

The business model of UniBuddy is service on demand combined with brokerage model. UniBuddy will have 2 monetization streams:

#### **Commission fee:**

UniBuddy will receive different commissions from business partners linked to the product bought by the customer. In case of TK, UniBuddy will receive 15,00 € for each customer that signs a health insurance contract with them. The length of the contract has no influence on this amount. In case of Expatrio, UniBuddy will receive 10,00€ for each customer that takes Expatrio for the blocked bank account service.

#### **Customer fee:**

UniBuddy offers two kind of services for relocation. Figure 15 shows the business model of UniBuddy.

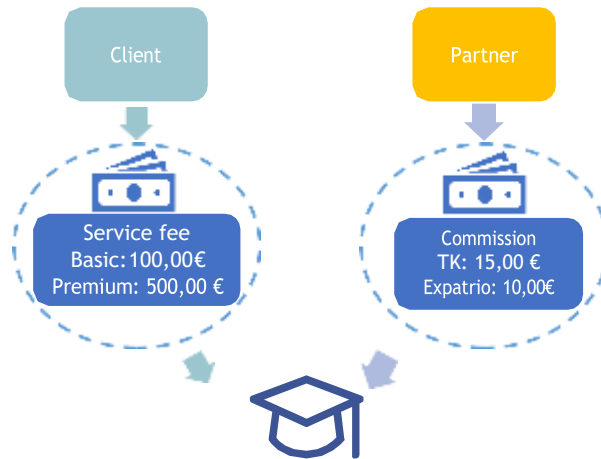


Figure 18: UniBuddy's Business Model

The basic package includes setup of the health insurance, the blocked bank account, and 60 minutes of consulting service that the customer can take within one year starting with the service paid. This basic service will be offered at 100,00 €. The premium package will include all the services from the basic package and additionally the housing service. Any additional services for example pick up service, SIM card and bank account will have a price of 650,00€. Additionally, there are more services that can be added additionally with an extra cost. Figure 16 shows the different services and prices UniBuddy offers.

UNIBUDDY PRODUCTS 

Services (pay per service)	Service fee	Commission from partners	Basic Package (100,00 €)*	Premium Package (650,00 €)*
Housing	500,00 €	-		
Medical Insurance	50,00 €	25,00 €	✓	✓
Pick-up service	40,00 €	-		✓
SIM card (prepaid)	20,00 €	-		✓
Bank account	50,00 €	25,00 €	✓	✓
Blocked account	50,00 €	10,00 €		✓
Consulting (1h)	60,00 €	-	✓	✓

\*package price

Figure 19: UniBuddy's price per service

## 7.2 Sales Forecast

In chapter 3.2 we analyzed the market size and defined our targets for the market acquisition. We assume that not all the customers will request the same services. Figure 1 shows the predominant problems faced by potential customers. We assume that the customers will book a service to tackle the three biggest problems. In Table 6 below we show our assumption which services will be chosen by customers in percentages.

Table 6: Services chosen by customers in %

<b>Service</b>	<b>% of customers choosing the service</b>
Health insurance (TK)	100%
Blocked bank account	90%
Housing	25%

Since a health insurance is mandatory for everybody in Germany, we assume that 100% will request that service.

The second major issue of the people interviewed in survey was the blocked bank account. Because of that we assume that 90% will request this service. Since we also assume that there will be some customers from the EU that will not require this blocked bank account for the visa, we don't expect the request for this service to be 100%.

For the first two services the customers will probably choose the basic package since it offers a higher ratio services/price.

We don't forecast a higher demand than 25% for housing, since this service is the most expensive in our portfolio. The apartments UniBuddy offers are more expensive than the apartments offered by Studentenwerk and will probably only be requested by a margin of customers opting for a housing with a higher standard or relocating with family members. People relocating to Germany with family members are not eligible to rent apartments via Studentenwerk. We strongly consider that this service will be booked separately since the premium package has a higher cost than the basic package and the housing service together.

For simplicity reasons we are not taking now in consideration the additional services UniBuddy might offer in the future. The sale forecast showed in the Table 7 below is based on the assumptions mentioned before.

Table 7: Forecast sales for UniBuddy

<b>Year</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>&lt;5</b>
Sold units (25% Housing, 90% BBA, 100% TK)		50	150	400	900	1500
Basic package	TK	50	150	400	900	1500
	BBA	45	135	360	810	1350
Housing		12,5	37,5	100	225	375

Considering the market analysis in chapter 3 and the acquisition target we have the sales forecast shown in Table 8 below.

Table 8: Revenue projection for UniBuddy

<b>Year</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>&lt;5</b>
Basic package sales	5.000 €	15.000 €	40.000 €	90.000 €	150.000 €
Commision TK	1.250 €	3.750 €	10.000 €	22.500 €	37.500 €
Commision X-Patrio	450 €	1.350 €	3.600 €	8.100 €	13.500 €
Housing	6.250 €	18.750 €	50.000 €	112.500 €	187.500 €
Total revenue	12.950 €	38.850 €	103.600 €	233.100 €	388.500 €

The revenue breakdown in Figure 17 shows which revenue stream contributes most to the total revenue. The commission paid by the partners represent only a minor share of 13%. Revenue coming from housing has the biggest share with 48%. The revenue breakdown remains unchanged over time since our assumption is to consider customers that will buy a fixed percentage of the services.

### UniBuddy's revenue breakdown

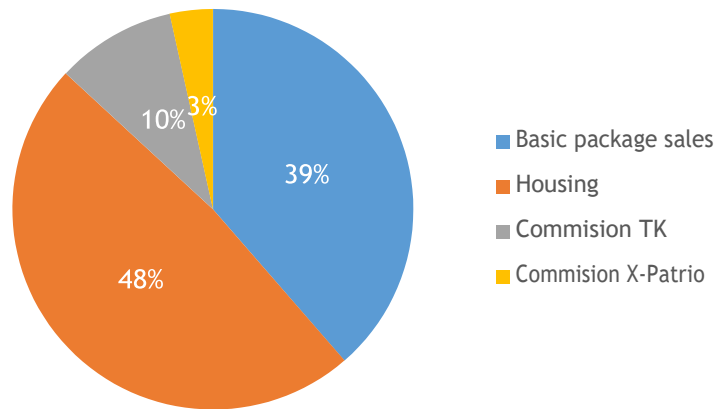


Figure 20: UniBuddy revenue breakdown

### 7.3 Customer acquisition cost (CAC), customer lifetime value (CLV)

A major problem a company might face is that the expected customers don't buy the services or products offered. Investment in marketing and promotion is needed to get new customers. The cost of this investment has to be monitored and evaluated to see if the company's ROI is increasing. In case of UniBuddy it is very difficult to calculate the CAC. Since it is a Startup and we don't have past data, we can only use the assumptions and targets to calculate an estimation. To simplify the calculation, we took in consideration the expected total expenses and divided it by the number of targeted customers. To calculate the CLV we considered that the customers will be only for one year and will after this year not buy again the package. Due to our assumptions that the percentage of the services booked will be constant there is no change in the CLV. The real data might give a clear picture in order to manage the company based on the real customers achieved vs the forecasted. Table 9 shows the values of CAC and CLV.

Table 9: UniBuddy's customer acquisition cost and customer lifetime value per year

Year	1	2	3	4	<5
CAC	728,00 €	436,80 €	301,43 €	134,12 €	80,47 €
CLV	259,00 €	259,00 €	259,00 €	259,00 €	259,00 €

Generating a graph based on this data gives a clear picture of the possible company performance over time.

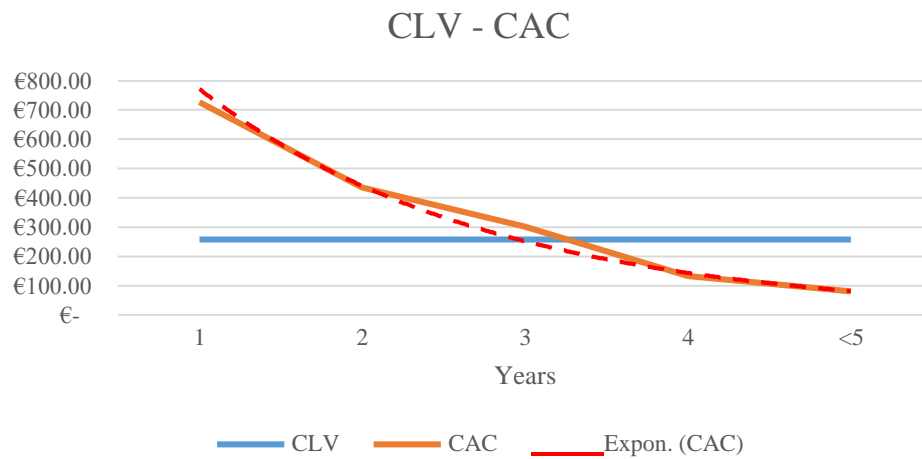


Figure 21: CLV & CAC for UniBuddy

We can see in Figure 18 that at the beginning the CAC is very high, basically as a result of the high investment and the reduced number of customers. We can see that this value decreases exponentially over time. We expect the value to remain below 80,00 € after the fifth year. Taking only the expenses linked to the customer acquisition will also contribute to have a real picture of the CAC.

The CLV is stable and we don't expect to have a big deviation. Nevertheless, it is important to monitor the real value and check if the CLV is higher than the CAC, in order to have a profitable and sustainable company.

#### 7.4 Cost plan

We decide to build the company on a 100% own equity form. To reduce expenses, we decided to have the company in Leipzig with its attractive environment for Startups.

Basislager is a company located in Leipzig. They provide office spaces for Startups at affordable prices. UniBuddy will rent the office there in the early stage of the Startup.



To maintain expenses low, we decided to work with part-time employees and working students when necessary. Table 10 shows the cost planning for the first 5 years in the initial phase of the Startup.

Table 10: UniBuddy's monthly based costs

#	Monthly costs	Year 1	Year 2	Year 3	Year 4	<5
1	Office rent	250,00 €	250,00 €	250,00 €	250,00 €	250,00 €
2	Employee	1 PTE	1 FTE	1 FTE	2 FTE	2 FTE
		2.000,00 €	4.000,00 €	8.000,00 €	8.000,00 €	8.000,00 €
3	Working Student	1 WS	2 WS	3 WS	3 WS	4 WS
		450,00 €	900,00 €	1.350,00 €	1.350,00 €	1.800,00 €
4	Marketing costs	100,00 €	150,00 €	200,00 €	250,00 €	500,00 €
5	Internet	30,00 €	30,00 €	30,00 €	30,00 €	30,00 €
6	Cell phone	30,00 €	30,00 €	60,00 €	60,00 €	60,00 €
7	Other costs	50,00 €	60,00 €	80,00 €	100,00 €	500,00 €
<b>Total (monthly)</b>		<b>2.910,00 €</b>	<b>5.420,00 €</b>	<b>9.970,00 €</b>	<b>10.040,00 €</b>	<b>11.140,00 €</b>

UniBuddy expects some cost payed on a yearly base, which are shown on Table 11.

We can see that some of them are a one time investment on hardware.

Table 11: UniBuddy's yearly based costs

#	Yearly costs	Year 1	Year 2	Year 3	Year 4	<5
1	Website	30,00 €	30,00 €	30,00 €	30,00 €	30,00 €
2	Laptop	600,00 €	300,00 €	600,00 €	- €	900,00 €
3	Mobile phone	100,00 €	- €	100,00 €	- €	- €
5	Printer	150,00 €	- €	- €	- €	- €
6	Other office essentials	100,00 €	150,00 €	200,00 €	200,00 €	400,00 €
7	Brandbook	500,00 €	- €	- €	- €	- €
<b>Total (yearly)</b>		<b>1.480,00 €</b>	<b>480,00 €</b>	<b>930,00 €</b>	<b>230,00 €</b>	<b>1.330,00 €</b>

Finally, we can see in Table 12 the projected total cost of UniBuddy.

Table 12: UniBuddy's projected yearly costs

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>&lt;5</b>
<b>Total Costs</b>	36.400,00 €	65.520,00 €	120.570,00 €	120.710,00 €	135.010,00 €

### Cost Breakdown

Analyzing the cost in the first year we can see in Figure 19 that the highest cost are salaries, followed by office rent and marketing costs.

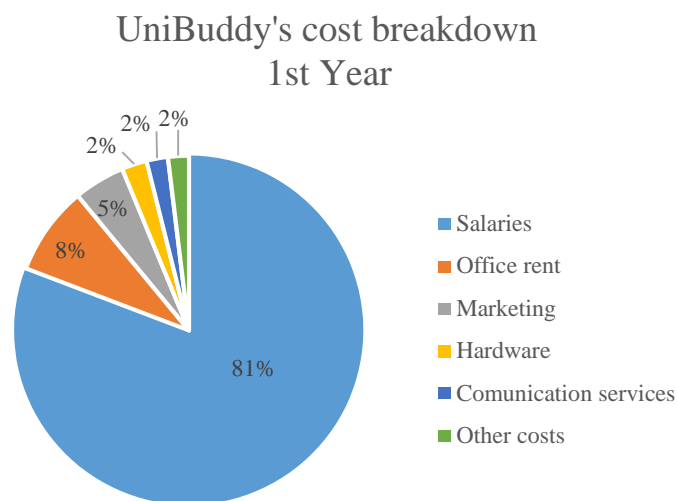


Figure 22: UniBuddy's cost breakdown first year

In contrast to the revenue breakdown, we don't have an unchanged cost breakdown over time. In Figure 20 we see that the salaries are still the biggest percentage of the costs, but the share increased from 81% to 93%. Salaries, office rent and marketing costs still remain the cost factors with the highest percentage.

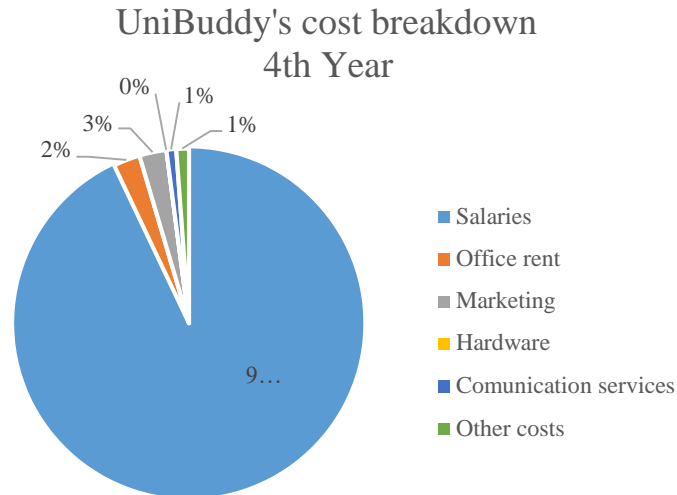


Figure 23: UniBuddy's cost breakdown fourth year

## 7.5 Cash flow

Combining the previous information, we see in Table 13 UniBuddy's P&L Statement.

Table 13: UniBuddy's Profit & Loss Statement

Years	1	2	3	4	<5
<b>Total Revenue</b>	12.950,00 €	38.850,00 €	103.600,00 €	233.100,00 €	388.500,00 €
<b>Total Expenses</b>	36.400,00 €	65.520,00 €	120.570,00 €	120.710,00 €	135.010,00 €
<b>Net Income</b>	(23.450,00 €)	(26.670,00 €)	(16.970,00 €)	112.390,00 €	253.490,00 €

We can see in Table 13 that the first three years the expenses are higher than the revenues. In order to have enough liquidity an investment is needed at the beginning in year 0. We calculated an initial investment of 50.000,00€ in year 0 and an additional financing in year 2 of 20.000,00€ in order to have enough liquidity. This can be seen in the cash flow statement in Table 14.

Table 14: UniBuddy's cash flow statement

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Net Income (loss)</b>		(23.450)	(26.670)	(16.970)	112.390	253.490
<b>Investment</b>	50.000					
<b>Financing</b>			20.000			
<b>Net Cash Flow</b>	50.000	(23.450)	(6.670)	(16.970)	112.390	253.490
<b>Cash at the beginning of period</b>		50.000	26.550	19.880	2.910	115.300
<b>Cash at end of period</b>		26.550	19.880	2.910	115.300	368.790

As a conclusion we can read from Figure 21, UniBuddy will reach the break-even point quite after the third year. In similar Startups we see also that the break-even point is reached after the third or fourth year. The management team accepts the forecast, is certain that these assumptions are realistic and that the targets can be achieved.

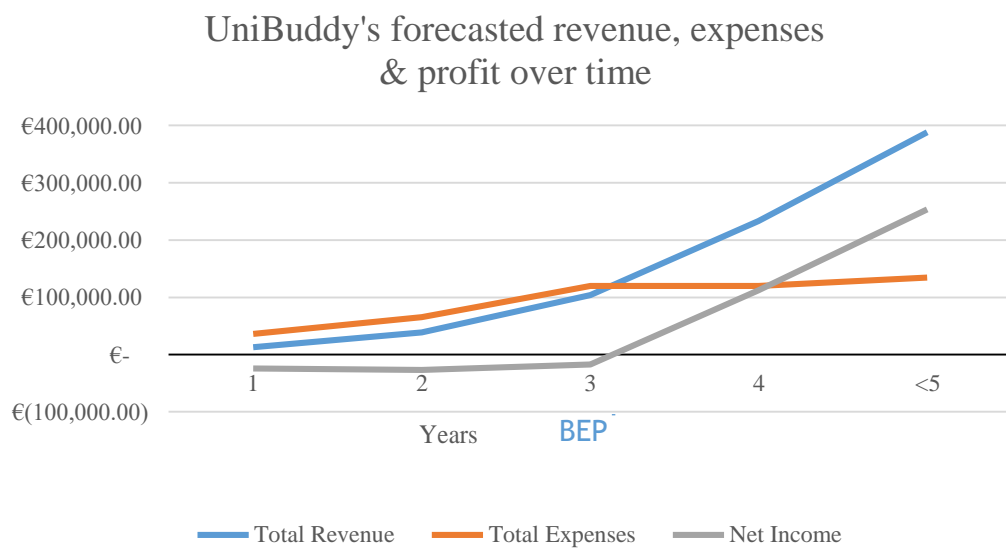


Figure 24: UniBuddy's forecasted revenue, expenses a& profit over time.

## **8 Conclusion**

Overall this business plan has presented the most essential components to successfully kick off, run and develop UniBuddy Business.

The founders are confident that with right motivation and resources it is possible to start a business even on a low budget. UniBuddy means to prove that a startup can be sustainable even in its initial phases. No initial investment from Venture Capitalists, Banks or other investors can give a business a sense of independence and freedom to manage finances. UniBuddy aims to focus on organic and stable growth.

The strategic plan of business activity assures that the enterprise will prove to be profitable and successful in a fairly short time. By providing clients with high-quality services and a suitably rich and varied offer, under beneficial conditions, our company will gain an established position on the local and, in the future, national market. In addition, our undoubted advantages are also timely delivery, accessible pricing and very good and competent service. We are certain that UniBuddy will definitely enjoy a reputation and recognition among fully satisfied customers.

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