

A Business Plan for a Selected Company

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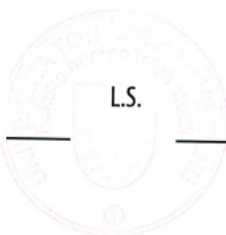
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ABSTRAKT

Tato bakalářská práce je zaměřena na tvorbu podnikatelského plánu pro firmu zaměřenou na služby v oblasti IT jménem Thisis IT, jež se bude nacházet ve městě Uherské Hradiště. Bakalářská práce je rozdělena na dvě části – teoretickou a analytickou. Teoretická část vysvětlí relevantní termíny spojené s provozem byznysu, a poté představí legální formy podnikání jak je definuje právní systém České republiky. Ke konci teoretické části bude detailně popsán obsah a struktura byznys plánu. Analytická část nejprve obsahuje analýzu relevantního trhu. Poté detailně popisuje obsah byznys plánu a jak jednotlivé části přísluší k firmě Thisis IT. K tomuto účelu budou použity analytické pomůcky jako SWOT, SLEPT a mnoho dalších. Na závěr finanční plan posoudí, potenciální rentabilitu podnikatelského záměru a návratnost vložených financí.

Klíčová slova: Podnikatelský záměr, podnikatel, analýza trhu, IT služby, finanční analýza, SWOT analýza, rentabilita

ABSTRACT

This bachelor thesis centres on creating a business plan for an IT service company named Thisis IT and located in Uherské Hradiště. The thesis is separated into two segments – theoretical and analytical. The theoretical part will explain relevant terms associated with conducting a business and subsequently define the legal forms of entrepreneurship as they are dictated by the legislatures of the Czech Republic. Lastly the theoretical part will expound the contents and the structure of a business plan. The analytical part will first perform an analysis of the corresponding market. After which it will describe in detail the business plan contents as they pertain to Thisis IT. Analytical tools like SWOT, SLEPT and more will be utilised. Finally, the financial plan will evaluate the lucrative value that the business plan can provide if properly implemented.

Keywords: Business plan, entrepreneur, market analysis, IT services, financial analysis, SWOT analysis, rentability

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I hereby declare that the print version of my Bachelor's/Master's thesis and the electronic version of my thesis deposited in the IS/STAG system are identical.

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INTRODUCTION

The goal of this bachelor's thesis is to produce a business plan for a company that operates in the field of IT technology and mainly determine if such plan is economically viable. The company will be located in Uherské Hradiště. The author has two main reasons for choosing the topic of the thesis. First is a matter of passion. The author has an electro-mechanic and computer focused high school education and has been involved in the world of IT technology for a long time. This includes in free time, hobbies as well as employments, so his goal is to successfully connect his high-school and university education. The second reason is that, thanks to his interest in the progress of IT technology and awareness of the trend of digitalization, he sees the lucrative potential of such company.

The thesis is separated into theoretical section and analytical section. Theoretical section firstly explains the most essential terminology correlated with entrepreneurship and business environment as well as the legal forms of business in Czech Republic. Lastly, the theoretical part focuses on delves into describing the structure and components a business plan, thoroughly what are the functions of each section.

Analytical section is a natural expansion of the theoretical, since it draws from the information of the theoretical and implements it in such a way as to create a comprehensive, functional and realistic plan to execute author's business idea. The chapters of the business plan consist of title page, executive summary, information regarding the owner, company description, products and services description, market analysis + competition, marketing plan, organizational structure, financial plan, risk assessment and appendix.

The thesis uses several tools to achieve its reasoning and data. Market analysis is performed with SLEPT analysis, while Porter's Five Forces model focuses on competition in the same field. Marketing plan includes SWOT analysis, marketing mix and segmentation. Financial plan consists of seven chapters: starting balance sheet, start-up costs, labour costs, operating costs, estimated revenues and cash flows, income statement and return on investment. Lastly, conducting a business is almost by definition connected to risks, and these risks are assessed in the section Risk evaluation.

I. THEORY

1 BUSINESS

The first chapter in the section dedicated to theory will offer description of the most notable terminology connected with business. Namely, these terms are as follows: Entrepreneurship, Entrepreneur, Enterprise and Business environment.

1.1 Entrepreneurship

Based on the Czech Civil code, we can understand the definition of Entrepreneurship as an activity conducted by an entrepreneur with the goal of obtaining profit. This definition tells us that the main motives of entrepreneurship is a constant valorisation of paid-in capital by obtaining profit and a continuous growth of the company's market value (Strouhal 2016, 7).

As with other terms in the field of business, Entrepreneurship has number of definitions and meanings and it has evolved significantly. According to Veber and Srpová (2012, 15), we can interpret the term from within 4 distinctive approaches:

- Economic approach defines entrepreneurship as implementing economical resources and other activities in a way, where the base value of said resources increases – a dynamic process of creating added value through the effort of the business.
- Sociological approach understands entrepreneurship as the process of creation wealth for every person associated with it by searching for the most optimal methods of utilizing resources and creating opportunities alongside new job positions.
- Psychological approach dictates that entrepreneurship is a form of trade motivated by the nature of desiring to gain and achieve something. In this regard, Entrepreneurship can be seen as an instrument to attaining self-realisation, which is one of the basic human needs.
- Legal approach understands entrepreneurship as a continuous activity performed by the entrepreneur under his own name and independently under his own responsibility with the objective of obtaining wealth.

Srpová and Řehoř (2010, 20) feel the need to emphasize that for the correct interpretation of said definitions a further explanation is required.

- Own name – all of the legal actions that the entrepreneur as natural person takes are done under his own birth name and surname, while the legal entity does so under its name;
- Own responsibility – entrepreneur (natural person and legal entity) carries any and all risks associated with the results of their efforts;

- Continuous activity – can be understood as an activity that is performed not occasionally, but is done repeatedly and regularly,
- Independence – entrepreneur as a natural person acts personally, while the legal entity acts through their statutory authority.

1.2 Enterprise

According to Martinovičová et al. (2019, 14) an enterprise is most accurately defined by the brief description given by European Commission in the regulation n. 651/2014 section 2 as every subject that performs an economic activity without any regard of its legal form. On the other hand, Pavláková Dočekalová (2017, 8-9) provides description of the term “enterprise”, while Strouhal (2016, 7) explains the more legal based definition based on how the word “enterprise” was exchanged in the Czech law by “Commercial establishment”:

- General definition describes an enterprise as economically and legally independent subject, which exists solely for the purpose of conducting business. Economic independence is directly linked to the responsibility for the particular results of the company in both profit and loss. We can understand the legal independence as the company having the possibility to freely choose to engage into partnerships with other subjects of the shared market, make any kind of agreement with them and subsequently fulfil any and all rights and responsibilities that come from said agreements (Pavláková Dočekalová 2017, 8-9).
- The legal definition describes the term “enterprise” as a ensemble of tangible, personal and intangible segments of the business. Any object, right or any other property value owned by the entrepreneur are connected with the enterprise. These segments are utilised to the benefit of the performance of the enterprise (Strouhal, 2016, 7).

Martinovičová et al. (2019, 15) states that the primary objective of an Entrepreneurship and by extension an Enterprise is a continuous maximisation of market value of the enterprise – maximising value of the property of the owners.

1.2.1 Characteristics of an Enterprise

Srpová and Řehoř (2010, 35) argue that, based on their research into the works of E. Gutenberg, that every enterprise possesses 6 distinctive characteristics – 3 universal which apply to each enterprise to the same extent and 3 specific characteristics, whose properties are variable based on each individual enterprise.

The 3 universal characteristics of an Enterprise:

1. The Financial balance principle – describes the ability to fulfil their financial responsibilities on time, at the exact amount.
2. The Economy principle – expresses the effort to function as cost-efficient as possible
 - An effort to maximise output
 - An effort to minimise input
 - An effort to optimise the relation between input and output
3. The combination of manufacturing factors – subject is only an enterprise under the condition, that it purposefully combines components such as work, machinery, supplies etc. to achieve a desired output (Srpková and Řehoř, 2010, 36).

The 3 specific characteristics of an Enterprise:

1. The Private ownership principle – is in order when the owner of the company is eligible to manage the company either directly or indirectly.
2. The Profitability principle - it dictates the unconditionality of the fact that the enterprise has to be profitable and has to be constantly striving towards the maximalisation of said profits based on the relation with invested capital.
3. The Autonomy principle – the business activity can act independently and without any restraint or any direct orders from the government (Srpková and Řehoř, 2010, 36).

1.2.2 Functions of an Enterprise

As Martinovičová et al. (2019, 16) describe, these functions are used as tools from which an enterprise can realise its own economic activities. The main functions in an enterprise are:

- Stocking – the acquirement and administration of supplies and material.
- Manufacturing – the production of wares and goods. If the enterprise focuses on services rather than wares, the function would be labelled as Operating.
- Selling – activities related to the selling of wares and services.
- HR – assessment, reward structure and establishing of labour conditions for the workers alongside the management of the workforce.
- Financial - The act of obtaining and utilising the required financial resourced alongside paying for any other costs aligned with the operating activities of the enterprise and profit distribution.
- Management – planning, accounting, controlling, legislative work etc.
- Investment – the act of acquiring the required fixed assets
- Science and Technology – applied research and technical development

1.3 Entrepreneur

According to Martinovičová et al. (2019, 13), the modern entrepreneur is the deciding key factor within the field of economic development. The activity of a successful entrepreneur is based on a high qualification, expertise, awareness and systematic, purposeful effort.

The section 420 of The Czech Civil Code dictates the definition an entrepreneur an individual, that independently and consistently performs a profitable activity such as trade or in the same manner as such. Said activity is to be performed under solely his responsibility and is aimed at providing profit for the one performing the activity (ASPI, 2012).

According to Synek (2011, 21), an entrepreneur is someone with following characteristics:

- A person who is registered in Business Register;
- A person who does business on the basis of Trade Licence;
- A person who does business on the basis a different licence based on specific special regulations;
- A natural person, who carries out agricultural production and is registered into records based on a special regulation.

When we are dealing with defining the term “entrepreneur” in the field of business we are differentiating between the primary entrepreneur and the secondary entrepreneur. The primary entrepreneur is always a natural person (the owner of the company), while he uses the company itself as a tool for conducting business. It is possible for the owner of the company to delegate a so-called secondary entrepreneur, who is in charge of the company in the name of the owner, in his interest and directly under him. The role of secondary entrepreneur is also filled with natural persons that make board of directors, governing bodies, the top management group of the company etc. It is important to note that not all owners of companies are fulfilling their roles as entrepreneurs – some utilize their positions as owners to get financial annuity or other benefits. These individuals are called rentiers (Srpová, 2020, 32-34).

1.3.1 Entrepreneurial prerequisites of character

As Srpová (2020, 28) states, entrepreneurs are quite varied people of different backgrounds and of different characteristics. Some of them are introverted or extroverted, some of them are kind or arrogant, however, based numerous studies by various authors, there are number of characteristics that every entrepreneur must share to a reasonable degree. These characteristics are:

- **Drive for entrepreneurship** – an ability and motivation to search for, create and utilize opportunities for the sake of safe, envisioned and planned prospects of an enterprise (Martinovičová et al. 2019, 12).
- **Intellectual reasoning** – the innate ability to learn and digest pivotal information from one's own mistakes, to remember this information into the future due to experiential learning, to effectively adapt to the changes that occur in the world around him and to motivate himself to finding the most effective solution to a problem.
- **Emotional intelligence and stability** – the ability to understand and control your own emotions, which aids the entrepreneur in coping with the everyday turmoil of stress associated with high levels of responsibility.
- **Managerial and social skills** – such as effective communication, assessment of objectives, delegation of a workforce and time management.
- **Self-confidence** – the ability to express one's conviction about his own ability the required degree of performance to achieve anticipated goals. It represents an optimistic self-image regarding the perception of one's own ability to cope with problems.
- **Perseverance and patience** – recognition of the fact that substantial difficult periods are part of the process and willingness to work long hour despite of surrounding circumstances (Srpková, 2020, 28-31).

1.4 Business environment

Šafrová Drážilová (2019, 19-20) stresses that entrepreneurship cannot be separated from the environment in which an enterprise operates. External environment in which the company is trying establish itself in is as profoundly integral to its success as are the characteristics of the entrepreneur and of the company. Martinovičová et al (2019, 12) emphasizes that it is integral for environment to be taken into consideration while making any managerial decision.

Šafrová Drážilová (2019, 20) also describes a term “Competitive advantage” which is the result mixing of characteristics of the company, its available resources and all relevant conditions bestowed by the external environment.

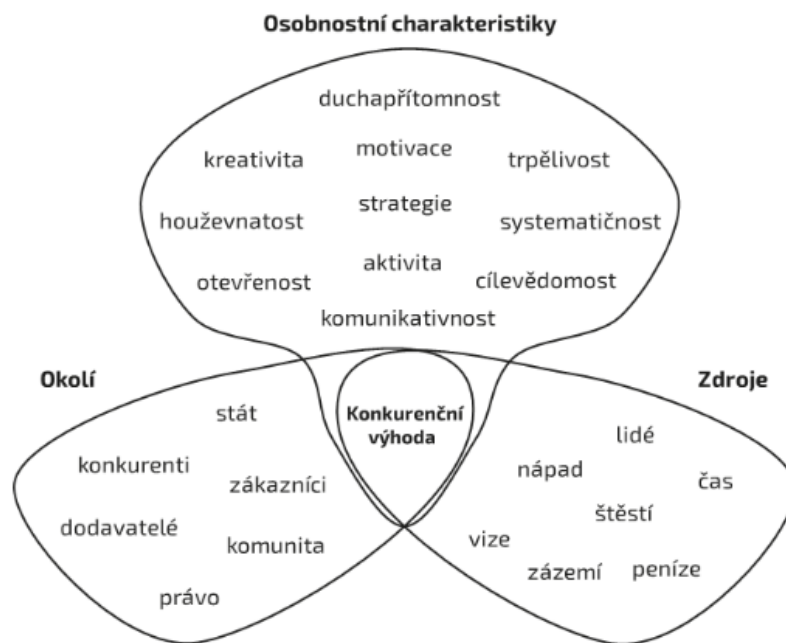


Figure 1: Competitive advantage (Šafrová Drášílová 2019, 20)

However, Martinovičová et. al (2019, 12) advocates for a different approach of understanding external environment, since it would be disingenuous to claim that external factors are only limiting to the enterprise and the entrepreneur. External factors can hurt a company; however, they can also help it fill a market gap by introducing a new product and gaining new customers. A company would gain a huge competitive advantage in such cases.

1.4.1 Internal factors

As Šafrová Drášílová (2019, 84) explains in great detail, the primary goal of measuring and analysing the internal environment of our company is to adequately estimate the main strong points and weak points of our business before it truly enters the market. These points should be compared to our competitors and the overall state of affairs on the market. This means that the internal and external environments are inseparably interconnected. The strong points of our company can be derived not only from our product or service, but also from our connections, background, previous experience in the field and any resources from financial to information. However strong points can also be derived from the personal characteristics of the company staff including the entrepreneur such as excitement, dedication, education, innovation and tenacity. On the other hand, the weak points such as ignorance and inexperience in the internal environment of a business can be especially detrimental. The most common weak point of a company is its lack of finances of all kinds.

1.4.2 External factors

Martinovičová et al. (2019, 12) furthermore describes each individual element of the environment that affect an enterprise. They are listed separately but they cannot be taken in isolation due to their mutual influence. The most important elements of a business environment are listed by Martinovičová et al. (2019, 12) as follows:

- Geographical environment - the location of the company, the logistics behind purchasing and selling, influence of globalisation
- Technological environment - technological progress in the industry and its effects
- Social environment - relevant social interests, interests of employees and social consequences of the company's activities
- Political and legal environment - interests of each political party – creating norms under which a business has to operate
- Economic environment - local and global competition and other relevant economic subjects, financial institutions etc
- Ecological environment - ecological burden connected with the expansion of the business
- Ethical environment - etiquette
- Culturally-historical environment - the overall education level of the population and the understanding of the present culture

According to Vochozka and Mulač (2012, 27), Czech Republic as an environment for businesses and entrepreneurs to grow and flourish has changed drastically over the last decades. This being the case mainly because Czech Republic has entered European Union in the year 2004. This modern economic environment influenced now by the EU is characterised by certain main traits that apply to any and all enterprises equally. Alongside many others, here are some important examples:

- Most national economic regulations are now in harmonisation with the trade legislature of the EU;
- The entry triggered a continuous influx of foreign investments generating demand for subcontractors, which increased the purchasing power of each region of the republic – supporting all trade and service markets;

2 TYPES OF BUSINESSES

Srpová (2020, 164) stress that before starting the process of conducting business, it is absolutely essential that the entrepreneur chooses the correct legal form. This choice is not irreversible and the legal form can be transformed into a different one at a later point, however this brings complications and substantial costs. She claims that the entrepreneur's decision of what legal form to choose should be based on following criteria:

- Initial capital requirements
- Level of acceptable liability
- Number of associates
- The interest on profit/loss
- The choices of financing
- Administrative complexity
- The required amount of authority

2.1 Historical context

Business conditions in the Czech Republic have undergone a long process of development. One of the main reasons for this was the long-lasting domination of the socialist regime, which gave business law a public law character. This state-controlled concept lasted from 1950 when the then General Commercial Code was replaced until 1991 when the Commercial Code was adopted. However, the Commercial Code was the target of criticism from the very beginning. Its aim was to establish the regulation of the market economy and to abolish the then socialist directive-controlled economy, but this regulation was imperfect because of its inadequate ability to cope with the pressures of the amendment. (Zakonyprolidi.cz, 2014)

With the adoption of the new Civil Code in 2012, private law was amended. This new Civil Code in the area of commercial law regulates in particular the business of natural persons and the regulation of contractual relations between businesses. In addition to the new Civil Code, however, the Act on Commercial Companies and Cooperatives (the Commercial Corporations Act) was adopted, which, as is evident from its name, regulates the business of legal persons. This list is not exhaustive, the regulation of commercial law can be found, for example, in the Act on Trade Licensing, the Act on Public Registers and other (ASPI, 2012).

2.2 Business as a natural person

Martinovičová et al. (2019, 21) describe the term natural person as an individual that conducts business activities continuously, independently, on his own responsibility with the intention of obtaining profit while operating under the precise law direction of The Trade Licensing Act. According to Srpová and Řehoř (2010, 67) the natural person, more commonly address as OSVČ (own-account worker) in Czech Republic, must obtain a trade licence or any other certificate allowing the person in question to conduct economic activities. Šafrová Drážilová (2019, 193) describes the legal form of natural person to have fast initiation, inexpensive establishment, the ability to freely handle one's finances, simpler administration connected with bookkeeping et cetera. These benefits and freedoms are paid by the extended and complete responsibility for the consequences of conducting the business in question.

Šafrová Drážilová (2019, 193) stresses, that Before acquiring a trade license, a natural person must determine which category of trade he belongs to based on his professional competence. Pavláková Dočekalová (2017, 23-24) divide these categories as:

- Notifiable trade – they are created and operated on the basis of registration.
 - Craft trade – the main requirement for its creation and operation is some document proving the proficiency in the field in question like for example a diploma from graduating in said field or at least 6-year experience in the business
 - Professional trade – the main requirement for conducting this trade is the establishment of expertise
 - Unqualified trade – there is no need for any establishment of professional expertise or any other document proving proficiency.
- Permitted trade – created and operated on the basis of administrative decision. These trades not only require the expertise in the subject by the entrepreneur, but also the statement of approval by the corresponding state administration agency (Pavláková Dočekalová 2017, 23-24). As furthermore stated Šafrová Drážilová (2019, 193), examples of permitted trade are the production of alcohol, firearms or ammunition, road transportation, travel agencies etc.

Lastly, there are universal conditions a person must fulfil to become a legal person (Profispolečnosti.cz, 2023)

- Minimum age of 18
- Personal legal capacity
- Clean criminal record.

2.3 Business as a legal entity

From the point of view of a company as a legal entity, there are several types of business corporations in the Czech legal system. Business corporations are divided into commercial companies and cooperatives as stated in section 1 of the Czech Business Corporations Act (ASPI, 2012). Commercial companies can be divided into two groups according to the amount of participation of their shareholders in the liability of the company. These groups are partnerships and capital companies (Martinovičová 2019, 21). In partnerships, the shareholders guarantee the company's debts with their own assets, whereas in capital companies the shareholders guarantee with their assets only to a limited extent.

Finally, commercial corporations include cooperatives. These are not typical businesses because they were founded to mutually support its members. However, the legislations allow them to engage in certain business activities with the goal of gaining profit, and some cooperatives are formed for this purpose.

2.3.1 General commercial partnership

According to Šafrová Drážilová (2019, 194) the general commercial partnership (labelled as v.o.s. in Czech) is designed as a joint venture for 2 or more natural persons or legal entities. A social contract has to be formed while no capital is needed for its establishment.

All associates are liable for all the company's obligations with their personal property (Šafrová Drážilová 2019, 44). Furthermore, it states that the profit is divided between the associates based on the terms of the social contract and has to be taxed by the 15% personal income tax. It is essential that complete transparency and trust is shared between all the associates.

2.3.2 Limited partnership

According to section 118 and following of the Czech Act on Commercial companies, limited partnership can be established by Limited partnership can be established by no less than 2 participants, where both must be either a natural person or a legal entity. These participants are not on the same level of authority. Limited partner liability extends to the

extent of the amount of their yet to be deposited contribution to the company capital as registered. Meanwhile general partners are liable fully with his personal assets while depositing nothing, however that is subject to changed based on the terms of the social contract. (ASPI, 2012).

The general partner is the statutory body of the company. The profit is divided based on the terms of a partnership agreement or divided in half between the company itself and the general partner. If the latter is the case, the general partner has to pay the income tax. The other half of the profit that the company receives is then taxed by the corporate tax base, upon which it is divided between the limited partners based on their share. This legal form is used by entrepreneurs to reach the missing capital requirement, as an investor can take the position of a limited partner while the entrepreneur takes all the responsibility (Šafrová Drážilová, 2019, 194).

2.3.3 Limited liability company (LLC)

The legal form of Limited liability company (LLC from now on) or as referred in Czech “společnost s ručením omezením (s.r.o.)” is the most common legal form of capital companies. Šafrová Drážilová (2019, 195) It can be created by a natural person or a legal entity (even as a one person) and have unlimited associates (Synek et al., 2000, 72). The LLC organizational structure lacks all the usually necessary administrative processes of corporations while still providing the personal liability, protection and advantages of a corporation. (Shelton, 2017, 75-76). The supreme governing body of LLC is the “General Meeting of Stakeholders” while the highest statutory authority are the executives. The minimum amount of equity capital is 1 Kč as stated in section 142 since the adoption of the new Act on Commercial Companies (Pavláková Dočekalová 2017, 25-26).

The company guarantees to fulfil its economic obligations by all of its property, however an associate guarantees only to the extent of the amount of their yet to be deposited contribution to the capital as registered (Pavláková Dočekalová 2020, 25-26). As Shelton (2017, 75) explains, acquiring these personal assets liability protection is a frequent reason why entrepreneurs chose the LLC legal form. Shelton stresses that if an entrepreneur seeks the effective protection of one’s personal assets, having the paperwork of an LLC isn’t enough. He also has to act as LLC, meaning all of their personal affairs should be kept completely separate from the LLC – separate bank account, debit card etc.

2.3.4 Joint-stock Company

To start a joint-stock company (in Czech referred as a.s.) as your first business, entrepreneur would need to put down a starting investment of 2 000 000 Kč or 80 000 EUR. The starting capital of a.s. is divided into individual shares and the owners of these shares are eligible to receive a percentage of profit as well as have say in the management of the company (Šafrová Drážilová, 2019, 197). There are two types of operating models of an a.s. being dualistic system and monistic system (Strouhal 2016, 14-15).

2.3.5 Societas Europea and European Economic Interest Grouping

Other than the four aforementioned commercial companies, there exist two other forms of commercial companies established on the base of law of the European Union. The first being the Societas Europaea regulated by Czech law under COUNCIL REGULATION No 2157/2001 of 8 October 2001 on the Statute for a European company (SE). The Societas Europea is very similar to the Czech limited liability with the benefits of enabling mobility of companies within the EU. The second commercial company established by the law of the European Union is the European Economic Interest Grouping regulated by Czech law under COUNCIL REGULATION No 2137/85 of 25 July 1985 on the European Economic Interest Grouping (EEIG). (Pavláková Dočekalová 2017, 67-28).

2.3.6 Cooperatives

According to Section 552 of the Czech Act on Commercial companies a cooperative as a legal form acts a communion of unspecified number of individuals, created in the collective desire to mutually support of its members or a 3rd party in the matter of conducting business. (ASPI, 2012) Cooperative is an open organisation, meaning adding a new member doesn't require a change of any contract. A cooperative has to have at least 3 members. A cooperative is liable with all of its assets. The governing body is the "Meeting of Members", who are chosen by the board of directors. The operating actions of the board of directors is directly supervised by the Control Commission. The 4 types of cooperatives are housing, social, savings/credit and manufacturing (Šafrová Drážilová, 2019, 196).

3 BUSINESS PLAN

A business plan is a document that provides a written description, analysis, and future forecasts for your company. The financial aspects of starting or growing your company are also covered in a business plan (McKeever 2018, 5-6). Having a long-term profitable company is the ultimate goal of creating a business plan. If the written business plan does not take into consideration long-term needs, we always run the risk of it all crumbling down, even if funds are successfully raised and the enterprise is launched at first (Abrams 2019, 4).

The purpose behind crafting a business plan should primarily be the utilization of new and distinct opportunities of tomorrow to push into the particular market not only today, but also to adapt in the future (Červený 2014, 3). When writing a business plan, you establish a collection of messages that are consistent about your venture. These arguments, backed by data and research, will be used in discussions with financiers, investors, clients, board members, advisers, suppliers, and staff (Shelton 2017, 23).

Shelton (2017, 23) lists five key elements that a business plan should answer:

1. Business goals
2. Ground behind arguments on why these goals are accomplishable
3. A plan to attain said goals
4. Data proving the distinctive nature of our products and services
5. Supporting data about the organization and company

3.1 Goals and benefits of a business plan

Entrepreneurs frequently join the world of entrepreneurship with irrational hopes and expectations, which can cause delusion, disappointment, and frequently even lead to the entrepreneur giving up unnecessarily much earlier. The business plan addresses these irrational expectations and provides a means of avoiding errors that could be prevented. (Šafrová 2019, 20) The purpose of a business plan is to collect the necessary information, so any addressee can be absolutely persuaded about the probability and achievability of the company from a long-term perspective, in addition to helping us avoid avoidable mistakes in running our business. A potential investor might be one of the addressees listed. This indicates that a business strategy also aids in ensuring that the project receives enough funding. The investor in question could be a bank or a person borrowing money from his own pocket (Červený 2014, 1).

3.2 Chapters of a business plan

Different authors provide different sequence of the business plan chapters, meaning there is no unified, consistent structure that needs to be applied every time. The changes of the structure of a business plan hinged on the details of the particular situation. The structure provided by Šafrová Drážilová (2019, 57-60) and combined with suggested chapters by Shelton (2017) will be used for the purposes of this business plan. These are:

- Title page
- Executive summary
- Information regarding the owner
- Company description
- Products and services description
- Market analysis + Competition
- Marketing plan + Sales Strategy
- Organizational structure
- Financial plan
- Risk assessment
- Appendix

3.2.1 Title page

Not only in a social setting, but also when perusing a document, the first impression is crucial. The firm name, the author(s)' names, a statement that the document is a business plan, and the location and time of its creation must all be included on the title page. If the company already has a logo designed, it can only benefit the business plan if it is also present. The overall style of the title page should be professional and synoptic (Šafrová Drážilová 2019, 57).

3.2.2 Executive summary

Abrams (2010, 53) describes the executive summary as the most crucial part of a business plan. She stresses that it is the main presentation that compels the reader if your business idea is realistic and accomplishable and the only thing that can make potential investors interested in how your product is innovative and beneficial to the market, thus making them read the plan further. Shelton (2017, 14) stresses that the executive summary should be enthusiastic, concise and professional. The reader should infer how will this idea

be successful, how will it set itself apart from the competition on the market and how will the financial rewards be obtained. The summary should be written last.

This section, according to Abrams (2010, 54), should demonstrate your ability to take advantage of a compelling market chance in a confident manner. In short the reader should learn that:

- Your basic business concept is viable
- Your management is more than capable
- Your business integrates a noteworthy competitive advantage
- Your financial plan is realistic
- That potential investors will be able to make return on their investment

3.2.3 Information regarding the owner

The nature of the entrepreneur is just as relevant for judgement as is the nature of the business idea. The most innovative product or the most modern technology associated with the company aren't useful if the people in charge are not capable of handling its management. This section often contains the education and practical experience of the entrepreneur. (Veber and Srpová, 2012, 100). Šafrová (2019, 58) mentions that entrepreneur's personal motivation explaining why he is delving into such a project could be a very positive factor to mention. This whole introduction of the entrepreneur shouldn't take more than a paragraph.

3.2.4 Company description

According to Šafrová Drážilová (2019, 59), the section company description should clarify what the procedures that will take place in the company, their sequence, and how they relate to one another. Shelton (2017, 49) stresses that no key information like commitments, guarantees, funding from what sources or any legal issues can be hidden from the reader. If any of the information is not present, reader can assume that the entrepreneur failed to do his due diligence. Abrams (2019 67-77) explains that the following data cannot be missing in the section "Company description":

- Company name
- Company's objective/mission statement
- Legal issues
- Products and services
- Leadership and management

- Business Location
- Development Stage Achieved to Date
- Financial status

Company's objective/mission statement

The finest mission statements for a company, according to Abrams (2019, 72-74), are not just platitudes; rather, they contain guiding principles and objectives for all other facets and operations of the company. You should be able to summarize the main goals and business philosophy in few sentences. The nature of your company, its guiding principles, your financial objectives, and the company's culture should all be condensed into a single statement along with how you expect your business to be perceived in the market setting of your choice. According to Finch (2019, 132-133), the company's goal and its vision, not the written text itself, are what matter most in a mission statement. This vision is crucial for attracting customers as well as for inspiring workers. Customers frequently react better to soft data than hard data, which is what the mission statement should contain. While soft data consists of the views, opinions, and impressions of customers, suppliers, and company employees, hard data is analytical and numerical in the form of figures, statistics, market research, etc.

3.2.1 Products and services description

In this part of the business plan the nature of our products and services the business will provide needs to be clearly identified and thoroughly described, depending on the level of technicalities surrounding them. This section should be specific, but there is no need to list every single product as long as we indicate the general categories (Abrams 2010, 72). The sequence of the listed products and services should be decided based on how prominent will they be on the expected revenue from sales (Veber and Srpová 2012, 100). Alongside the products and services list should be any and all pictures, diagrams, schemes, technical specifications relevant to them. Mention your channels of distribution (for example retail, wholesale, consignment, internet etc.) and also include any intellectual property protection like trademarks or patents (Shelton 2017, 83-84).

3.2.2 Market analysis + Competition

The whole chapter of Market analysis should be dedicated to thorough and elaborate analysis that is separated into 2 parts: analysis of the market environment and analysis of

competition/competitive advantage. Each of the two parts have specific analytic tools (Šafrová Drážilová 2019, 59).

Market Environment Analysis

Every company belongs to a wider industry, so the factors affecting the industry as a whole will also have an impact on our business. All of these factors must be evaluated for market analysis. These factors include our business' and industry's external environment as well as the size of our industry, whether there is enough demand, which economic sector our company belongs to, and a number of other factors (Abrams 2010, 83-87). We must be able to identify the characteristics of our target customers' demographic, the possible revenue we could generate, and other things (Shelton 2017, 90).

SLEPT analysis

As Červený (2014, 54) explains, the analytic tool SLEPT is employed for a comprehensive and in-depth analysis of the possible future evolution of the external environment of a company. It focuses on tracking relevant trends and associate them with either treats or opportunities. The acronym SLEPT is based on the five distinct regions of targeted analysis:

- S (social) - social and demographic factors
- L (legal) – legal factors
- E (economic) – macroeconomic factors
- P (political) – political factors
- T (technological) – technological factors

Competitors and competitive advantage

Every business has competitors, and competition between businesses is an important component of conducting business in a free market (Veber and Srpová, 2012, 101). The goal of this section is to list the strengths and weaknesses of the closest competitors to our business. This is important because doing so will help us determine the best moves for the marketing strategy. Operating hours, accessibility, pricing, marketing budget, size, image, complementary goods and services, etc. are typical examples of strengths and weaknesses (Shelton 2017, 92-95).

When conducting a competitive analysis portion of a business plan, focus needs to be placed on identifying:

- Who the major competitors are;
- On what basis do we compete;

- How do we compare to our competitors;
- Potential future competitors;
- Barriers to entry for new competitors (Abrams 2010, 116).

Investors monitor the level of competition in a given market segment because it is more difficult for new businesses to gain a share of the market, when there are many established ones competing for it. This increases the risk of both the investment and the company's potential success (Veber and Sprova 2012, 101). Entrepreneurs allow their own prejudices to cloud their judgment. The best strategy is to put ourselves in the shoes of the consumer when we want to make an effective comparison between ourselves and our rivals (McKeever 2018, 141). One of the most common mistakes business owners make is dismissing their competitors if they believe their product is inferior to theirs; however, this is not the only consideration. Existing rivals, recent industry entrants, and even other sectors that may have an impact on our company must all be considered (Finch 2019, 35-36).

To gain a competitive advantage, our goods and service must be distinctive. This could relate to a brand, location, quality, operating hours, etc. Having the lowest price may not give you a competitive edge for two reasons. One, it's almost a given that a rival will undercut you, further driving down the price of the product. Two, the customer's perspective may be interpreted as "you get what you paid for" in the culture of capitalism – suggesting lower quality. The use of novel techniques or technologies, the business's location and accessibility, can give a service a competitive advantage (Shelton 2017, 83-85). Abrams (2010, 117) contends that when we explicitly contrast one company with another, it is best to do so from the perspective of the customer. The crucial elements to consider in this kind of comparison are:

- Products/Services – specific intrinsic characteristics and key features of the products and services themselves
- Collateral costs – costs besides the purchase price
- Quality – innate quality of a product or service
- Longevity – durability of a product
- Style/perceived value – Added value from the presentation and design associated with our products and services

Porter's Five Forces Model

It is one of the most popular models for the analysis of a particular industry. In other words, it is used to map the competitive position of a company in its branch of industry in which it operates. It primarily concentrates on finding threats that could harm our company's position in the future. Naturally, it is also used to look for opportunities that might benefit our company. It is important to note that it can't just focus on current state of the market, but also on potential forthcoming states and future trends (Červený 2014, 75-77). The Five forces in this analytical model are (Červený 2014, 75-82; Šafrová Drážilová, 2019, 75-83):

- Competitive rivalry within the industry – The current competitors go through similar processes, dealing with same problems as we do. This results that the status of relations between the rivalling companies can range from mutual respect and to trying to destroy each other's business. Breakthroughs are harder in hostile environments. This means that if we want to compete in the market, we must first identify relevant competitors and write down their strengths and weaknesses to determine how to interact with them.
- Threat new entrants – Any new player can change the competitive market's dynamics. Understanding the industry is an entrepreneur's best defence against new threats. Being aware of industry barriers helps predict new competitors. A large initial investment, regulations, fierce competitors, the know-how, a lack personnel, or inadequate infrastructure are the biggest entry barriers.
- Bargaining power of buyers - Depending on the volume of customers and rivals, customers have varying power and influence. In a perfect world, the market would have a copious number of customers, which would mean that a single customer would not have an effect on the company's profit. The customer would be compelled to accept the terms the company is offering, because they would be their only option and from the business's point of view, losing a client would not be a major problem.
- Bargaining power of suppliers – The structure of various suppliers will be more complex the more complicated the company concept is. The main potential issue with finding a supplier could be if the product your company needs is a premium item. Meaning, if there are very few people who can get it and few methods to get it. In other words, the running cost of the supplier's work can occasionally significantly increase the company's costs. This is because the less options we have in choosing a

supplier, the lesser leverage we possess in the matter of negotiation regarding the price.

- Threat of substitutes – Substitute is a such a product, that solves the same problem as our product does in a different way and offering it to our customers while solving their problem. Different classifications exist. Substitutes are often cheaper, meaning our business has to add additional value alongside solving the customer's problem.

3.2.3 Marketing plan

A marketing plan is an important aspect of any company and can often mean the difference between success and failure. It covers topics from choosing a logo's colour to figuring out how the company fits into national industries. It is crucial to consider our business description, sales revenue forecast, technology, and the issue statement that our firm set out to solve in addition to the market environment and competition analysis (McKeever 2018, 180). With the aid of marketing instruments like the marketing mix, we are able to carry out our strategic intentions and work with the relationships between supply and demand (Synek 2011, 173-174).

Segmentation, Targeting, Position

A company needs to recognize who are their target audience. Segmentation is used organize a market full of potential customers into smaller groups. These smaller groups are based on various factors, for example demographic factors like gender or age, ethnographic factors like religion and race or socioeconomic factors like income, education and more. Thus, we can subsequently identify, recognize and label them, thus better incorporate them into our marketing plan. Following segmentation, we can target a certain client segment using the instrument of targeting. We may use this knowledge to better serve the needs of our chosen group of clients when we are aware of their characteristics. Creating the value, we want customers to associate with our product is the foundation of positioning. We select a characteristic that sets us apart from the opposition. These attributes are modified in accordance with the market segment we have chosen, therefore we must change and meet the demands of our target market (Šafrová Dráčilová 2019, 99-107).

Marketing Mix

According to Šafrová Dráčilová (2019, 123), we can use the tool marketing mix once we've determined that the business idea is achievable and realistic, that we've selected the desired customer segment, that we provide a significant advantage over the competition, and that we've gathered enough data about the market's state through research. This tool divides

company's marketing long-term strategy into individual short-term plans. Červený (2014, 118-125) says that the most popular form of marketing mix is called or 4P, however Rockcontent (2021) strongly advises that a fifth P should be added, making it more efficient 5P. Its parts are:

- Product - the end result of a business activity that has either a material form or a form of a service which is offered to a customer. The relevance of each product to the company's final profit should determine the order in which the list of goods is presented. The product or service should include a description of its key technological features (Rockcontent, 2021).
- Price - In practice, the price is understood as the monetary amount agreed upon when purchasing and selling goods and products. Price can be also understood as tariff, fees, royalties, rent, operating costs, entrance investment etc. Price is the result of the relationship between supply and demand. (Synek 2011, 187).
- Place – The choice of placement of our business should be first and foremost based on the matter of distribution strategy our company intends to put in place. However, the place where our company is shouldn't just be looked at only as a physical location, but also as a strategic position which aids in conveying your message to potential customers and helps you build an image that is consistent with your position. As part of our strategy, the location of our company aids in segmenting the local market. We can select this location to target a particular geographic area, age, income, and interest of the local population. (Abrams 2019, 133).
- Promotion - The centre of communication between a company and a customer is in the field of promotion. Promotion is a type of paid, impersonal communication. The main purpose of promotion is to increase consumer knowledge of our brand or product. (Rockcontent, 2021).
- People - People are the vital organs of your organization and the driving force behind its operations. Important components of this process include internal employees, external contractors, customers, and partners. You must consider the demands and duties of the team within your organization as well as the desires of your clientele. (Rockcontent, 2021)

SWOT analysis

The purpose of the tool SWOT analysis is to identify factors and elements of a company that represent its strengths, weaknesses, opportunities and threats. These key factors are then

visually characterised in a four squared table (Červený 2014, 135-136). Perfectly crafted SWOT analysis is clear, organised and derived from only the most relevant characteristics gathered by other analytic tools and research. The most important phase of a SWOT analysis is its last phase – evaluation. We can appropriately assess our current situation from this evaluation, which can help us in crafting our business plan further. For example, the marketing mix, which uses the information from SWOT analysis (Šafrová Dráčilová 2019, 86).

3.2.4 Organizational structure

An operational business requires a functional organizational structure as a basic requirement. When developing a company plan, an entrepreneur should decide early on whether he wants to work independently as a self-employed individual or whether he wants to hire employees who are each specialized and qualified for a specific field of business. He should be aware of any divisions that his company may have. It's crucial to understand what the business owner won't do in his operation and whether outsourcing will be necessary (Šafrová Dráčilová 2019, 164-165).

3.2.5 Financial plan

The financial strategy must be viewed as an underlying presumption about how our business will operate. In this area, the majority of the assumptions will be drawn from earlier parts of the business plan. Sales forecast and marketing budget must be obtained from the marketing plan, and staffing, hours worked, pay rates, and other information can be obtained from the organizational structure and more (Shelton 2017, 136-137).

Financial plan transforms all the previous sections of a business plan into numerical form and it attempts to prove the business idea is achievable from the point of view cost-effectiveness and profitability. Financial plan is covered by executing and creating financial statements (Srpková and Řehoř 2010, 65-66). Each author has a different idea of what metrics and what statements should be presented in this section, however according to Shelton (2017, 140-168) these statements should be Income Statement, Cash Flow Statement, Balance Sheet, and Start-up Expenditures.

Income statement

This statement shows the amount of income generated over a specified period of time. In other words, it demonstrates the profitability of our business by showcasing the balance between financial income and expense associated with producing goods or offering services have been considered (Shelton 2017, 141-143).

Cash Flow Statement

This statement reports the cash generated from the company's operations, investing and other financial activities. In comparison to Income statement it also contains capital expenditures for equipment and buildings as well as loans, their repayments and more. Cash flow statement has 3 categories: cash flow from operations, cash flow from investments and cash flow from financing (Shelton 2017, 148).

Balance Sheet

A company's assets and liabilities are listed on the balance sheet. It is founded on double-entry bookkeeping, which is at the core of accounting theory. This tells us that any asset has to be paid for by a source of finance (Finch 2019, 100).

Start-up expenditures

This statement includes all the costs that were a part of initial investment to start our business. These expenses will serve as a good example of how a loan or equity injection will be utilised. Start-up costs include all expenses incurred prior to the business's official opening (Shelton 2017, 153).

3.2.6 Risk assessment

Risk in a business environment can be understood as an event, that has negative influence on the ability of the company to achieve its goals. Risk assessment helps determine the likelihood of expected outcomes and the amount of preparation needed for unfavourable events (Vochozka and Mulač 2012, 437-438). Risk factors include customer buying habits, technological advancements, legislative changes, competitor behaviour, management errors, and more. (Srpková and Řehoř 2010, 66). The importance of risk assessment is also stressed by Finch (2019, 109) for two reasons. One is that it demonstrates the entrepreneur's understanding of the market. He will not be taken seriously by investors or business partners if he acts as though any company concept is risk-free. Two, the entrepreneur has the chance to address these worries pre-emptively.

3.2.7 Appendix

Appendix can contain more complicated and expanded tables, technical plans, maps, schedules, lists and forms of various kind, contracts and various other documents. Each should be commented on by the author at least briefly (Šafrová Drážilová 2019, 60).

II. ANALYSIS

4 A BUSINESS PLAN FOR AN IT SERVICE



Figure 2: Company logo (own creation)

4.1 Title page

Name of the company:	Thisis IT
Economic sector:	IT technology
Legal form:	Business as a Natural person
Address:	Josefa Stancla 151, Uherské Hradiště 686 01
Owner:	Filip Bimka
Contact:	bimka@thisisit.cz
Website:	www.thisisit.cz
Financing:	949 099 Kč
Company description:	Thisis IT is an IT service company located in Uherské Hradiště providing its services to the user customers and other companies. The main of the company is to build a respectable reputation and to build a list of partner companies, acting as their external IT management department.

4.2 Market analysis

The study of the company's external environment is part of the market analysis. SLEPT analysis is used to perform the evaluation, which considers the variables affecting the business.

4.2.1 SLEPT analysis

One of the most popular methods for market study is SLEPT analysis. Each letter of an abbreviations represents a factor concerning the company. These are Social factors, Legal factors, Economic factors, Political factors and Technological factors.

Social factors

Our company Thisis IT will be located in the city of Uherské Hradiště of the Zlín region. The city contains 24 514 citizens with its numbers slowly rising. The city contains Faculty of Logistics and Crisis Management of the Tomas Bata University alongside dozen middle and highs-schools, which can qualify it as a student city. There is up to 1 282 active companies in the city(Mistopisy.cz 2023). When it comes to socio-cultural factors of today's society, emphasis is often put on the Corporate Social Responsibility (CSR). European Union as well as general public has deemed that if a company is doing what I can do to "green", it casts a taboo shadow on the company. (Businessinfo.cz 2008)

Legal factors

The owner of the company Thisis IT will conduct business as a natural person. With this fact, it is necessary that he is intimately knowledgeable about all legal factors that come with this legal form. He will be obligated to pay the income tax of 15%. Other obligations that will have to be paid are social and health insurances. The rate of these monthly minimum advances has risen from the year 2022 into 2023. Minimum monthly rate of social insurance for the business' main activity is 2 944 Kč. This number has increased by 103 Kč since the year 2022. The monthly rate of health insurance for the business' main activity is 2 772 Kč and this number has increased by 95 Kč since the last year. (Finance 2023)

Until the end of the year 2022, every OSVČ had to declare income tax return by personal form while legal entities were utilising the policy of data boxes. That changes in 2023, where every OSVČ is required to utilise data boxes as well. This re-enactment of a law is designed to ease administrative burden of the Tax office and its workers. (Finance.cz 2023)

Lastly, it is absolutely essential that every business owner is aware of the potential inspections that the authorities can perform during operating our business. Only last year Czech Trade inspection performed an examination of up to 1064 business related to e-shops

are selling on the internet and 78,9% of businesses failed said examination. This means that Thisis IT has to be prepared for any amount of scrutiny. Examples of authorities that can perform various inspections are Trade Licensing Office, Tax Office of Czech Republic, The State Labour Inspection Office, Czech Social Security Administration and The Czech Trade Inspectorate. (Pruvodcepodnikanim.cz 2021 and Finance.cz 2023)

Economic factors

The global economy has been continuously growing until the Covid-19 pandemic arrived by the end of 2019 and forward. Ever since then the economy of Czech Republic has been struggling and fluctuating. The consequences of the severe outbreak have not even died down yet and the war between Russia and Ukraine started due to Russian aggression. This had further severe negative consequences on Czech industry. Czech Republic was one of the fastest countries to pile up debt during the pandemic, which led into further issues such as worsening of the economic performance in comparison to other countries. This is evident due to the fact that by the march of 2023 it could not even reach the level of economic performance it had before the virus. And at this point, the Czech government is considering to rise the base tax rate from 21% to 23% (Finance.cz 2023). The biggest factor in this slow recovery rate of the Czech economy is inflation, which is now fuelled by the high prices of energies and is at 18,4% increase. Russian aggression towards Ukraine demanded unprecedented sanctions and the high energy prices are just one of the consequences that Europe is suffering from. Russia's importance lies in its export of other commodities alongside energies. This all contributes to the increased inflation, thus increased costs for all companies. This can hurt the trend of digitalization upon which our firm wants to capitalize on since firms have less resources to invest it in. (PPF 2022)

According to Czech Statistical Office at the date of March 2023, the specific statistics of the economic situation in Czech Republic is as follows. The unemployment rate currently stands at 2,5%. The Domestic gross product has risen by 2,7% since last years, however they predict it may come down by 0.5% until the end of the year. Since our company Thisis IT will be located in Zlín region, namely in Uherské Hradiště, it is important to mention the average gross salary in that region, which is 35 054 Kč (Czech Statistical Office 2023).

There is another factor that might be able to influence the economic state of Czech Republic and European Union as a whole. At the beginning of April of 2023, India and other BRICS nations like Brazil, China, Russia and others have announced the creation of new currency for trade payments. Experts suggest that this is an attempt to weaken the American dollar on

the global market. Since United States of America are the most significant trading partner of the European Union, it can signify potential future adversities. (Indiatimes.com 2023)

Political factors

The most significant event in the political sector of Czech Republic is the election of the new president Petr Pavel. This has many implications many of which the president publicly confirmed. He pledged himself to make the Czech Republic a major economic member of the EU. More importantly he, together with the prime minister Petr Fiala, publicly and on his twitter pledged that the Czech Republic will continue to support Ukraine in its war against Russia. This means it will have economic consequences. New president and new government can also mean changes in legislations, some of which seem to already be on their way. Shortly after the inauguration of the new president, Finance.cz (2023) reported that the minimum advance for natural persons in Czech Republic might increase by 70%, which would mean a monthly payment of 5 052 Kč. This is the case, seemingly to increase the government's budget to cope with the inflation and sending resources towards Ukraine. Finance.cz (2022) speculates that it seems that the government of Petr Pavel may change things further as his time in the office goes on.

Technological factors

The pandemic period of COVID-19 has hurt the world in countless ways, but it had one enormous benefit in the world of business. It is the main catalyst of collective digitalization not only in Czech Republic, in in the world. The Russian-Ukraine conflict only pushed this agenda and made it so businesses try to implement digitalization even faster. Up to 92% of managers agree that Covid-19 has pushed them into using digital technology more and they list it now as one of the new three pillars of the company strategies alongside flexibility and innovation. The lead partner of technological consultancy PwC Petr Ložek called the pandemic “a small digital revolution in Czech Republic” (Opojisteni.cz 2021).

Even with digitalization becoming a mainstream focus on companies since the year 2019, Businessinfo.cz (2022) claims only around 40% of companies finished the process to this day. This fact effectively shows us our drive as a firm and our target customer segment – the other 60%. The Czech Statistical Office (2023) also shows a steady rise of ownership of computers in households collectively by all age groups. Which is, by their account, 79.5% by 2021, meaning this number may be much higher by 2023.

Almost 4 years after the start of the pandemic, most big businesses have delved deep into digitalization of their firm and from those that did not at least 60% - 70% plan on doing so. The main reason why haven't they yet is due to the lack of finances thanks to the current

economic and political state of affairs. The digitalization of the business sector represents a major step forward towards increasing the competitiveness of firms on the market not only in Czech Republic, but also abroad (Opojisteni.cz 2021).

However, none can deny the impact a successful digitalization has on the effectivity and efficiency of the company. Surprisingly, small and medium sized businesses tend to fall behind and stagnate in terms of digitalization in Czech Republic. One reason is the lack of finances as mention with the big businesses, however businesses in Czech Republic tend to be wary of innovation. These firms are the target customer segment of Thisis IT (Opojisteni.cz 2021). Digitalization in businesses is one of the priorities of the European Union. Due to this fact we can expect further investments and subsidies towards technologies like Cloud, Artificial intelligence, big data, cybernetic security, 5G network and more. This should also improve the labour market, where is currently a noticeable lack of IT specialists (Hn.cz 2022). Manufacturing and services are the two corporate sectors where digitization has the biggest influence and is most valued (Businessinfo.cz 2022).

It may sound strange to the current generation, but one of the biggest fears of many of entrepreneurs of is if their data will be safe in the digital environment. Here is important to mention and elaborate on the system of Cloud, which is the leading instrument of digitalization and the main reason of its general importance (Grit.eu 2022).

Cloud is not only the source of cheaper and more resilient IT infrastructure. It is an instrument, which assists companies to integrate new technological trends to the digital core of their business, thus support its growth. Digital core is an important term, since it represents the 3 layers of technological sectors, where a company might want to innovate with its corresponding software. There is the modern cloud infrastructure. Then there is the layer of analytical software in which we have the RMM software like Atera or RMM Central from MWT Solutions alongside the accounting software like POHODA 2023 or MONEY S3. Lastly the application layer, in which there are the specific software needs of a particular company (Hn.cz 2022). We can imagine cloud as utilising the memory and digital environment of a third party to store data and manoeuvre in the digital space. To get a better idea of the matter, one of the practical examples of digital sections that has greatly improved due to the cloud technology are the software licences. Before the year 2019, licencing of software with a subscription model was already possible, but most businesses still utilised the OEM (Original equipment licences) and even bought the box versions. However, ever since the pandemic products such as Microsoft Office 365 has been the mainstream choice for a vast majority of companies.

It is important to note, that our firm might find itself in a situation, where our customer requests an implementation of service that is beyond our expertise. In this case, we will recommend them to seek out CzechInvest, who are one of the main forces behind supporting digitalization across the Czech Republic through countless online conferences and webinars. The process of digitalization is off-putting for some due to the high investment costs. However, not only does this investment reimburses itself by its results.

4.2.1 Competition

Porter's Five Forces Model

Among the most widely used instruments for analysing the competition is Porter's five forces model. Based on the repeated recommendations by several authors, for this particular business plan the Porter's Five Forces model was chosen for competitive analysis.

Competitive rivalry

The city of Uherské Hradiště hosts 24 514 citizens. This can be considered a medium sized city by Czech standards; however, the local citizens/potential end-users are not our primary customer target, but the up to 4 504 companies in the acceptable driving distance of 20-kilometre range around Uherské Hradiště in cities like Uherský Brod, Staré Město u Uherského Hradiště, Kunovice etc. Naturally, the choice of potential customer will depend on the profitability of the service they require and distance. Needless to say, the most preferable choice would be the companies located in Uherské Hradiště. There are more than dozen notable IT firms in Uherské Hradiště (forward just UH) and its surroundings, where I will choose 4 of the most prominent competitors that offer similar services. This is the case due to the high number of IT services overall in the area. These 4 specific competitors were chosen due to our similar catalogue of services we offer.

- **Pc Pochylý**

Pc Pochylý is an IT service with specializing primarily on building and repairing computers, tablets, gaming consoles and laptops. He also delves into the technology of virtual reality and creation of websites. Mr. Pochylý has 12 years of experience in this field and has quite substantial reputation in UH.

The main customer segment he focuses on are end-users, thus he will be our main competitor in this regard since our firm will offer the same service but just for computers and laptops. PC Pochylý is stationed quite a far from the centre of the city, however it is also located right next to the main road crossing from Kunovice through UH to Staré Město which

should grant him quite a traction. One of the more notable aspects is the fact that PC Pochylý offers a technical support line 24/7, even during holidays.

- **PC Služby Uherské Hradiště**

PC Služby Uherské Hradiště is a PC service, which sets up its reputation on a particular gimmick – the owner of this firm will drive to the customer, loads the hardware in question, drives it back to the firm to repair it and then drives it back to the customer. Hardware in question being computers, laptops, monitors but also mainly printers of all sizes from personal to company printers. They seem to be offering a number of services for companies like implementation of an accounting software Pohoda, the management of servers and Structured cabling. However, it seems their service catalogue is quite outdated as they also offer an installation and adjustment of EET (Electronic Registration of Sales), which has been revoked as a practice by government months ago. They also offer an option of delayed payment for their services. This is however more dangerous for the owner of this business. The reason will be explained in the section of Risk Assessment.

- **Agmat IT Service**

Agmat IT service is a newly established IT company in UH. Their catalogue of services is very slim at this point and divided into 3 divisions. In terms of IT services, they are only offering the management of IT network, installation of desired software for companies alongside the installation of security cameras. Second division is an IT service centre for repairing computers while being certified service for devices Confor. The last and the seemingly biggest division is comprehensive printing services and solutions. Printing of business cards, flyers, catalogues, billboards, etc. Since our company T will not be delving into field of printing technology, our companies will not be fighting over customers.

- **Administrátoři.cz**

Administrátoři s.r.o. are the biggest competitors the region of UH can offer. They also possess a reputation of their competence and professionalism. Their catalogue of possible services they offer is quite extensive and will vastly outnumber what Thisis IT will offer. However, their main targeted customer segment are big corporations, cities, offices of authorities and schools. The catalogue of services they offer small and medium sized companies is surprisingly small as it lacks migration, installation of hardware or even schooling. Our company won't be able to compete with Administrátoři s.r.o. for the big corporations, but due to mentioned facts small and medium businesses might choose Thisis IT.

- **MS ProfiNet s.r.o.**

MS ProfiNet s.r.o. is the oldest IT and PC service in UH, as it operates ever since 1995. Their reputation is that of reliability and experience. Their business model is similar to Thisis IT, since they market most of their services to both end-users and companies. They offer repair service for computers, creation of websites, installation of data networks, including installation of structured cabling, delivery of system and software equipment, network management. Notably, they are the only relevant competitor openly offering schooling in the topic of SEO optimization. They also offer schooling and implementation of computing technology. One of the negative characteristics is that their headquarters is located in back street further from the centre of the city.

Threat of new entrants

Arguably, the most prominent reason why there is less likelihood new entrants is the saturation of the market. There are countless IT services in every corner of most cities, and it could be considered quite lucky to find an arguably small hole on the market in UH. Meaning, it seems that there is a lack of accessible IT services for small to medium companies while also serving end-users in the city of Uherské Hradiště. However, the most important factor to enter the business sector of IT technology seems to be the know-how required to perform the necessary activities that make up this business.

The IT technology field is ever growing, and as described in the SLEPT analysis just last 3 years have changed the landscape of this field tremendously. This means that the saturation of the market can be neglected if new technology enters the market and the prominent big players are slow to adapt. An example of this is the growing relevance of AI. Chatbots like ChatGBT 4.0 and other AI tools in IT environment are already finding their place in the industry and there is no telling if AI tools will be capable of supervising the IT environment of a company in months' time. As much as the market seems to be saturated now, it might be the complete opposite next year. To anticipate and prevent to fall behind this arms race of technology, it is important not only to fulfil current IT trends in the IT environment of companies.

It is essential to put yourself in a position where we can respond to any new technology emerging and changing the entire market. It is essential to adapt and utilise these technologies as fast and as effectively as possible to prevent the creation of a hole in the market, thus preventing the threat of new entrants.

Bargaining power of buyers

The bargaining power of buyers is actually quite significant and is not to be underestimated. As mentioned, the IT market is quite saturated. Each competitor listed earlier and even those that weren't offer some variation of a service or product that Thisis IT will offer. Even considering the fact that each IT service company may have a slightly different target customer segment, buyers can still choose with what firm to work with based on several factors. It can be the expertise the IT firm possess, the reputation it has or even just the price. For this reason alone, Thisis IT will have bellow general market value prices for its services to earn good reputation, to make good on its mission statement and to offer convenience of offering the most essential IT services any end-user and small to medium company can wish for. The major objective is to be a better option for those customers than a business that caters to large organizations and charges for its services accordingly.

Bargaining power of suppliers

There are countless suppliers of computing technologies and hardware from Czech Republic and from abroad. Our company has chosen the MEGA100 as its supplier of hardware. They are a staple of supplier power in Czech Republic for 32 years at this point and have reputation They have one of the largest catalogues of electronical products and quite a flexible deal plan when conducting a B2B business. Once our company begins to have a significant traction and turnover, we can start looking for negotiations with other suppliers to find either better partnership or to negotiate better terms with MEGA100. Suppliers of licences are usually the company that created the software, however based on the experience of the owner in the field of software licencing, our company will be choosing the firm Forscope for supplying licences for software. Forscope offers used, secondary software, which is a new trend in the EU software licence market. Used software helps to save up to 70% of the original price and Forscope is one of the most trusted suppliers of these licences. One of the main reasons for this choice is also the attitude of the company, where with any deal, where is a room for negotiation.

Threat of substitutes

We have to divide the threat of substitutes into two categories – substitutes of our product and substitutes to our services. Any electrical shop might potentially threaten to substitute our products for the consumer, along with our rivals who also sell products. Aside from that, the greatest threat comes from Chinese goods that can be purchased online. We offer our services as an added convenience to counteract our rivals' low pricing and those of Chinese products. Any of our rivals may provide alternatives to any of our services.

Operating under that assumption, we must always ensure that we enhance individual service in order to give them the greatest and most practical choice for conducting business. It is essential that we always need to make sure we add additional value to individual service to make the option of doing business with us the best and the most convenient for the customer.

4.3 Executive summary

The IT service company Thisis IT is run as a sole proprietorship and will be managed by the owner Filip Bimka operating as a natural person. He will be managing the administrative side of the business as his team will be mostly responsible for the technical side of the business. The company is located in Uherské Hradiště.

The mission of the company is to satisfy and solve problems found in an IT environment for general public and mainly for the companies located in the vicinity of Uherské Hradiště. Our company will specialize in helping companies with the digitalization of their business. This means supplying consultations, supplying appropriate products, implementation of said products and subsequent management. One of the main goals of the company is to gather a positive reputation among the companies in the surrounding area and gather at least 10 partner companies in the first year and act as their external IT management department.

The registered capital for the company is 949 099 Kč, which is invested by the owner. These finances were acquired from personal savings, donations from family and friends and by a loan from an investor.

4.4 Company description

The company Thisis IT is located in the city of Uherské Hradiště. Its field is an IT service focusing on computers and IT management mainly aimed at firms and organizations, but also at end users. It aims to build a steady network of customers and partners in forms of firms with the vision of long-term and continues cooperation. The firm will have specific products and service available for the end users, but it is not expected they will significantly participate on the overall profit of the company.

4.4.1 Mission statement

The mission of the company is based on the extreme digitalization of business and society overall that is occurring in the past 4 years. The company aims to be a long-term, trustworthy partner to other companies in its vicinity in the form of their external IT company. Thisis IT wishes to provide any and all needs that a company might need in terms of IT technology. Namely training, implementation, administration, consultancy,

distribution of products and many more. Its biggest promotional weapon is its reputation among the firms, thus it will be known for its effective, efficient and if necessary discrete work. This IT aims to help firms and end users acclimate to the modern highly advanced environment in terms of technology. The problem our firm aims to remedy is that companies often cannot see the potential, which modern technology brings. They lack the sense for the culture of innovation and their IT departments work only on the essential and in a vacuum instead of having IT department interconnected with every fibre of the company. They often see digitalization only as a “cost” not as an instrument for efficiency and better business results. This IT aims to be the partner to companies such as this and accompany them in the new age of business digitalization.

4.4.1 Legal form

The IT Service This-is-it will be owned and managed in the form of sole proprietorship by Filip Bimka, and he will conduct the business as a natural person. The main reasons in the choice of this legal form is more simple administration processes in comparison to those associated with all forms of legal entities. Another contributing factor is the matter of taxes. The scope of the operation in the first years is aimed to be quite modest, thus the lower tax rate of 15% for sole proprietorship is much more preferable in comparison to the 19% tax rate on legal entities.

Based on the activities that our IT service firm Thisis IT will conduct, the Trade Licensing act no. 455/1991 Coll. determines it as a craft trade. This means there are not only the general criteria to fulfil by the owner, but also the criteria associated with professional qualifications. The concrete section of the craft trade is labelled as “production, installation, repair of electrical machines and devices, electronic and telecommunications equipment”. Typically, this is a service for hardware and IT technology including a 230V power supply. The owner will be eligible to perform this craft trade, because he graduated as an electromechanics, focused on programming and robotics. (Profispolecnosti.cz, n.d.)

Operating under a craft trade is also a manner of proving the owner’s and the worker’s qualification. After 40 years of being a staple in IT field, the ordinance 50/1978 Coll. proving the expertise to conduct business in the IT field was terminated. On the day of 1.7.2022, its points of interest were reinstated into two government decrees, namely 250/2021 Coll. and 194/2022 Coll. These government decrees are now granted by the TIČR (Technical Inspection of Czech Republic). The owner and lead engineer Filip Bimka will acquire 194/2022, §7 to act as leading figure of an independent business in the IT field. The rest of

the full-time employees will acquire 194/2022, §6 to be able to legally perform their tasks. (systemyrizeni.eu 2022)

4.4.2 Organizational structure

The IT service will be run by the owner of the IT service Filip Bimka. He is a graduate from Tomas Bata University, however his high-school education as well as his personal interests has been seeded in IT technology environment. For this reason, he will be the main engineer of the service as well as being responsible for the administrative side of the company.

The structure of the business and products the firm intends to offer requires at least 3 full-time employees with appropriate legal certifications. Each of them will have the position of assistant engineer/company technician and all of them will be qualified to perform each of the services our firm offers. Specific tasks that need to be done will be assigned periodically based on the circumstances, however the weekend duties for Remote assistance and Emergency technician service will be planned out for a month in advance. One of these employees will specifically be responsible for the maintenance of firm's website. In addition, the firm will also accept one part-time worker, who will be mostly working as remote assistant and as a helping hand to other employees.

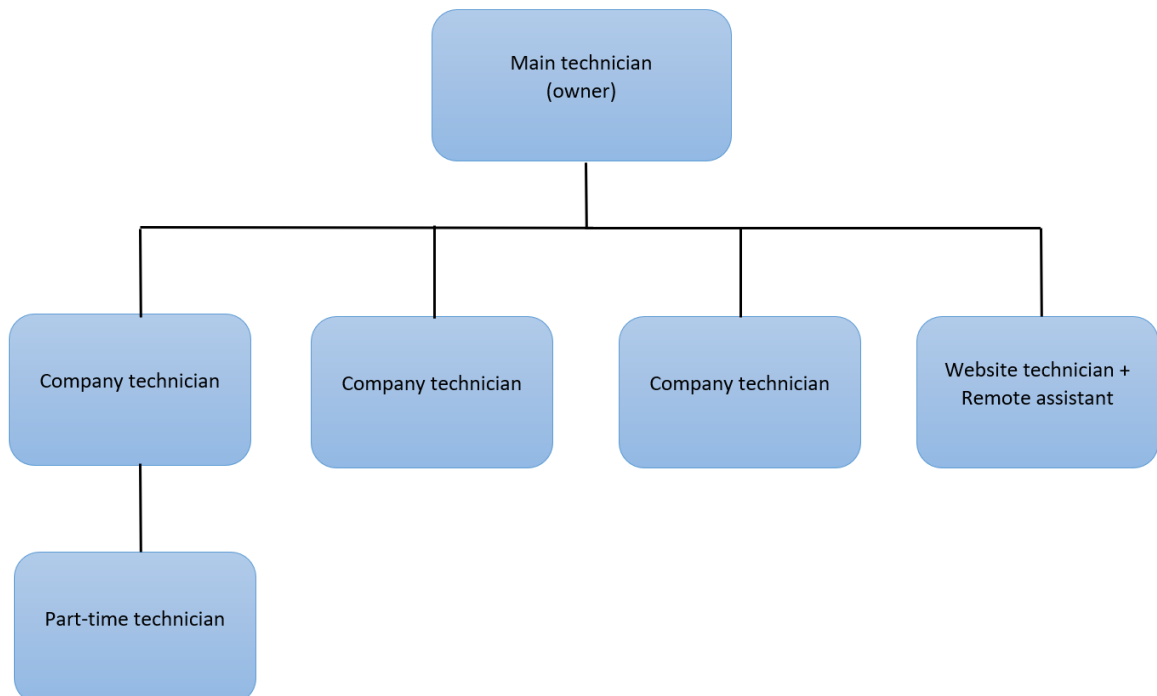


Figure 3: Organizational structure (own creation)

4.4.3 Location



Figure 4: Location of the company building (source: Google maps)

The company is located in the city of Uherské Hradiště 686 01, on the street Josefa Stancla 151. This location is quite convenient, since it is the centre of the city, very near both town squares. These squares have countless people walking through every day, thus any form of advertisement is expected to be highly effective. This location should naturally expand the list of potential customers. Another reason for this is the fact that the main road Velehradská tř. 55 is two streets away, which is the main road connecting the surrounding cities.

4.4.4 Opening hours

Opening hours of the company can be divided into 3 categories. The opening hours of our brick-and-mortar store building operating as our base, where we can attend our end user customers as well as meet the representatives of our firm partners as well as any other services we offer.

Opening Hours of the company	
Monday	8:30-17:00
Tuesday	8:30-17:00
Wednesday	8:30-17:00
Thursday	8:30-17:00
Friday	8:30-17:00
Saturday	Closed
Sunday	Closed

Figure 5: opening hours of the company (own creation)

Secondly, there is the availability of one of our services, which is the remote assistance. This service is offer to both end-users and firms. The general, publicly available time is steered more for the information of the end-users. This is because our availability to the firms depends on the level of partnership we have, thus it is possible to have an emergency remote assistance at any time.

Availability of the remote assistance	
Monday	8:30-17:00
Tuesday	8:30-17:00
Wednesday	8:30-17:00
Thursday	8:30-17:00
Friday	8:30-17:00
Saturday	10:00-17:00
Sunday	Closed

Figure 6: Availability of RA (own creation)

Thirdly, there is the availability of our emergency technician. As will be explained more in the following chapters, if there is a state of emergency in any of our client's companies, our firm offers to dispatch a professional technician to deal with the situation. As the name suggests, this service should inspire trust and confidence in our ability to take care of any of their problems. For this reason, there will always be one employee available for such task, depending on the circumstances of course.

Availability of the emergency technician	
Monday - Friday	Available all day
Saturday - Sunday	07:00-00:00

Figure 7: Availability of the ET (own creation)

4.5 Description of products and services

This IT will be offering products to two different segmented groups and the policy being each will be different. These two groups are end-users (B2C) and companies (B2B). These groups will be offered similar catalogue of services, where each sector of this catalogue will be priced and managed differently based on said groups. It is more efficient to talk separately about products and services.

4.5.1 Products

The firm won't be manufacturing these products, so there is a need for distributor. There are numerous distributors of IT products in the Czech Republic and after analysis it was decided that the best option is a company named 100MEGA. By their reputation, they have the best products with the closest balance of quality and low prices. This IT will be offering this wide variety of products via e-shop and have a steady stock if the most essential products available at the firm. The product sections and their availability to the customer segment is listed in the figure 4 below:

Products		
Type of product	Availability for companies	Availability for end-users
Computers & Laptops		
PC Components		
PC Accessories		
Servers		
Games (box and digital)		
Software		

Figure 8: – availability of products (own creation)

The prices of these products will be determined by the distributor and by modified based on to which customer segment are we selling it to. The price for the companies will always be dictated based on few factors, namely the quantity of the desired product, if we have prior business history or if the firm will utilize our services alongside purchasing the desired

products. The prices for the end-user customers will be set to alongside our competitors who offer the same products.

The product sections as mentioned in the figure 3 are computers & laptops, PC components, PC accessories, servers, games and software. These sections often interlude with each other and with the services our firm offers. The computers & laptops section offers pre-build computers alongside laptops supplied by the distributor. PC components it as follows: motherboards, processors, memory units, Hard drives, power supply units, graphics cards, network cards, soundcards, solid state drives, coolers and ventilators etc. PC accessories available on the e-shop as well as in limited amount in the store itself are: monitors, printers, headphones, pc mice, keyboards, web cameras, flash discs and others based on the demand. Due to the high price range and the complexity of implementation, servers will be offered only to our business customers. On the other hand, we will offer computer games to satisfy ever growing niche of gamers in the ranks of the end-users. Lastly, Thisis IT will offer the core office software with the intention of offering it separately or included within its other offers. Software available for purchase will be: operation systems Windows, Windows server, Office 365, Antiviruses and more based on the available product list presented by 100MEGA.

4.5.2 Services

Services that Thisis IT will offer are expected to make out the majority of the generated profit, namely services provided to firms. The structure of the brand of the company is based on the repeat business. Which means, if any company decides to make use of any of our services, our company will aim to create a reliable environment for a long-term, continued partnership. Our company partners will be offered the whole catalogue of all services the company will provide, while end-users only be offered just few based on the following list:














Services		
Type of service	Availability for companies	Availability for end-users
Remote Assistance		
Emergency Technician		
PC Consultations & Service		
IT Implementation		
IT Audit & Consultation		
Partnership program		
Training courses		

Figure 9: Availability of services (own creation)

The lack of services available to the end-user is simply explained the fact that they are either not cost-efficient enough or not designed to accommodate the end-user entirely. Remote assistance through the software TeamViewer for remote access to customers computer and by WhatsApp for communication will be offered independently or alongside other products to both segments. While PC consultations & service will be offered to any customer interested in buying PC components to assure the best use of the customer’s finances. Technicians will have at their disposal the essential computer repair toolkits and diagnostic tools and software ESET Sysinspector. This service also includes the general servicing and repairment of computers. The service emergency technician will see one of our employees traveling by car to the designated customer company to deal with the problem at the time. At minimum, he will be equipped with diagnostic tools and software ESET

Sysinspector. The circumstances can be that the partner firm does not have their internal IT expert present thus need a substitute, or not competent enough to deal with the problem.

The name of the service IT implementation actually involves quite a number of associated tasks and the customer can decide which one of them they want to include. The price moves depending on their decision and needs. For example, if a customer company decides to buy new hardware and gives the task replacing the old hardware to our firm. This accompanies transportation, physical implementation, data migration through the software MEMOS software, alongside any necessary steps like installation and set-up of proper software the customer company owned or the software bought from our company. For example, software regarding accounting like MONEY S3 or planning like ERP software and others based on the needs of the particular firm. It is also important to mention, that since most software management is done via cloud technology, we have to plan what to do with the old software licences the customer company owns. If these licenses are generally older than 2016 they are to be disposed of, however we can sell these newer versions to the software broker Forscope. This company buys out such redundant software and resells them in an open market to those, who do not want to utilise the subscription cloud option.

IT management & consultation service will be realised through the RMM (remote monitoring and management software), meaning Active monitoring of devices and networks. The choice of software for this task will be Atera. This software will be used for our own company and we will recommend and implement it for our customers. Upon a customer company buying this service, our technician will be dispatched to perform an IT audit to determine the status of the IT environment. Upon arriving at a conclusion, a consultation will take place with either him or the owner of Thisis IT to determine next action. Upon this consultation we can choose how to deal with a possible problem, or the customer company has the option to consider the next service presented.

There is an option to cover any and all possible demands and needs our company customer might have and that is entering our Partnership Program. By buying this item, our firm Thisis IT becomes officially external IT company partner to our customer. Partnership program contains any and all services we offer in its price except the training courses. These are: mainly IT and network management and administration, replacement IT technician for theirs, and more. Buying the partnership program also makes the partner firm highest priority subject and any emergency will be guaranteed to be answered within 2 hours of its report. By becoming a partner, they are eligible to all sales and deals in terms of buying products and naturally, they would also be eligible for a substantial discount of the training

courses. The goal is to use the strategy of anchoring to attract the firms to become partners as us to act as their official external IT firm. The prices of individual services are based on the competition and the market standard, thus with all the added benefits and conveniences in the Partnership program, it is aimed to be our most attractive option. To secure that our firm will be able to fulfil all of their responsibilities to the partners while conducting business with end-users and one-time orders from company customers, the ideal number of partners is 10-12. Any potential partner will have to specify the precise dimensions and characteristics of his IT environment he has, or aims to have after we proceed with IT implementation by answering these questions:

How many PC devices does your company operate with?

- 1-5
- 5-10
- 10-20
- 20-30

Under how many servers do you operate?

- 1-2
- 3-5
- 5-10

What manner of timing for our services upon reporting a problem?

- Premium (Up to 2 hours)
- Express (from several hour up to a day)
- Standard (from a day to two days)
- Basic (up to 72 hours)

Finally, the training courses can be divided into theoretical, practical but are parts of the same bundle. This service will aim to school and train the employees of a partner company in use and understanding of a particular software. The Thisis IT will offer the schooling on how to use, analyse and interpret data from each of the Office 365 programs, how to manage company's IT environment through utilisation of RMM software and the management and creation of a website through WordPress, WooCommerce and SEO (Search Engine optimization).

4.6 Marketing plan and strategy

The section Marketing plan and strategy deals with the issue of how to present our company to the public and other nuanced topics. Until now, the services that Thisis IT will provide were unanimously described as IT services. For the sake of creating our marketing plan and segmentation of target customer we need to be more specific. Thisis IT will be operated and marketed as a Managed Service Provider (MSP). Detailed description what this means will be located in the section Segmentation.

This chapter is created based on the information gathered in the previous chapters, namely market analysis. Firstly, a SWOT analysis will be used to assess the relevant characteristics of the company. Secondly, we will set up a target demographic of potential customers by segmentation. And subsequently a marketing mix will be designed.

4.6.1 SWOT analysis

SWOT Analysis is a common marketing planning tool. It summarizes the advantages, disadvantages, opportunities, and threats associated with establishing a specific business.

Table 1: SWOT Analysis (own creation)

Strengths	Weaknesses
<ul style="list-style-type: none"> • Know-how • Personal field experience • Personal starting experience in running business • Learning from mistakes from conducting previous business • Convenient locational • Dedication to our partners • E-shop 	<ul style="list-style-type: none"> • Entering saturated market • Unable to accommodate big corporations • Service catalogue is missing some services on launch • Limited financial budget • Management mistakes due to inexperience
Opportunities	Threats
<ul style="list-style-type: none"> • Global trend of digitalization • Spreading awareness of software licencing trends • Setting up the firm to take advantage of upcoming trends • Countless ways for growth • Rising percentages of owning and operating computers in companies and households 	<ul style="list-style-type: none"> • Unforeseeable trends in IT technology • Entry of new competitors • New technologies • Economic implications the political state of the world

Strengths

Our company's greatest asset is the owner's IT-related knowledge and experience. This, along with the careful selection of employees with experience in similar fields, should prove essential for the proper operation of a business. Examples of these strengths can be knowing exactly what software to utilise on what service, how to operate said software etc. Further detail is explained in the section 4.5.2.

The owner has also held a managerial position in a previous position, and he is able to successfully operate this business by learning from his and his colleagues' past mistakes. Due to this experience, our catalogue will include all the essential services a small or

medium-sized business might need to increase the level of digitalization in their IT environment. Our convenient location alongside our innovative services shall build our reputation based on the dedication to our partners as presented in our mission statement. Our company will also possess a website including e-shop for the convenience of the customers.

Weaknesses

The market of IT services can be understood as quite saturated in general. Our firm will have to go far and beyond in the first year to prove its place. However, we intended to cross this distance with incorporating innovative technologies and our dedication to our customers. It will also take approximately a year before our firm will expand its service catalogue and gathered necessary experience to start undertaking jobs from large sized companies and corporations. Reasoning behind the expected slow start of a one year is varied. One of the reasons is the limited financial budget the owner can invest into the firm. Thus, his plan is to slowly grow the firm into its advanced state gradually. Despite the fact that the owner has some starting experience in running a business, new situations may arise in which he does not know what choices to make to successfully move forward. However, this factor is anticipated to improve over time, primarily due to the recruitment of experienced staff and assistants.

Opportunities

Main opportunity our firm plans on capitalising on is the trend of advanced digitalization in the environment of businesses. This trend has not shown any signs of stopping, in fact the opposite as was further explained in the section 4.2.1. Another unique opportunity our firm has stems from the personal experience of the owner in the industry of software licencing for companies and its trends. Our firm wishes to introduce these trends to its customers. As the market stands now, there are countless ways Thisis IT can grow and expand. With the rate of progress the IT technology industry has seen in the last 10 years, any technology can suddenly enter the market and change the entire landscape of it. Our mission is to set ourselves into a position where we can capitalise on such technology as soon as possible. Further opportunities, as was mentioned in the “weaknesses” section, is the desired advanced state of the firms means more services in the service catalogue, more employees and possibly even turning the firm into limited liability company. Examples of these possible new service are printing, ai technology, advanced monitoring of IT, company security including software and camera systems etc.

Threats

The principle used in the opportunities section regarding new technology trends can be applied here, meaning any of them can act as a threat to our business. Even with the market being saturated at the moment, new technology trend can open up a hole in the market. With it, the entry of new competitors can threaten our business model. Any operating mistakes can occur at any point due to the inexperience in leading an IT company. Alongside this fact, the political state of Europe and the world can also impact the state of the economic state of Czech Republic. The biggest contributors to these threats from the political sphere are the Russian-Ukraine war and the new currency of BRICS countries.

4.6.1 Segmentation

A company must identify its target audience. As suggested in previous chapters, the target audience of our company will be divided into two distinct segments. The prices of and the services available will vary and adapt based on the market segment that requires them. The IT services will be located in a city where in its vicinity are hundreds of companies that could be our potential customers alongside 24 514 citizens of Uherské Hradiště representing our potential end-user customers. As insinuated at in the section 4.5.1, our target audience will be segmented into 2 distinct groups. Our company will offer different services to these groups and their price policy will also differ as described in the section 4.6.1.

- **Segment 1 - End-users, ages 18-70**

Due to an extensive research into the market of IT service companies, we can expect that selling products and providing services to end-users will provide around 15% total revenue of the company. Still, it is an important segment to focus on. The main focus for end-users will be selling products from our supplier alongside services remote technician and PC Consultation & Service. Prices will be set to slightly bellow market standard in the first year of company's operation. Age of the end-user customer is not relevant, however we will focus on ages 20-60, since these ages are more likely to be initiated in IT and PC technologies.

- **Segment 2 - Small to medium sized companies**

Most of our business effort will be focus on providing products and services to companies. As was hinted at the beginning of chapter 4.6., our company will try to fulfil the IT services as Managed Service Provider (MSP). This is the practice of outsourcing specific services to specialized companies. It has long been understood that outsourcing cuts costs. An MSP can completely supplant an organization's IT department or provide a single niche support. This fact should motivate them to become our partner with our service "Partnership program",

after which we would become their official external IT management company. Our goal is to gather up to 10-12 partner companies within the first 12 months of the company's operation. Besides that, our company shall take any other one-off contract for a service or products.

Choosing a Niche

Choosing a niche in the IT industry is close related with segmentation of target market. It is often recommended by internet journals and such to choose a niche on which the company will focus and become expert on. An example of such niche can be to starting working in an IT environment in the Healthcare business and solely focusing on IT aspects that industry needs. However, consultations with experienced entrepreneur within IT field reveals insight into this possible future aspect of the company. As the life cycle of an IT company marches on, they tend to find their niche based on what companies they do business with. This natural growth can be achieved by the marketing tool of word of mouth. This is because you can get recommendations on social media groups where the same types of stakeholders' network, refer and discuss services.

Pain-Point

Our goal is also to set up our company to be in a position where it can steer its marketing and the whole operating process based on the principle Pain-Point. This principle describes a phenomenon that can occur on the IT market, where one type of problem is occurring repeatedly and is a problem of a lot of potential customers. At this point, a company should switch its target segment priority as well as some of the marketing efforts to take advantage of this situation and combat the problem. This is called Pain-Point principle. To showcase few examples for a better understanding, we can imagine a new wave of Covid-19 virus. The panic surrounding the virus has pretty much died down in face of the on-going war in Europe. With it died down the fear of new wave of companies closing and shutting down and it is reasonable to assume that most of them do not have a prepared strategy if it were to happen. However, if it actually did, our company would shift its focus on digitalization and migration of data associated with working from home. Our company needs to be able to adapt quickly if any Pain-Points situations occur to take advantage of them. (Atera.com 2021)

4.6.1 Marketing mix

Product

The products and services our company offers are designed to serve our customers, to solve their problem or increase their quality of life in terms of IT environment. Our company will target the end-users, however due to the insight into the market we are delving into it isn't expected that they will cover more than 20% of overall income. We will offer and advertise to sell products and aid with any PC problem they might have.

Our most prominent target customer are small and medium sized companies and our promotional strategy must reflect that. We will mainly advertise ourselves as an external IT company, whose main goal is a total commitment to our partners and customers. We will achieve that by promoting our management and emergency services being available at a moment's notice for our partner. We also offer convenience in providing all essential parts of digitalization a customer company might want. Consultation, selling ideal products and complete installation and management.

Price

Prices of services	
Service	Price
Remote assistance	599 Kč - 999Kč
Emergency technician	400 Kč - 1 200 Kč/ Hour
PC Consultations & Service	599 Kč/ Hour
IT Implementation	1 799 Kč - 2 799 Kč/ Device
IT Management & Consultation	849 Kč /Hour
Partnership Program	15 000 + Kč/Month
Training courses	10 000 Kč /Day

Figure 10: Prices of services (own creation)

The prices on most of these services are below the standard in the Czech Republic. This is due to the fact that based on the market analysis done in the previous chapter, we've discovered that the buying power of buyers is too high. This is due to the fact that there is a

lot of competition in the surrounding area. The pricing policy of the services Thisis IT provides is complex and the prices are generally susceptible to change based on the circumstances and the status of the business relations with the company interested in the services of the company. The service remote assistance has set stationary prices being 599 Kč for half an hour of connection and 999 Kč for an hour of connection. If there is a necessary work afterwards, every subsequent half an hour is 249 Kč. This applies to both companies and end-users.

The Emergency technician has its price range set from 400 Kč – 1 200 Kč. Elements that influence this number are: the travel distance, complexity of the task and the matter of timely notice. The highest price is set for the up most 2-hour emergency notice and in need of completing a complex task. The service PC consultations & service has the set-up price of 599 Kč an hour for any type of customer. When purchasing PC components from our company, this service is frequently strongly related. As a result, our company will provide a deal to each customer who purchases components and hits a predetermined price target; thereafter, he will earn a large discount on this service.

As described in the previous section, the whole process of IT implementation is quite complex and will usually require the attention of our whole company. As with the rest of the services, our company needs paid licenses to access appropriate software to finish the task. However, depending on the complexity of the operation it might need different software for all the parts of the operation and that fact is reflected on the price. As always, if our company and the customer company had prior business or even still are partners, the price can also reflect that so support our business philosophy. This all results in the price range for this service is from 1 799 Kč – 2 799 Kč.

The price range set on the IT management & Consultation service is 849 Kč/ hour. Since the target customer group of our firm are small and medium sized businesses, these subject usually do not require constant monitoring of their IT environment, they can make use of this service and only pay monthly maintenance based on the current need.

There is an option to cover any and all possible demands and needs our company customer might have and that is our Partnership program. By acquiring the partnership program, our firm Thisis IT becomes officially external IT company partner to our customer. Partnership program contains any and all services we offer in its price except the training courses. Buying the Partnership program also makes the partner firm highest priority subject and any emergency will be guaranteed to be answered within 2 hours of its report. By becoming a partner, they are eligible to all sales and deals in terms of buying products and

naturally, they would also be eligible for a substantial discount of the training courses. The goal is to use the strategy of anchoring to attract the firms to become partners as us to act as their official external IT firm. The prices of individual services are based on the competition and the market standard, thus with all the added benefits and conveniences in the Partnership program, it is aimed to be our most attractive option. The price of the service bundle will start at 15 000 Kč per month and will change based on the details and precise characteristics and needs the IT environment of the customer company has.

Lastly, there is the educational schooling service under the label Training courses. This service will have its price set around 8 000 Kč – 10 000 Kč per teaching day (8 hours). As hinted at, the price can go lower based on the previous business relations with the customer or if they are a partner or not. The price is the same for all the range of topics our company presents.

Place

At first, it wasn't necessary for the location of the company building to be in a convenient location, since it was planned that the services would be done either remotely or our technicians would be traveling to our clients. Despite that, the owner has managed to secure a place more than suitable at the centre of the city Uherské Hradiště right next to the main square. Parking spots are available all around the centre and they are all walking distance to the firm. Additionally, it is very easy to get to the road Velehradská třída 55, which is the main point of travel across the surrounding cities. This is very convenient for the future traveling to our clients or them traveling to us.

Regarding the actual building, there will be a single open lobby where customers will enter. Two offices will be connected to the main lobby hall, one serving as the technicians' workstation and the other as the owner's office. The working station will also have a door leading to the stock, or the office of the working station can temporarily serve as a stock. Every employee will have access to the technologies necessary to perform their duties. The lobby will have a counter where one employee will be stationed. The lobby will have glass cabinets and shelves on each side and behind the counter. Each shelf will be loaded and decorated with keyboards, computer mice, laptops, boxes of games and much more to connote the feeling of technological advancement and professionalism.

Promotion

Promotion can be considered one of the most important aspects of running a business, since it directly translates to the communication with the company's customers. Promotional material and advertisements require a carefully constructed marketing plan, since the cost of

advertisements have quite an impact on company's finances. Promotion communicates with potential consumers and is a vital component of establishing a recognizable brand. As eluded to in the section Segmentation, within each marketing channel, we need to realise what customers are we trying to address and communicate with. Our company has chosen following ways to promote itself: Social media, billboard, website and SEO, Packeta systems (Zásilkovna in Czech), company's presence at IT fairs and most importantly word of mouth.

- Social Media

As detailed in the section titled "Financial Plan," the first few months of the company's operation will be devoted to attracting a sizable audience and customer base. Social media is one of the most important tools for disseminating information about your business in the modern era. As explained in the section segmentation, our target audience are mostly small to medium sized companies. For this reason, we have chosen LinkedIn and Facebook as the social media platforms. This is because it has been proven by studies and by personal experience, that they are the best way to spread information to other entrepreneurs and other persons of interest. On both platforms, we will run an ad campaign as well as create a profile page representing our company. Both of these social media platforms are planned to be used as long-term marketing tools. Due to the fact that we can set-up an age structure of our desired target audience, it shall be set on people aged 20 – 50 from all segments.

- Website and SEO

Functional, representable website is the absolute foundation for operating IT service company. As our company will offer schooling in terms of technologies relating to running, creating and optimising a website, our website has to be in the perfect condition before we start conducting our business. The possible look for the website of the company can be seen in the appendix of this business plan. Alongside functional website and ad campaign promoting it on platforms like Google, Seznam and Bing, it is also essential to have perfectly configured SEO. SEO stands for search engine optimizer and it is the most natural way an information about a website is spread through the internet. When customer types his desired service or a product into a search bar on his internet browser, it is the optimized SEO of a website that brings the link of our company to the customer's search page.

- Billboard

Based on the consultation with an entrepreneur experienced in the field, a billboard is a very underrated form of advertisement in today's age. For the purposes of our company, a couple of billboards in the town where the IT company is located alongside surrounding cities

should attract a sizeable portion of our desired end-user customers as well as from other segments.

- Packeta (Zásilkovna)

Another piece of information received from the consultation is that packeta (Zásilkovna) is one of the best natural way to gather end-user customers in your area. Citizens will naturally order their packages and set them for a pick-up at our store. Not only will our company get some revenue from acting as a packeta pick-up spot, but we will enter the minds of any citizen as the IT store with a packeta pick-up spot. This way, if they ever have the need for an IT service company, we can be the one they think of.

- Word of mouth

The companies, namely the men and women in high positions, talk to each other. As stated in our mission statement, building a respectable reputation is one of the goals of the company. Marketing tool word of mouth is one of our greatest weapons to achieve two of our goals – to build a respectable reputation and to gain sizeable customer audience because of it. For this reason, it is essential we put the work where our mouth is and prove our determination to every customer, because it can yield future business opportunities.

- Company's presence at IT fairs

An IT service company has to not only form connections and contacts, but also to be in the loop with the latest technology and trends. One of the more interesting ways to market yourself while gathering useful information is the attendance at IT technology fairs. At these fairs, the personnel from company can meet our competitors, which can result in unlikely partnerships. An example of these fairs is the IT-SA.

People

People are the living breathing tissue of not only our company, but of the whole market in general. Our firm needs to recognize how to structure, associate and deal with not only our employees but any potential customer.

As alluded to in the section 4.4.2 organizational structure, the team of the Thisis IT company will comprise of the owner Filip Bimka, three company technicians, one web technician and a part-time employee. The owner will completely manage the administrative side of the business. He will also be main person attending business meetings with the management representatives from our potential or already partner company customers. In the technology side of the business, he will be interacting with the end-users as well as working with the company technicians up to best of his ability and competence. Competence

and skills of the company's three primary technicians are likely the most crucial aspect of the intended organization structure.

The primary recruiting requirements will be education in the field, work experience, demonstrated competence, or all three. Each software utilized by our company, as described in section 4.5.2, will necessitate that at least one team member be capable of operating it and completing its designated duties until completion. Website and e-shop technician needs to be fully independent craft of creating and managing a website and all of its corelated duties as well as being able to fulfil some administrative activities if needed. Part-time employee will be working closely with the full-time employees and follow their instructions.

The owner has extensive experience in companies conducting business in an IT field. Based on this fact, he has insight into the crisis that IT technology market faces. For few years now there has been a constant lack of IT technicians in almost all subfields if IT. The web technician will be a long-time friend of the owner as well as one of the three main technicians. The other two will be found via advertisement. The part-time employee will be any interested student of an IT school to build his experience in the field.

It is absolutely essential to understand that each employee is a walking representation of the company and the behavioural approach towards our customers is our biggest weapon to build a strong brand. Because of this, each technician has to be independent, communicative and presentable. It is important to form good relations not only with the management of our partner companies, but also with their IT department workers. Naturally, end-user customers also cannot be omitted and focused on.

4.7 Financial plan

The purpose of this chapter is to establish an applicable structure for our company's financial plan, with the ultimate objective of evaluating the rentability of the business concept and the possible future financial state of the company. The financial plan is segmented into 7 sections: starting balance sheet, initial expenses, cost of labour, operating costs, estimated revenues and cash flows, income statement and return on investment.

4.7.1 Starting balance sheet

The balance statement in the table 2 below showcases a summary of the entrepreneur's assets and liabilities. The registered capital that the entrepreneur accumulated is 949 099 Kč. This sum of money represents years of owner's savings, loans from friends and family and a donation of 142 365 Kč from an investor who is a close friend, who wishes to support the business idea and get financial return in the future. The number 142 364 Kč is not rounded up as to keep the nature of the donation at perfect 15% of the desired registered capital of 949 099 Kč. This sum is provided by the investor in order to avoid an involvement of any financial institution. A contract will be set up with the investor, dictating that he is to receive 15% of revenue of every 6th month

Table 2: Starting balance sheet (own creation)

Assets		Liabilities	
Long-term assets	0	Equity	949 099 Kč
		Registered capital	949 099 Kč
Current assets	948 099 Kč	Current liabilities	0
Bank account	898 099 Kč		
Cash	50 000 Kč		
Investments		Long-term liabilities	0
Other assets	1 000 Kč	Other liabilities	0
Trade licence	1 000 Kč		
Total assets	949 099 Kč	Total liabilities	949 099 Kč

We can observe that there is supererogatory amount of money in the bank account, namely 300 000 Kč more than what is needed for initial investment. This is based on the reasons listed and explained in section 4.8 Risk assessment. This is a necessity, due to the fact that we need to be prepared for the first 6 months of the operation of the company, until

we can develop a network of customers and have guaranteed needed level of income. The reserve fund will serve as a safety net until we reach our desired number of partner companies and until the management of the company is confident that the company's income is sufficient to cover all expenses of the company's operations.

4.7.2 Initial expenditures

The following tables showcase the investments, without which our company wouldn't be able to perform its desired business activities without these resources. It is important to mention that these payments are designed as not to be repeated for at least one year or more. We can notice 5 distinct sections of the initial expenditures our company has to execute: working offices equipment, reception hall equipment, software, promotion and trade licence.

Table 3: Initial expenditures, part 1 (own creation)

Initial expenditures	
Working offices equipment	293 257 Kč
5x Personal office computer	100 000 Kč
5x Notebook	75 000 Kč
5x Work table	29 960 Kč
5x Office chair	19 950 Kč
5x Monitor	11 160 Kč
5x Keyboard	4 156 Kč
5x Mouse	2 596 Kč
Small accessories and other equipment for PCs	8 970 Kč
Shredder	3 499 Kč
Printer	5 499 Kč
Computer business repair toolkits and additional tools	23 599 Kč
2x Tablets for work outside the firm	8 868 Kč
Reception hall equipment	118 841Kč
Reception desk	11 481 Kč
Cash register	1 469 Kč
Cash register printer	2 319 Kč
Card reader terminal	990 Kč
2x Cabinet with shelves for exhibition pieces	7 580 Kč
Exhibition products for sale	95 002 Kč

Once the business premises have been acquired from the landowner, the first stage is to prepare them and deliver them in a state where business can be conducted. The table 3 showcase 2 sections of this distribution of capital. The section “working offices equipment” describes the furniture, tools, and other objects that will be available to employees in the shared office. Any equipment with a quantity of five will be allocated to each employee as their personal working equipment. (excluding part-time employee). Naturally, the owner’s equipment will be located in his office instead of in the shared office. Next, the section “reception hall equipment” describes exactly what its name suggests, the contents of the main where which will act as a reception for the customers. Exhibition products for sale can be understood as a hardware arranged around for the aesthetic effect of an IT firm, but also available to be sold. These can be laptops, PCs, keyboards, videogames and more.

Table 4: Initial expenditures, part 2 (own creation)

Initial expenditures	
Software licenses	57 554 Kč
Website template	1 256 Kč
WordPress Business	7 176 Kč
WordPress plugins pack by Toret	10 000 Kč
Office 365 Business Standard	6 396 Kč
ESET Business Security Package	18 730 Kč
Adobe Premiere Elements	7 600 Kč
TeamViewer	6 396 Kč
Promotion	78 447 Kč
LinkedIn	28 947 Kč
Facebook	15 000 Kč
Google ads	12 000 Kč
Seznam ads	10 500 Kč
Bing ads	3 000 Kč
Billboard	9 000 Kč
Trading licence	1 000 Kč

Table 4 continues by highlighting the final three categories of initial expenditures: software licenses, promotion, the trading license fee. The segment software presents the instruments that will be required to complete the services that our company offers. This list of software programs is incomplete; it only includes those that offer an annual payment plan;

the rest will be included in the monthly operating expenses. It is important to note, that there are other steps in the process of creating a function website and e-shop that are not listed here like SEO. This is because the owner together with the future web technician of the company is able to optimise these systems themselves before the launch of the company, without paying for a professional to perform this duty. Our marketing strategy and tools for the first three months are highlighted in the next section. After these three months, our organization will modify the marketing campaign and the amount of capital allocated to it based on the financial situation. And the next section shows the charge for the acquirement of trading licence.

Table 5: Total Initial expenditures (own creation)

Total initial expenditures	
Working offices equipment	293 257 Kč
Reception hall equipment	118 841 Kč
Software	57 554 Kč
Promotion	78 447 Kč
Trading licence	1 000 Kč
Total	549 099 Kč

Table 5 totals the amount of capital required for each section, which totals 549 099 Kč. This is the amount of money our company must invest in order to obtain the minimum base necessary for its operation. Thanks to the pre-emptive action of the owner in adding 300 000 Kč to the capital, the company now holds this sum in its bank account even before launch. The reason for such action will be explained in detail in section 4.7.5.

4.7.3 Labour costs

As described in the section 4.4.1 organizational structure, the company will consist of three company technicians, one web technician and one part-time employee. As it can be inferred from the section 4.5.2, company technicians need to be able to successfully and efficiently perform the services our company is offering. This means they have to possess a level of competence and qualifications based in education and experience in various areas of IT field as well as proficiency in numerous software programs. This fact is the basis for the high wages our company will provide them for their work. Company technicians will be expected to work 170 hours a month appreciated by the 220 Kč per hour. This gives us the monthly gross wage of 37 400 Kč while with insurances accounted the number is 50 141 Kč. However, it is important to note that our company offers services in the states of emergency

any day of the week or in some cases even at night. This means that if a company technician is called upon to answer an emergency call, his hourly rate may rise up to 240 Kč. This fact is also mentioned in the section Operating costs, so that we can recognize their set monthly gross wages as the baseline – upon which they can increase based on their work performed.

Web technician will also be expected to work 170 hours a month with hourly rate at 190 Kč. The part-time employee will be able to work maximum of 78 hours per month, while mainly working on Saturdays to cover for remote assistance. His hourly rate is 125 Kč per hour. The owner is required to pay social and health insurance for all employees excluding the part-timer. This means that in practise, the monthly gross wages are subjected to a 33,8% increase.

Table 6: Labour costs (own creation)

Labour costs					
Employee	Monthly gross wage	Social Insurance (24,8%)	Health Insurance (9%)	Monthly wage including insurances (33,8%)	Annually
Company technician #1	37 400 Kč	9 275,2 Kč	3 366 Kč	50 142 Kč	601 692 Kč
Company technician #2	37 400 Kč	9 275,2 Kč	3 366 Kč	50 142 Kč	601 692 Kč
Company technician #3	37 400 Kč	9 275,2 Kč	3 366 Kč	50 142 Kč	601 692 Kč
Web Technician	32 300 Kč	8 010,4 Kč	2 907 Kč	43 217 Kč	518 604 Kč
Part-timer	9 750 Kč	X	X	9 750 Kč	117 000 Kč
Overall	154 250 Kč	91 487 Kč	13 005 Kč	203 390 Kč	2 440 680 Kč

4.7.4 Operating costs

This section as well as the correlated tables 7-9 present the operating costs of the company, which are divided into fixed and variable operating costs.

Table 7: Fixed operating costs (own creation)

Fixed operating costs		
Fixed Costs	Monthly costs	Annual costs
Rent	12 000 Kč	144 000 Kč
Energy	8 000 Kč	96 000 Kč
Software licences	3 095 Kč	37 140 Kč
Internet + Phone services	2 598 Kč	31 176 Kč
External accounting services	11 000 Kč	132 000 Kč
Car lease	12 000 Kč	144 000 Kč
Promotion	12 999 Kč	116 991 Kč
Total fixed costs:	61 692 Kč	701 307 Kč

The fixed operating costs in the table 7 are simple expenses, that our company will have to pay each month to function at all, unless a dramatic change of structure in the company occurs. The section software contains the last, not yet mentioned software licences – RMM software Atera costing 2 747 Kč per month and Fakturoid, software for creation of invoices costing 348 Kč per month. The company will have 2 cars at their disposal, which means it will pay 7 000 Kč a month for each. During the first three months of operating, the promotion will be covered by the company's initial promotion expenditures. After the first three months based on the owner's previous business management experience, the most likely monthly investment will be 12,999 Kč. This sum of money includes: LinkedIn ads for 5999 Kč, Facebook ads for 1000 Kč, Google ads 3 000 Kč, Seznam ads 1 000, Bing ads 500 and Billboard 1 500 Kč.

Table 8: Variable operating costs (own creation)

Variable operating costs		
Variable Costs	Monthly costs	Annual costs
Wages	203 090 Kč	2 437 080 Kč
Travel costs	4 292 Kč	51 504 Kč
Lawyer services	6 000 Kč	31 176 Kč
Stock	?	95 002 Kč
ThePay payment gateway	?	?
Total variable costs:	214 980 Kč	2 614 762 Kč

The table 8 shows the variable operating costs of the company. As alluded to in the section labour costs, the wages have a baseline amount determined by the set-up number of working hours and the hourly rate. This sum totals 203 090 Kč per month for each employee. However, the final number can fluctuate upwards based on the number of emergencies that our partner companies face and require our assistance with. Travel costs are determined by how much driving will our employees have to do based on the location of our partner companies and other customers.

Our company will certainly need the assistance of external lawyer services. Some of these services may be the creation of contracts with partner companies, setting up an NDA or just general legislative advice. The lawyer office our company will cooperate with takes 2 000 Kč per hour of work. The owner's educated guess is that their services will be needed on average for 3 hours per month, which makes 6 000 Kč. However, these number can fluctuate depending on the situation.

Despite the fact that our company will operate an e-commerce website, almost no products will be stored at the company's headquarters. Our company will only order products based on specific customer requests and will ship them directly to the customer. The section stock represents the items on display for sale in the reception area of the company, as detailed in the section initial expenditures. There is a question mark in table X because we have no solid basis for estimating how many of these products will be sold every month. Nevertheless, it is quite probable that every product will be sold at least once during the course of a year. For this reason, we have included the purchase price of the aforementioned products in the annual costs section of the stock section.

The online store will utilize ThePay as its payment gateway. This software service charges a 0.99% commission on all system-processed payments. Based on this information,

we are unable to predict with reasonable certainty how much our company will have to pay for this service.

Table 9: Overall operating costs (own creation)

Overall operating cost		
	Monthly costs	Annual costs
Fixed costs	61 692 Kč	701 307 Kč
Variable costs	214 980 Kč	2 614 762 Kč
Costs overall	276 672 Kč	3 280 069 Kč

As depicted in table 9, the total amount of operating costs that need to be paid monthly in order for our company to function is 276 672 Kč, which makes it 3 280 069 Kč annually.

4.7.5 Estimated revenues

- **Estimated revenue and cash flow for months 1-3**

Table 10: Estimated Revenue for months 1-3 (own creation)

Products/Services	Estimated sales (based on the designated sale unit) per month	Estimated revenues (per months for months 1-3)
Products	29	11 269 Kč
Remote assistance (hour)	27	25 974 Kč
Emergency technician (hour)	13	12 987 Kč
PC Consultations & Service (hour)	22	13 178 Kč
IT Implementation (device)	16	27 489 Kč
IT Management & consultation (hour)	22	18 678 Kč
Partnership program (month)	1	15 000 Kč
Training courses (day)	1	10 000 Kč
Total estimated revenue per month:		134 575 Kč
Total collective estimated revenue for months 1-3		403 725 Kč

Before we delve into analysis, it is principal to disclose the fact that all metrics and predictions were discussed with the previously mentioned entrepreneur, that has holds extensive experience in running a company like Thisis IT with similar products and services. Based on this insight, the owner deemed it unnecessary to portray multiple versions of estimated revenues. The numbers of the tables of this section should be considered slightly optimistic, but realistic based on the current market environment.

To present a second disclaimer, it is important to realise that due to the diverse and dynamic nature of the services our company offers as well as the varied nature of our pricing, it is hard to get precise numbers. Each number in the column “Estimated sales” is based on the designated sale units described in the section 4.6.1 marketing mix.

In the table 10, we can see a prediction of how will the company performs after 3 months since its launch. It should be noted, that it is expected that at this time our company shall only have 1 partner company as we can expect that the reputation of our company shall still be unripe. The final sum of expected revenue per one month is 134 575 Kč, collectively making it 403 725 Kč in the first three months.

Table 11: Cash flow for months 1-3 (own creation)

Initial cash balance	949 099 Kč
Cash flow from operational activities	- 387 294 Kč
Income related to operating activities	403 725 Kč
Costs related to operating activities	- 791 019 Kč
Cash flow from investing activities	- 549 099 Kč
Income related to investing activities	0 Kč
Costs related to investing activities	
- Initial expenditure	- 549 099 Kč
Cash flow from financial activities	20 000 Kč
Income related to financial activities	
- Owner's contribution	20 000 Kč
Costs related to financial activities	0 Kč
Total cash flow	- 916 393 Kč
Final state of cash balance	32 706 Kč

Examining Table 11 closely, we can see each cash movement the company made. Our cash balance starts with our registered capital of 949 099 Kč. The initial expenditure shrinks this number by 549 099 Kč. The operating costs are smaller by the costs of promotion, since these are already included in initial expenditures as covered in section 4.7.2. Even with this fact, the revenue won't be able to cover all costs. To recover at least a little bit from it, the owner will turn back a portion of his own salary back into the firm, namely 20 000 Kč in total. As a result of this examination, it is clear why the business owner took the precaution of depositing an additional 300,000 Kč into the company's bank account prior to its launch,

as advised in section 4.8 risk assessment. Without it, the business would incur massive losses in its first three months. The final state of the cash balance is 32 706 Kč.

- **Estimated revenue and cash flow for months 4-6**

As we can see in the table 12, the revenues and the number of performed services as increased.

Table 12: Estimated monthly revenue for months 4-6 months (own creation)

Products/Services	Estimated sales (based on the designated sale unit) per month	Estimated revenues (per month)
Products	74	26 522 Kč
Remote assistance (hour)	29	20 271 Kč
Emergency technician (hour)	43	38 657 Kč
PC Consultations & Service (hour)	59	35 341 Kč
IT Implementation (device)	41	94 259 Kč
IT Management & consultation (hour)	44	37 356 Kč
Partnership program (month)	5	75 000 Kč
Training courses (day)	4	40 000 Kč
Total estimated revenues per month after 6 months:		367 406 Kč
Total collective estimated revenue for months 4-6		1 102 218 Kč

As we can see in the table 12, the revenues and the number of performed services as increased. We can see that the snowball effect has taken place and we should have around 5 partner companies at this point. This should be because we should be getting recognized as a brand but also because the SEO system should be thoroughly integrated with the search engines. The number of sold products is directly correlated to the number of partner

companies we have under our belt, since most of the products sold are to the partner companies. The expected revenue of the company for one month is 367 406 Kč, making it collectively 1 102 218 Kč for the months 4-6 since the launch.

Table 13: Cash flow for months 4-6 (own creation)

Initial cash balance	32 706 Kč
Cash flow from operational activities	272 202 Kč
Income related to operating activities	1 102 218 Kč
Costs related to operating activities	- 830 016 Kč
Cash flow from investing activities	- 120 000 Kč
Income related to investing activities	0 Kč
Costs related to investing activities	
- Buying of new equipment	- 30 000 Kč
Cash flow from financial activities	- 165 891 Kč
Income related to financial activities	
- Owner's contribution	60 000 Kč
Costs related to financial activities	
- Paying the semi-annual dividend to the investor	- 225 891 Kč
Total cash flow	76 311 Kč
Final state of cash balance	79 575 Kč

As we can see, at this point the company should be more than capable of covering its monthly operating costs. The operating costs per month by standard 276 672 Kč, making it 830 016 Kč for the months 4-6. Due to the cash flow from operating costs being positive, our company will invest into new equipment roughly 10 000 Kč a month. We also notice that this is the first payment provided to the investor as agreed upon – 15% of the income in the past 6 months – 225 891 Kč. The total cash flow is in the positive numbers, showcasing that the company is profitable. To support the company's growth and positive cash flow, the owner will turn back a portion of his own salary back into the firm again, namely 20 000 Kč every month – 60 000 Kč in total. The total cash flow of this season is 76 311, so if we add the balance from last season 32 706 Kč - the final state of cash balance is in 109 017 Kč, again showcasing the profitability of the company.

- **Estimated revenue and cash flow for months 7-12**

Table 14: Estimated monthly revenue for months 7-12 months (own creation)

Products/Services	Estimated sales (based on the designated sale unit) per month	Estimated revenues (per month for months
Products	144	38 802 Kč
Remote assistance (hour)	51	30 549 Kč
Emergency technician (hour)	67	51 883 Kč
PC Consultations & Service (hour)	65	38 935 Kč
IT Implementation (device)	103	184 353 Kč
IT Management & consultation (hour)	57	48 393 Kč
Partnership program (month)	10	150 000 Kč
Training courses (day)	6	60 000 Kč
Total estimated revenues per month after 12 months:		536 691 Kč
Total collective estimated revenue for months 7-12		3 617 489 Kč

Table 14 presents the final estimation of revenue after 1 year of company's active operation. For the months 7-12, we will assume a highly optimistic but feasible scenario. This scenario is possible if the company's entire team is committed to achieving its goals with maximum effort. As can be seen, the company would achieve its desired 10 partnerships with customer companies, creating a reliable source of work and income. These numbers of the estimated sales also include the fact that our company shall expand its functions, depth of services and training course topics. If the company achieves the desired relevancy and if there's a high demand for our services, our company will hire more employees to make these

numbers of estimated sales possible. The expected revenue of the company for one month is 536 691 Kč, making it collectively 3 617 489Kč for the months 7-12 since the launch.

Table 15: Cash flow for months 7-12 months (own creation)

Initial cash balance	79 575 Kč
Cash flow from operational activities	1 957 457 Kč
Income related to operating activities	3 617 489 Kč
Costs related to operating activities	- 1 660 032 Kč
Cash flow from investing activities	- 616 000Kč
Income related to investing activities	0 Kč
Costs related to investing activities	
- Buying new equipment	- 400 000 Kč
- Investing into Government bonds	- 216 000 Kč
Cash flow from financial activities	- 683 022 Kč
Income related to financial activities	0 Kč
Costs related to financial activities	
- Paying the semi-annual dividend to the investor	- 483 022 Kč
- Remuneration for employees	- 200 000 Kč
Total cash flow	658 434 Kč
Final state of cash balance	738 010 Kč

The cash flow in table 15 shows very profitable six months. The operating costs per month by standard 1 660 032 Kč, making it 830 016 Kč for the months 7-12. The cash flow from operational activities gives us profit of 1 957 458 Kč. Due to this number, our company shall invest 200 000 Kč into new equipment and software, and 200 000 Kč more at the end of the year. In this time, the owner will start investing the capital of the company in 36 000 Kč a month into government bonds. With the rising profits the money would otherwise sit in an account – not generating profit. Another payment provided to the investor as dividend shall occur– 15% of the income in the past 6 months – 225 891 Kč. If Thisis IT achieves such results, each full-time employee would receive 50 000 Kč monetary reward at the end of the year. At this point, the owner won't feel the need to reinvest his personal money back into the account. The final state of cash balance after one year of the company's operation will be 738 010 Kč.

- **Cumulative Cash flow**

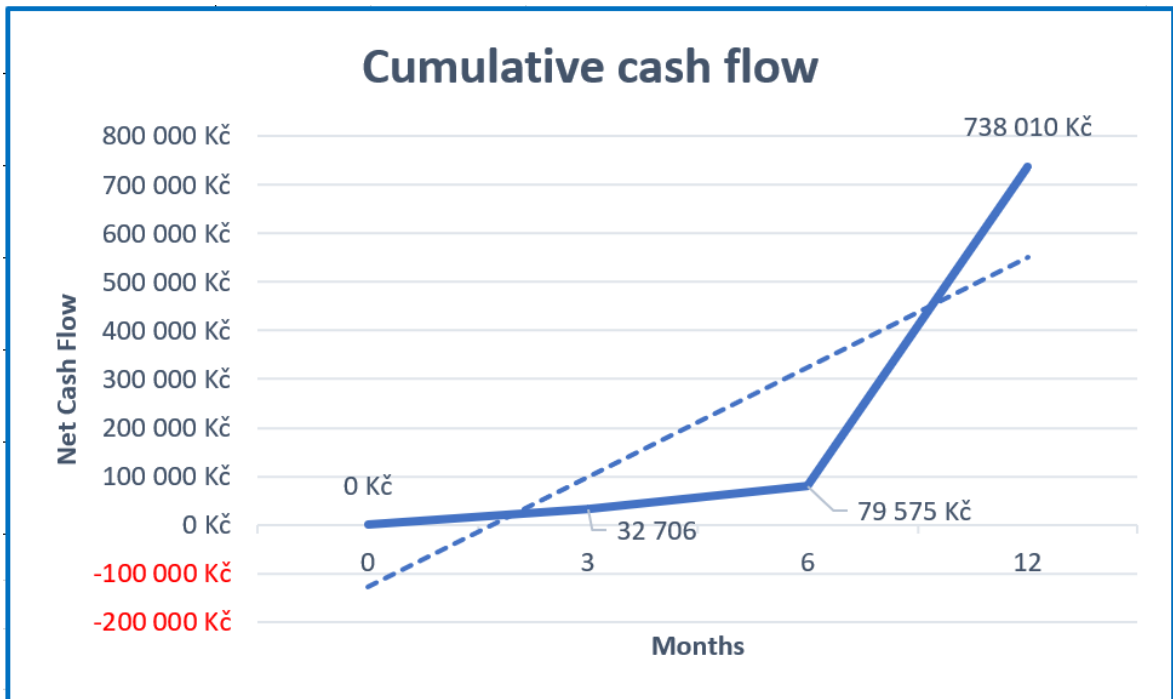


Figure 11: Cumulative cash flow after 12 months (own creation)

The figure 11 presents the cumulative cash flow of Thisis IT company after 12 months of its operation. It serves to showcase the evolution of the cash flow based on the numbers calculated in the tables from the previous section. It also shows the growing trend of the final states of cash flow balances across the calculated periods

4.7.6 Income statement

To calculate the total estimated revenue generated by the firm after the first 12 months of its operation has to be derived from the tables from the previous sections.

Table 16: Income statement (own creation)

Income statement for the first year of business operation	
Revenue	5 123 432 Kč
Costs	4 515 499 Kč
EBT	607 933 Kč
Taxation (15%)	91 190 Kč
EAT	516 743 Kč

The revenue is calculated by adding up the calculated revenues from the previous section. The costs were calculated by multiplying the operation costs by 12 months, adding initial expenditure to that plus including additional costs showcased in cash flows. The initial expenditure has quite an effect

on the seeming profitability of the company, since it drops the earnings before taxes bracket by more than half a million Czech crowns. This won't be the case in the following years.

The annual EBT is computed by deducting annual expenses from annual revenues and afterwards undergoes taxation, of which rate is 15%. Naturally, this is due to the fact that the owner conducts business as a natural person. Once we take off the taxed sum off the EBT, we receive earnings after taxes (EAT)

4.7.7 Return on investment

$$\text{Return on investment (ROI)} = \frac{\text{Net Income}}{\text{Investment}} * 100$$

Return on investment (ROI) is an indicator of performance used to evaluate the profitability or impact of an investment. ROI attempts to accurately measure the quantity of return on an investment in relation to the expenditure. It is one of the most important tools an entrepreneur has to determine if his business activities yield sound enough results.

$$\text{Return on investment (ROI)} = \frac{516\,743\text{ Kč}}{949\,099\text{ Kč}} * 100$$

$$\text{Return on investment (ROI)} = 54,45\%$$

The calculation proves that business is not able to reimburse its own costs. Before the company's launch, the initial expenses that had to be incurred had a significant impact on the first year's profitability of the IT services company. Considering that it is a growing company and that the initial costs have already been covered in the first year, the profit would be substantially higher in subsequent years.

4.8 Risk assessment

The very definition of conducting business will always imply some sort of risk for the entrepreneur. These risks are always very specific with regarding the industry the company is in, external factors, personnel running the business etc. Conducting business without beforehand clarifying predictable and avoidable mistakes should be considered foolish, because in business it is not a question “if” something, but “when”. Not every predicament and risk can be envisioned beforehand, thus minimizing risk by doing a thorough investigation of potential risks is basically mandatory for its success.

Data security

In the age of modern technology, all types of data information are extremely valuable. This is IT will not only be handling its own data, but more importantly the data of all of its customers from both segments. As stated in the mission statement, the entire brand of the company will be built upon a reputation of reliable and trustworthy IT service. We can naturally that any type of data breach or a compromise of the security of customer’s data is beyond unacceptable and one of doomsday scenarios for our brand. It is essential to utilise the most reliable and safe methods to guard our data and data of our customers.

Damage to the customer’s property

As in any other industry, accidents and human error can happen at any time. It is essential to recognize that the management of a company's IT environment is an enormous responsibility. For the majority of businesses to function, their IT environments must be fully functional. Any property damage caused by our actions will have both material and reputational consequences. Our company can concentrate on a number of planning factors to avoid as many future difficulties as possible. One of these factors is the selection and assignment of competent, experienced employees to specific tasks based on their expertise. We must also be prepared for a possible equipment failure during a crisis. In such cases, a failsafe protocol should be developed and implemented once the problem has been reported. Signing a contract with an insurance company can also prevent a significant material loss in these situations.

Injuries of employees and damage to the property of This is IT

All employees, including the owner, will frequently use electronic devices and travel to customer companies by a car. In order to minimize the risk of damage and avoid the costs associated with prospective restorations, insurance contracts will be executed. This also pertains to the fact that any property, including the company's primary building and company

vehicles, can be damaged by natural disasters and other accidents, necessitating the implementation of measures to minimize potential losses.

Lack of customers

One risk that our company can potentially face is the lack of customers and being unable to fulfil the set-up quota to have 10-12 partner companies by 6 months of operation. If this were to occur, we must confront the facts and recognize that the issue will not be a lack of consumers on the market, but rather our inadequate reputation or public image.

Worsening economic environment

World events like the Russian-Ukraine war and the new BRISC currency do or will affect the economy of the world and of the Czech Republic. Consequences of events like these can be the higher prices of resources and services, energy crisis etc. The company needs to be prepared for the economic situation worsening. This means preparing an alternative financial plan to adjust the prices and other financial activities to adjust to the current state of affairs.

Legal factors

As mentioned in the section 4.2.1 political factors, the Czech Republic has just elected a new president and with him comes a new government. Policies and legislations can change at any time also thanks to the political state of European Union. It is the obligation of an entrepreneur running a business to stay in the loop and closely analyse the legal sector of his field and the environment he is in.

New technology

As mentioned in the section 4.2.1 technological factors and elsewhere, the rate of development in the field of IT technology is immense. Trends in this field are able to change the entire landscape of the market, create Pain-Point situations and much more. This is IT will need to be prepared to adapt and compete with these rising trends, if they do occur in the field of IT technology for companies and end-users. The most highly talked about in the year 2023 is the AI technology and its potential to make many tasks automatic and thus human technicians redundant.

Belated payments

Based on the consultations with the experienced entrepreneur in the field of IT services, the most prominent risk today are the belated payments of the customers. He suggests that it is related to the economic struggles of companies due to the energy crisis and rising inflation. Based on this insight, he recommends creating bigger financial reserves at the start of conducting business to prepare for these instances.

CONCLUSION

This bachelor thesis' main objective was to create a business plan for a selected company while assessing the lucrativeness and rentability of the business idea. The author's vision was to establish an IT service company that would fulfil the needs of end-users and companies with the process of digitalization and management of IT environment. The philosophy of the company is on helping the customers to navigate the IT.

The document is split into two sections. Theoretical section delved into the most essential terminology, concepts like legal forms of businesses and subsequently introducing the sections of the business plan that can be found in the analytical section. The analytical section is constructed with the information from the theoretical section and external sources of current information. The business plan is divided into the following chapters: Title page, Market Analysis, Executive Summary, Company Description, Description of Products or Services, Marketing Plan and Strategy, Financial plan, and Risk Evaluation.

Market was analysed by the utilization of tools such as SLEPT analysis and Porter's Five Forces model. The section Marketing Plan and Strategy employed SWOT analysis, segmentation of the target market and constructing a marketing mix - model 5P. Financial plan covered topics such as starting balance sheet, initial expenditure, labour costs, operating costs, estimated revenues with cashflows, income statement and return on investment. Risk evaluation focused on potential dangers that our business can encounter.

The numbers present in the financial plan are based on the market analysis and research in combination with consultations the author undertook with an experienced entrepreneur in the same field. Based on the estimated calculations in the financial plan, the business idea seems promising and feasible. The net profit after the first year of conducting business could be 516 743 Kč and the return on investment 54,45 %. These numbers would not be necessarily totally accurate based on the mentioned possible risks occurring during the business' operation. Is it also important to consider the fact, that estimated revenues were calculated under the presumption of a very optimistic scenario occurring in terms of the growth of the business. These results are possible if the company team sets a performance goal for themselves. The work is also limited by the author's lack of entrepreneurial experience and the dynamic changes in the present business environment, which are influenced by factors such as high inflation and structural changes in the economy following the Covid-19 pandemic. It can be presumed that the intended purpose of the work was achieved.

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LIST OF ABBREVIATIONS

Kč	Czech Crown
EAT	Earnings after taxes
EBT	Earnings before taxes
EUR	Euro
ROI	Return on investment
DPP	Dohoda o provedení práce

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APENDIXES



Figure 12: Potential company logo #1



Figure 13: Potential company logo #2



Figure 14: Potential company logo #3