

SETTING UP A COMPUTER BUSINESS CENTRE

1. INTRODUCTION

A computer business centre is a place where services like word processing, data processing, accounting, fax facilities, internet café, photocopying, lamination, typing, scanning, binding, online registrations, digital passports, instant photo printing. With best location, this business can fetch revenues and profit. Students and small business owners can be regular customers who seek one or other service at centre.

2. SERVICE AND ITS APPLICATION

As already mention above, computer business centre with technical support and skills can be important and critical facilities provider. Preparing project materials, binding reports, data entries for small businesses, fax/scan & email, seeking certain online services like passport application, driving licence application, other govt/non govt applications etc. are some of particular services which can be provided by computer business centre.

3. DESIRED QUALIFICATION FOR PROMOTER

This business can be set up with no or little skills. Though, an entrepreneur with desired certificates for computer work will be an advantage as s/he does not depend on technical support staff and can entirely run business on his/her own.

4. REQUIREMENTS – MATERIAL/EQUIPMENT AND MANPOWER

Resources

1. Computers, Advanced Software & Technologies	2. Colour Printers, Photocopiers, Scanners
3. Office Furniture	4. Spiral Binding machine
5. Paper cutter	6. Laminating Machine
7. Air Conditioner	8. UPS/Inverter

5. MANPOWER

1. Entrepreneur
2. Technical support – 1

Project Building

Setup of a computer business centre requires below steps to follow.

1. Decide a location for office
 - First and foremost is to finalize a place where it is suitable for an entrepreneur to operate this business. Things to keep in mind before deciding are locality of an entrepreneur's residence and easy access, nearby offices, traders, small business operators and most importantly colleges.
2. Decide on Services to be offered.
 - Next thing is to decide list of services which can be offered to customers based on fixed capital investment and skills possessed.
3. Fixed Investment
 - Preparing a required machines/items list from list of services which will be offered. Suppliers for these items needs to be decided based on technical and commercial offers and budget of an entrepreneur.
4. Advertising and Social Media marketing
 - This is very crucial, as this centre cannot be easily seen/accessible to everyone near the place. Plus, there must be special packages for small business owners like accounting, data processing, tax returns preparation and that must be properly communicated to nearby business owners. For college going students, there must be various packages which offers spiral binding,

project report preparation, binding, laminating, scanning/photocopying and most importantly that must be in-line with what college authority demands.

6. IMPLEMENTATION SCHEDULE

Finding a location and finalizing office for rent can take around 6-8 weeks. Procuring equipment for services offering can be done parallel and generally takes 6-8 weeks. Furniture and set up of office will take around another 3-4 weeks. The whole business with well researched can be setup easily in 12-14 weeks.

7. FIXED CAPITAL INVESTMENT

Sr. No.	Description	Qty	Amount	Total
1	Computers, Advanced Software & Technologies	1	₹ 30,000.00	₹ 30,000.00
2	Licensed Accounting and Designing Software	--	₹ 50,000.00	₹ 50,000.00
3	Colour Printer cum Photocopier cum Scanner	1	₹ 1,55,000.00	₹ 1,55,000.00
4	Spiral Binding machine	1	₹ 4,500.00	₹ 4,500.00
5	Paper cutter	1	₹ 1,200.00	₹ 1,200.00
6	Laminating Machine	1	₹ 2,000.00	₹ 2,000.00
7	Inverter	1	₹ 6,000.00	₹ 6,000.00
8	Air Conditioner	1	₹ 28,000.00	₹ 28,000.00
	Sub Total			₹ 2,76,700.00
9	Internet Infrastructure and Electrification	--	₹ 5,000.00	₹ 5,000.00
10	Furniture	--	₹ 50,000.00	₹ 50,000.00
	Total			₹ 3,31,700.00

8. WORKING CAPITAL (PER MONTH)

Sr. No.	Description	Total
1	Salary	₹ 20,000.00
1a	Entrepreneur	₹ 12,000.00
1b	Technical/Office Support	₹ 8,000.00
2	Raw Material	₹ 15,700.00
2a	Internet Connection Charges	₹ 700.00
2b	Yearly Subscription Renew	₹ 5,000.00
2c	Paper Ream	₹ 6500.00
2d	Film Roll for Lamination	₹ 2,000.00
2e	Ink cartridge refilling, Powder for toner refilling	₹ 1,500.00
3	Utilities	₹ 7,300.00
3a	Power	₹ 6,500.00
3b	Water	₹ 800.00
4	Other Expenses	₹ 4,200.00
4a	Advertising/Marketing/Social Media	₹ 800.00
4b	Stationery	₹ 500.00
4c	Telephone	₹ 700.00
4d	Repair and Maintenance	₹ 1,200.00
4e	Insurance	₹ 500.00
4f	Misc.	₹ 500.00
5	Rent	₹ 10,000.00
	<i>Total</i>	<i>₹ 57,200.00</i>

9. COST OF PROJECT

Sr. No.	Particulars	Amount in Rs
1	Land	₹ 0.00
2	Building	₹ 0.00
3	Equipments/ Other fixed investment	₹ 3,31,700.00
4	Working Capital Margin (3 Months)	₹ 1,71,600.00
5	Total Cost of Project	₹ 5,03,300.00

10. MEANS OF FINANCE

Sr. No.	Description	%age	Amount (Rs)
1	Promoter's Contribution	25%	₹ 1,25,825.00
2	Term Loan/Bank Finance	75%	₹ 3,77,475.00
	Total		₹ 5,03,300.00

Cost of Operation

Sr. No.	Particulars	Amount in Rs
	<u>Variable Cost</u>	
1	Raw Material and Other direct inputs	₹ 19,900.00
2	Salary (60%)	₹ 12,000.00
3	Power (70%)	₹ 5,110.00
	Variable Cost 1 Month	₹ 37,010.00
	Total Annual Variable Cost	₹ 4,44,120.00
	<u>Fixed Cost</u>	
1	Overheads	₹ 10,000.00
2	Salary (40%)	₹ 8,000.00
3	Power (30%)	₹ 2,190.00
	<i>Sub Total</i>	₹ 20,190.00
	<i>Total for 12 Months</i>	₹ 2,42,280.00
4	Interest	₹ 45,297.00
5	Depreciation on Equipments @ 10%	₹ 22,670.00
6	Depreciation on Furniture @ 20 %	₹ 10,000.00
	Total Fixed Cost	₹ 3,20,247.00
	Total Cost of Production	₹ 7,64,367.00

Turnover

Sr. No.	Description	Unit Price	Unit	Qty/Day	Revenue/Day	Monthly Amount (25 Working Days)
1	Printing Documents B/W	₹ 5	Pages	100	₹ 500	₹ 12,500.00
2	Printing Documents Colour	₹ 10	Pages	20	₹ 200	₹ 5,000.00
3	Photocopy	₹ 1	Pages	400	₹ 400	₹ 10,000.00
Sr. No.	Description	Unit Price	Unit	Qty/Day	Revenue/Day	Monthly Amount (25 Working Days)
4	Scan	₹ 5	Pages	10	₹ 50	₹ 1,250.00

5	Lamination	₹ 15	Pages	10	₹ 150	₹ 3,750.00
6	Spiral Binding	₹ 25	Bind	5	₹ 125	₹ 3,125.00
7	Designing	₹ 500	Design	2	₹ 1000	₹ 25,000.00
8	Accounting and Data Entry	₹ 300	Hour	5	₹ 1500	₹ 37,500.00
			Monthly Gross Income			₹ 98,125.00
	Total		Yearly Gross Income			₹ 11,77,500.00

11. PROFITABILITY CALCULATION

Net Profit (Turnover - Cost of Operation)	₹ 4,13,133.00
Net Profit Ratio (Net profit * 100/Turnover)	35.09%
Rate of Return (Net Profit * 100 / Total Cost of Project)	82.08%

Profitability Projection

Sr. No.	Particulars	UOM	Year Wise estimates					At Full Capacity
			Year 1	Year 2	Year 3	Year 4	Year 5	
1	Capacity Utilization	%	30	40	50	60	70	100
2	Sales	Rs Lakhs	₹ 3.53	₹ 4.71	₹ 5.89	₹ 7.07	₹ 8.24	₹ 11.78
3	Raw Materials & Other Direct Inputs	Rs Lakhs	₹ 1.33	₹ 1.78	₹ 2.22	₹ 2.66	₹ 3.11	₹ 4.44
4	Gross Margin	Rs Lakhs	₹ 2.20	₹ 2.93	₹ 3.67	₹ 4.40	₹ 5.13	₹ 7.33
5	Overheads Except Interest	Rs Lakhs	₹ 2.42	₹ 2.42	₹ 2.42	₹ 2.42	₹ 2.42	₹ 2.42
6	Interest	Rs Lakhs	₹ 0.45	₹ 0.45	₹ 0.45	₹ 0.45	₹ 0.45	₹ 0.45
7	Depreciation	Rs Lakhs	₹ 0.33	₹ 0.33	₹ 0.33	₹ 0.33	₹ 0.33	₹ 0.33
8	Net Profit Before Tax	Rs Lakhs	-₹ 1.00	-₹ 0.27	₹ 0.46	₹ 1.20	₹ 1.93	₹ 4.13
9	Profit %		-	-5.71%	7.89%	16.95%	23.43	35.09%

			28.37%				%	
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12. BREAKEVEN ANALYSIS

Sr. No.	Particulars	UOM	Value
1	Sales at Full Capacity	Rs Lakhs	11.78
2	Variable Costs	Rs Lakhs	4.44
3	Fixed Cost incl. Interest	Rs Lakhs	3.20
4	Break Even Capacity $\text{BEP} = \frac{\text{FC}}{(\text{Sales} - \text{Variable Cost})} \times 100$	% of Installed Capacity	43.67