

FEASIBILITY STUDY TEMPLATE

FEASIBILITY STUDY

<PROJECT NAME>

LTR TECHNOLOGY LTD.
ORIGINAL DESIGN
L 7
COMPANY NAME
STREET ADDRESS
CITY, STATE ZIP CODE
深 圳 市 灵 泰 睿 科 技
贸 易 有 限 公 司
DATE

TABLE OF CONTENTS

1.	EXECUTIVE SUMMARY	3
2.	DESCRIPTION OF PRODUCTS AND SERVICES	3
3.	TECHNOLOGY CONSIDERATIONS	4
4.	PRODUCT/SERVICE MARKETPLACE	4
5.	MARKETING STRATEGY	5
6.	ORGANIZATION AND STAFFING	6
7.	SCHEDULE	6
8.	FINANCIAL PROJECTIONS	7
9.	FINDINGS AND RECOMMENDATIONS	7

1. EXECUTIVE SUMMARY

The executive summary provides an overview of the content contained in the feasibility study document. Many people write this section after the rest of the document is completed. This section is important in that it provides a higher level summary of the detail contained within the rest of the document.

Tom's Best robots (TBR) is a start-up looking to lead robotic for education market throughout China. TBR's products are sold from 50 stores throughout the country and maintain a reputation for superior taste and quality. While TBR's sales have grown over the past 10 months, the rate of growth has slowed significantly. One key factor for this slowing growth rate is the shift in the marketplace to purchasing robots online. While TBR maintains a web site, it is not capable of hosting an e-commerce platform for online sales. TBR's sales occur only in its brick and mortar facilities and the company is losing potential customers to competitors who provide online sales. The robots marketplace is healthy and shows a continued growth trajectory over the next five to ten years. TBR is in a position to capitalize on this online marketplace by leveraging existing technologies, industry best practices, and an aggressive marketing and sales campaign to ramp up the company's growth projections for the foreseeable future.

2. DESCRIPTION OF PRODUCTS AND SERVICES

This section provides a high level description of the products and/or services which are being considered as part of the feasibility study. The purpose of this section is to provide detailed descriptions of exactly what the organization is considering so this information can be applied to the following sections of the document. It is important that this description captures the most important aspects of the products and/or services that the organization is considering as well as how it may benefit customers and the organization.

TBR is considering a move to create and provide an online platform from which to sell its existing product line. Until now TBR has only sold its products from its chain of brick and mortar facilities and has been limited to sales within the geographical regions where its stores reside. By doing so, TBR has not been able to capitalize on the growing trend of online sales within the robots marketplace. By offering its products through an online platform, TBR can market its products to an entirely new market, increase revenue and growth projections, and allow customers to purchase our products from the convenience of their own homes.

There are no proposed changes to TBR's current product offerings as a result of this study. Online sales will include only current products and any changes to this product line must be considered outside of the purpose of this document.

3. TECHNOLOGY CONSIDERATIONS

This section should explain any considerations the organization must make with regards to technology. Many new initiatives rely on technology to manage or monitor various business functions. New technology may be developed internally or contracted through a service provider and always result in costs which must be weighed in determining the path forward.

Upgraded technological capability will be required for TBR to move toward offering an online marketplace from which customers may purchase our products. Customers demand a simple and easy way by which to conduct online transactions and it is imperative that all transactions are conducted in a secure manner. While TBR maintains a web site with product lists and descriptions, it does not currently allow for purchasing to be done online. This functionality must be integrated with our current web site to allow for secure purchases to be made. Additionally, new online marketing functionality must be considered in order to target existing and potential customers through methods such as e-mailing lists, promotional advertisements, and loyalty discounts.

While TBR maintains a small information technology (IT) group, the expertise does not currently exist internally to design, build, and implement the sort of extensive online platform required for this effort. Therefore, the recommendation is to contract this work out to an internet marketplace provider who can work with TBR to meet its needs within the determined timeframe and budget. It should be noted that while TBR does not have this expertise internally, the technology exists and is in use throughout the marketplace which lowers the risk of this concept considerably.

TBR currently maintains a high speed internet connection, web server, and the latest software. With the addition of an e-commerce portal it is expected that there will be an overall cost increase of 5-10% for web server operations and maintenance costs.

4. PRODUCT/SERVICE MARKETPLACE

This section describes the existing marketplace for the products and/or services the organization is considering. It may describe who the target market consists of for these products or services, who the competitors are, how products will be distributed, and why customers might choose to buy our products/services. Most marketplaces are dynamic environments in which things change constantly. To enter a new marketplace blindly will usually result in an organization not fully understanding its role and not maximizing its resulting benefits.

The online marketplace for robots has been thriving for many years. In FY20xx online robot sales accounted for approximately \$20 million or 20% of total robot sales worldwide. While robots are available in almost every store, our primary marketplace consists of specialty robots for education. All of TBR's current major competitors already have an established online presence of at least 3-5 years. The top 3 competitors are currently: Smith's bots, Worldwide auto, and robo-International. A large majority of TBR's customer base are

returning customers and referrals from existing customers. By providing a more convenient means of purchasing our products online it is expected that we will retain these customers while conducting an online marketing campaign for new customers as well.

TBR will distribute online purchases via direct shipping from the nearest store location. This will allow TBR to provide timely shipping and eliminate the need for a central warehouse or facility from which to store and ship its products. Such a facility would require a significant capital investment as well as increased operation and maintenance costs. However, based on anticipated growth projections, TBR must ensure that all store locations maintain adequate inventories on hand to satisfy customer demand.

5. MARKETING STRATEGY

This section provides a high level description of how the organization will market its product or service. Some topics which should be included are: how does an organization differentiate itself from its competitors; types of marketing the organization will utilize; and who the organization will target. Marketing efforts must be focused on the right target groups in order to yield the greatest return on investment. Some projects don't have enough information or research to fill this section due to the fact that are mere prove of concepts or first faces of a new product that need to be market-test before to really have a marketing strategy for it, especially in innovative projects. In those cases this section can be removed.

In order to be successful, TBR must differentiate itself from competitors in order to appeal to customers in the online marketplace. To do this, TBR will utilize its practice of personalizing its product packaging which it currently offers in-store customers. Current competitors do not currently provide any personalization of packaging. Customers will have the ability to personalize messages on or inside of product packaging, request specific color-based themes, or tailor packaging for special occasions or events.

TBR will implement a customer e mailing list in order to send product promotions, sales advertisements, and other special offerings to customers who register. Additionally, TBR will offer referral incentives to customers who refer our products to friends, colleagues and family in order to provide additional incentives. TBR will also maintain a customer database in order to determine its target customer groups and geographical regions. TBR will research marketing intelligence providers to determine the benefits and costs of purchasing customer information for bulk email campaigns as well. Another important consideration of TBR's online marketing strategy is cost. Electronic marketing communication costs are very small in comparison to direct mail marketing which TBR currently utilizes. However, we expect the additional revenue from online sales to greatly outweigh these additional electronic marketing costs.

It is important to note that TBR's current marketing and sales staff will require training in online marketing and sales practices. This training will need to be contracted to a training provider as part of our startup costs and schedule.

6. ORGANIZATION AND STAFFING

With many new products or services there may be a need for additional staffing or for an organization to restructure in order to accommodate the change. These are important considerations as they may result in increased costs or require an organization to change its practices and processes.

The TBR online sales campaign is not anticipated to significantly affect the organizational structure of the company. There are, however, several staffing additions required to successfully implement the online sales campaign. All of these positions will work within existing departments and report to department managers.

Staffing Position #1: Online Sales Manager – this full time position will lead sales staff in identifying sales opportunities and converting these opportunities to actual sales. This person will report to TBR's Director of Sales and will work in TBR headquarters.

Staffing Position #2: Online Marketing Manager – this full time position will lead marketing staff in identifying target customer groups/markets and conducting online advertising/marketing efforts to maximize traffic to TBRs online marketplace. This person will report to TBR's Director of Marketing and will work in TBR headquarters.

7. SCHEDULE

This section is intended to provide a high level framework for implementation of the product or service being considered. This section is not intended to include a detailed schedule as this would be developed during project planning should this initiative be approved. This section may include some targeted milestones and timeframes for completion as a guideline only.

The TBR online sales campaign is expected to take six months from project approval to launch of the e-commerce platform. Many of the foundations for this platform, such as high-speed internet and web server capability, are already available. The following is a high level schedule of some significant milestones for this initiative:

Jan 1, 20xx: Initiate Project
February 1, 20xx: Project kickoff meeting
March 1, 20xx: Complete online sales site design
April 1, 20xx: Complete testing of online sales site
June 1, 20xx: Complete beta testing trials of online sales site
July 2, 20xx: Go live with site launch

Upon approval of this project a detailed schedule will be created by the assigned project team to include all tasks and deliverables.

8. FINANCIAL PROJECTIONS

This section provides a description of the financial projections the new initiative is expected to yield versus additional costs. Financial projections are one key aspect of new project selection criteria. There are many ways to present these projections. Net present value (NPV), cost-benefit calculations, and balance sheets are just some examples of how financial projections may be illustrated. This section should also provide the assumptions on which the illustrated financial projections are based.

The financial projections for the addition of an online sales platform for TBR are highlighted in the table below. These figures account for projected online sales, additional staffing requirements, shipping, material, and insurance costs, contract support for IT and training needs, and web server and hosting costs.

The assumptions for these projections are as follows:

- In store sales projections remain unchanged
- All milestones are performed in accordance with the schedule
- All transactions are closed yearly with no carry-over to subsequent years

Measure	Year 1	Year 2	Year 3	Year 4	Year 5	5 year total
Online Sales Projections	\$350,000	\$425,000	\$500,000	\$650,000	\$800,000	\$2,725,000
Additional Staffing Costs	\$160,000	\$170,000	\$200,000	\$235,000	\$255,000	\$1,020,000
Projected Material, Shipping, Insurance Costs	\$42,000	\$58,000	\$70,000	\$78,000	\$84,000	\$332,000
Additional Web Server and IT Hosting/Maintenance	\$22,000	\$25,000	\$30,000	\$35,000	\$40,000	\$152,000
Training for Sales and Marketing Staff	\$75,000	\$0	\$0	\$0	\$0	\$75,000
Contract for Design, Build, and Implementation of Online Store	\$100,000	\$0	\$0	\$0	\$0	\$100,000
Total Additional Costs for Online Sales	\$399,000	\$253,000	\$300,000	\$348,000	\$379,000	\$1,679,000
Cash Inflow	-\$49,000.00	\$172,000.00	\$200,000.00	\$302,000.00	\$421,000.00	\$1,046,000.00

9. FINDINGS AND RECOMMENDATIONS

This section should summarize the findings of the feasibility study and explain why this course of action is or is not recommended. This section may include a description of pros and cons for the initiative being considered. This section should be brief since most of the detail is included elsewhere in the document. Additionally, it should capture the likelihood of success for the business idea being studied.

Based on the information presented in this feasibility study, it is recommended that TBR approves the online sales initiative and begins project initiation. The findings of this

feasibility study show that this initiative will be highly beneficial to the organization and has a high probability of success. Key findings are as follows:

Technology:

- Will utilize existing technology which lowers project risk
- Ecommerce infrastructure will be contracted out to vendor which allows TBR to share risk
- Once in place this technology is simple to operate and maintain for a relatively low cost

Marketing:

- This initiative will allow TBR to reach large number of target groups electronically at a low cost
- TBR can expand customer base beyond geographic areas where stores are currently located
- The marketplace for online robots sales is in a steady state of growth
- TBR is able to differentiate itself from its competitors and will utilize incentive programs to target new consumers

Organizational:

- Minimal increases to staffing are required with no changes to organizational structure
- No new facilities or capital investments are required

Financial:

- Break even point occurs early in the second year of operation
- Five year projections show online sales accounting for 25% of total sales
- TBR will be in position to capture greater market share by maintaining both an in-store and online presence