

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. INDUSTRY LOOK OUT AND TRENDS

The personal computer industry has had a global production network almost from its inception. In a rush to catch up with Apple in the early 1980s, IBM decided to standardize the basic components of the PC so they could be assembled in a modular fashion. IBM Then outsources most of those components to other suppliers. The common standards, modular design, and simple assembly of the PC made it possible to disaggregate the production process among the various components, outsource production and even assembly, and locate that

work anywhere in the world. Some of the components for the original IBM PC came from Asian suppliers. Other components also began to be produced overseas, as IBM and other PC makers began locating their assembly operations overseas to gain access to foreign markets, and as their suppliers moved their operations abroad to reduce production costs.

5. MARKET POTENTIAL AND MARKETING ISSUES. IF ANY

Emerging technology makes new tools and services more affordable and allows companies to save on their staff payroll and office equipment. Because computers allow work to be done faster and more efficiently, it is possible for a company to hire fewer staff. In addition, with networked and relatively inexpensive computers, companies can store data more easily, saving on the cost of outside file storage, and can avoid having to purchase as many copiers, fax machines, typewriters, and other such items that were used before computers became popular. Correspondingly, potentially profitable businesses can be started with a smaller overhead cost. Email capabilities decrease postage costs; software applications reduce the need for large accounting departments, while videoconferencing reduces the need for travel. All resources saved will trickle down to the consumers, who are then provided with much more affordable products and service. Computers help speed up other business operations. The collecting of consumer feedback, ordering of raw materials, and inspection of products is made quicker through the use of computers, allowing companies to operate much faster and to produce better quality results.

6. RAW MATERIAL REQUIREMENT

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

7. SERVICE PROCESS OUTLINE

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.

8. MANPOWER REQUIREMENT

1. Entrepreneur
2. Technical support - 1

9. IMPLEMENTATION SCHEDULE

The project can be implemented in a period of 3 to 5 months by performing the various activities in a systematic manner and simultaneous application of various common activities:

SR. No	Task Description	Duration
1.	Preparation of project reports	15 Days (1 st Month)
2	Essential registration	15 Days (1 st Month)
3	Site Selection	5-10 Days (1 st Month)
4	Arrangement of Finance/ loan	30 Days (2 nd Month)
5	Arrangement of rented accommodation	30 Days (2 nd Month)
6	Machinery and Equipment purchase	10 Days (3 rd Month)
7	Recruitment of staff and labour	10 Days (3 rd Month)
8	Installation of Machinery	10 Days (3 rd Month)
9	Trial Operation	4 th Month
10	Commercial Operation	5 th Month

10. 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

(a) FIXED CAPITAL CALCULATION

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

(b) WORKING CAPITAL CALCULATION

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
	Total	₹ 57,200.00

11. 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

(a) Cost of Operation

Sr. No.	Particulars	Amount in Rs
	Variable Cost	
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
	Fixed Cost	
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

(b) 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
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	Desig n	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

12. WORKING CAPITAL REQUIREMENTS

Sr. No.	Description	Total
1	Entrepreneur	₹ 12,000.00
2	Technical/Office Support	₹ 8,000.00
3	Internet Connection Charges	₹ 700.00

4	Yearly Subscription Renew	₹ 5,000.00
5	Paper Ream	₹ 6500.00
6	Film Roll for Lamination	₹ 2,000.00
7	Ink cartridge refilling, Powder for toner refilling	₹ 1,500.00

13. LIST OF MACHINERY REQUIRED

Sr. No.	Description	Qty	Amount	Total
1	Computers, Advanced Software & Technologies	1	₹ 30,000.00	₹ 30,000.00
2	Colour Printer cum Photocopier cum Scanner	1	₹ 1,55,000.00	₹ 1,55,000.00
3	Spiral Binding machine	1	₹ 4,500.00	₹ 4,500.00
4	Paper cutter	1	₹ 1,200.00	₹ 1,200.00
5	Laminating Machine	1	₹ 2,000.00	₹ 2,000.00
6	Inverter	1	₹ 6,000.00	₹ 6,000.00
7	Air Conditioner	1	₹ 28,000.00	₹ 28,000.00

All the machines and equipments are available from local manufacturers. The entrepreneur needs to ensure proper selection of product mix and proper type of machines and tooling to have modern and flexible designs. It may be worthwhile to look at reconditioned imported machines, dies and tooling. Some of the machinery and dies and tooling suppliers are listed here below:

- 1 Impressive Computers
Hasan Ali House No. 4/41-A,
Noor Baug, Umerkhadi,
Mumbai - 400009,
Maharashtra, India

- 2 Computer Planet
Shop No. 1, Shaniwar Peth-53,
Opposite Amruteshwar Mandir,
Amruteshwar Co Operative Housing Society,
Near Shaniwar Wada,
Pune - 411030,
Maharashtra, India

- 3 Visicube Technologies Private limited
Door No. 1-8-315,
Begumpet, Opposite US Consulate,
Hyderabad - 500016,
Telangana, India

- 4 Micon Automation Systems Private Limited
A-814, Siddhi Vinayak Towers,
Behind DCP Office, Makarba,
Ahmedabad - 380051,
Gujarat, India

- 5 Adaptek Automation Technology
No. 13, F- 3, 2nd Floor,
Main Road, Adyar Nehru Nagar,
Near H.D.F.C. Bank A.T.M.,
Chennai - 600020,
Tamil Nadu, India

14. 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%

(a) 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	₹ 3.53	₹ 4.71	₹ 5.89	₹ 7.07	₹ 8.24	₹ 11.78

		Lakhs						
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 %		-28.37 %	-5.71%	7.89%	16.95 %	23.43 %	35.09%

The basis of profitability calculation:

This unit will have capacity to print 36,000 document B/W and 7200 documents colored throughout a year. Unit can have 1, 44,000 photocopy and 3600 scan copy per year. Apart from this it can have services like spiral biding, lamination, designing and data-entry services.

The cost of printing B/W documents would be ₹ 5/page and for colored document it would be ₹ 10/page. (Costing for the bulk order can be acceptance.) Other services can have costing like photocopy - ₹1/page, scanning document - ₹10/page, spiral biding - ₹15/bind, lamination - ₹25/document, designing - 500/design and data entry - ₹300/hour.

Energy Costs are considered at Rs 7 per Kwh and fuel cost is considered at Rs. 65 per liter. The depreciation of plant is taken at 10-12 % and Interest costs are taken at 14 -15 % depending on type of industry.

15. 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	% of	43.67
	BEP = $\frac{FC}{\text{Sales} - \text{Variable Cost}} * 100$	Installed Capacity	

16. STATUTORY / GOVERNMENT APPROVALS

Bureau of Indian Standards (BIS) is operating **Compulsory Registration Scheme (CRS)** for Electronics & IT Goods as per the provision of Chapter IVA of THE BUREAU OF INDIAN STANDARDS RULES, 1987 for the product categories notified by MeitY.

Visit official government website (Bureau of Indian Standards) for notice about products on: <http://crsbis.in/BIS/> Entrepreneur may contact State Pollution Control Board where ever it is applicable.

17. BACKWARD AND FORWARD INTEGRATIONS

It is assumed that the unit will be viable at 75% efficiency on single shift basis considering 5 working days or as per demand of area per week.

The rate of interest in the scheme is taken at 11.5 % for both fixed and working capital. Due to liberalization and competition among banks, lower rate of interest is possible in future.

The prices of machinery and equipment are approximate which are ruling locally at the time of preparation of the project. When a tailor-cut project is prepared the necessary changes are to be made at the local level.

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18. TRAINING CENTERS AND COURSES

There is no specific course in repairing and assembling services, but the most authorized centre is government authorized "ITI" available in all the cities across the country.

India Training institute of computer technology conducts various technical courses in different cities to enable students to make a bright career. Most of our vocational programs are job-oriented with which students can start earning the day they finish their training or can learn them as a hobby. Students can join for any of these in vacations as all these are short-term certificate courses.

Udyamimitra portal (link : www.udyamimitra.in) can also be accessed for hand-holding services viz. application filling / project report preparation, EDP, financial Training, Skill Development, mentoring etc.

Entrepreneurship program helps to run business successfully is also available from Institutes like Entrepreneurship Development Institute of India (EDII) and its affiliates all over India.

Disclaimer:

Only few machine manufacturers are mentioned in the profile, although many machine manufacturers are available in the market. The addresses given for machinery manufacturers have been taken from reliable sources, to the best of knowledge and contacts. However, no responsibility is admitted, in case any inadvertent error or incorrectness is noticed therein. Further the same have been given by way of information only and do not carry any recommendation.

Source:- Udyami Mitra/Sidbi