



Immipreneurs of Austria

Business Plan - Executive Summary

Background

- 37% of Viennese business are ethnic, majority are micro enterprises with Vienna having about 8,000 startups in a year. / Source: Vienna Business Agency
- Previously most migrants came from lower middle class with little education, but recently well educated youth are making way to Austria
- Due to recent international affairs, not only the number of asylum seekers but also that of refugees has increased many folds, most of the refugees as compared to asylum seekers are well educated
- On sociopolitical level Austria has a sound economy, the state wants to attract and facilitate integration
- Migration to Austria has a long tradition.

Immipreneurs® of Austria - IoA recognizes this unique opportunity, and has made its mission to bring out the best from the people. *'The potential of our unpolished gems due to available supporting environment is enormous!'*. Peter S., founder of IoA.

Immipreneurs® of Austria - IoA

Immipreneurs® of Austria supports migrant entrepreneurs coming from non OECD countries to found or grow an enterprise by providing financial assistance and other non-monetary support against minority equity stake. IoA in particular offers;

- Financial Investment
- Mentoring / Consulting
- Opening Network
- Introducing to local Eco-system
- Providing Educational Knowledge & Information
- Administrative & Sales Support

IoA funds startups & early stage companies that fulfill the following parameters:

- Product / Service is commercially ready, i.e. not just an idea or a hobby
- Enterprise supports founder own & employees living cost
- Supports local economy
- Revenues of Startup are €75k-€150k or if Early Stage; €350k-€400k
- Positive EBITDA

IoA limits the initial investment up to €50k; however, with the achievement of agreed milestones the amount of total investment can be doubled to €100k over a period of two years.

The Problem

Migrant entrepreneurs are a net contributor to the Austrian economy. They are most hard working, innovative, self reliant, but unfortunately are also the ones who are helped the least, as often they are not aware of support opportunities.



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As such, Austria foregoes a unique opportunity, by limiting self, to use their potential to the fullest.

Although a big proportion of startup scene is migrant driven, not many investors are focusing on minority entrepreneurs as:

- their potential is not recognized as they don't fall within 'investment profile' of investor or
- are not differentiated but rather treated as part of ecosystem, and in such are lost in crowd

On other hand, among the contributing factors that hinders these founders to succeed, the most common ones being; limited knowledge; access to information-; and to resources. In particular;

- missing adequate amount of capital
- management aptitude
- lack of professional marketing / sales skills
- access to a broad network

The fact that Austrian grant / funding scene is largely catering to innovation driven or to small extent leaning towards social entrepreneurship does not help.

Minority entrepreneurs operate in old economy and are mostly self employed in trade, gastronomy, personal services, & repair and maintenance etc.

The Solution (IoA philosophy)

IoA guiding principles are; treat entrepreneurs with respect, provide a structure which makes venture commercially viable. IoA also understands that nurturing takes time. IoA does not interfere at operational level thus encourages innovative and not 'out of box thinking'. IoA insists on structure, giving guidance and practicing control. Furthermore, IoA

- Puts the person in forefront (IoA believes in the founder)
- Does lean due diligence (looks for reasons for inclusion and not exclusion)
- Has no Industry bias / old economy
- Uses leverage
- Provides specialization through knowledge & share information – IoA core pillars
- Focus on Professionalism, i.e. structure & tools

Team

Peter – the Business Angel is a successful migrant entrepreneur in Canada, having started three technology ventures and managing a billion dollar multinational. Currently, Peter is exporting Canadian knowhow to India. Peter's family also owns a private foundation.

Ahmad, a migrant to Austria, is a professional management consultant, has started two companies and acquired trust by helping many ethnic businesses in setup. He is Adjunct Professor of Accounting and Entrepreneurship at a private university and is also Integrations Ambassador of Minister Sebastian Kurz.



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Life Cycle - Strategy

IoA assignment for year 2014 / 2015 was to setup and lay sound ground works. In particular scout, invest & manage five ImmiCos and to create IoA brand recognition through PR, alliances, visibility, word of mouth reference, thus create repute and trust.

In 2016 IoA spent first half of the year to, strengthening the operations of existing ImmiCo, opening broader network to ImmiCo, value adding ImmiCo by bringing them to mainstream ecosystem, cross pollenating, bringing auxiliary products and leveraging.

IoA has at the moment, an investment stop, but €125K is earmarked for cofinancing project!

Deal flow

Immipreneurs® of Austria has been in existence since mid-December 2014. In this short period of operations we have;

- Received 82 proposals
- Held various level of talks with 57 of them
- Made 7 offers
- Invested into 4 of them

A typical deal is set with a contract for one to three years, where equity and loan mix is negotiated. (An average 60:40). The money invested is for dedicated purpose and is contractually agreed.

The dealflow has following sequence; announce invitation or scout potential; conduct due diligence by having upto three personal session, analyse financials, inquire about market potential through cooperating partner; request data – Revenue, EBITDA, Cashflow & Source and Use of Funds; prepare entrepreneurs to pitch to a group of jury; select; offer based on evaluation (by comparing KPI to industry leaders, cash input and sweet input); negotiate; contract setup; manage the administrative; mentor and control.

Traction

- 12/2014: IoA foundation
- Number of Investments 2015: Q1 - one, Q2 - three, Q4 - four
- Equity share range 10-48%, average 27%
- Hired one sales support + provided means of income to nine
- Combined revenue of ImmiCo forecasted €200K (in 2016), having 9% average EBITDA Margin

Revenue Model

The revenues of IoA are based on three pillars:

- Management Fees (2.5%) as % of ImmiCo Revenues
- Interest on Working Capital / Capital Asset Loans (below competitive market rate but generally 5%)
- Profit Sharing in proportion to Equity Stake, on **calculating base**.



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Two options for **calculating base** are available; either a) 50% of EBITDA without factoring in Salary or b) Net Profit

Startup Profile

All of the investments is classified as either i) philanthropic / social ii) established which have expansion scalability potential or iii) where IoA can fosters talent, be it student or youth.

Portfolio

Small Manufacturing; Green, **Orain GmbH** is headed by a Ukraine founder and manufactures rain overall for cyclist and outdoors activity

Trade; Africa, **Ndiath Import Export KG** is owned by a Senegal founder and exports of used goods to Africa

Service; Tourism, **Overseas Management GmbH** has a Pakistan / China founder duo, who organize summer camps for Chinese students / youth

Trade; Art, **Alfa GmbH**, Afghanistan / Moldova founder, deal in sales of arts

Opportunity

Please remember IoA invests in startups and due to investment nature can not generate positive cashflow for foreseeable future, i.e. investments are to hold and real value is through creating companies which will have high value after a number of years.

Following are two model, one is based on matching and sharing, the other is based on concept that investor can use IoA loss as tax deductible by owning equity share of IoA.

Model A

Matching of new investments, where proportionate acquisition-, operation cost but also 50% revenues will be shared.

The acquisition and operation cost cover scouting, due diligence, pitch, offer negotiation, contract setup, administer, mentor and control.

The revenues are shared from franchise fees, interest and profit.

Expected investment is €42K per ImmiCo.

This is matched by IoA and is used to cover €50k ImmiCo including setup cost and €33k is contributed to IoA operating cost – for three years.

Depending on ImmiCo valuation a typical €50k investment brings 22,5% equity share of ImmiCo to be shared by Investor and IoA.



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Model B

In Model B, as Equity Owner of IoA.

As Limited Partner your liability is upto amount invested. As General Partner, you have unlimited liability, but as risk compensation you have a right to further earn 5% p.a. as liability compensation of the amount invested.

As partnership you can use loss as write-off to your portfolio. And in case of IoA making profit you receive dividends in proportion to your investment.

Temptation

Beside being a philanthropic venture with a proven business model in an untapped large minority business market, you get first preference to participate in;

- Café ImmiCo (running since January 2016)
- Accelerator – Alacratas Austria (in evaluation)
- MIT REAP (in evaluation)

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