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Company Plan of An IT Consulting Firm Specialized on Blockchain

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Specialized on Blockchain



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ABSTRACT

A consulting firm is a business with, at least, one expert or consultant that provides professional advice to an individual or an organization for a fee. These organisations can specialize in many fields of study, like finance, management, technology, or health care.

When a consulting bases its activity to technology, it focuses on how their clients can use technology in order to improve their activity and, finally, achieving better results.

Nowadays, some new technologies are developing, like IoT or Blockchain technology. These new born technologies can change the way of making business all over the world in a few years. Because of that, firms can be interested in investing and developing these technologies in their activities. And a great help for them can be a blockchain consulting, where a team of experts can help them in this process.

This project will define a company plan for a Spanish-based consulting firm working on the Valencian region with a partnership with a Chinese consulting firm.

This paper is divided into seven parts:

The first part: First of all, a brief introduction of how the purpose and objectives of the project, with a schedule. Also, a brief explanation of the details of the company, as well as the mission, vision and values of the company. Finally, definition of the offered services from the company.

The second part is the Spanish market analysis. In this part, we will analyze the consulting and advisory market in Spain, as well as an extern analysis of the company, based on its macroenvironment and microenvironment. Then, we will point out the commercial advantages and disadvantages of the Spanish market, and we will organize them into a SWOT matrix, pointing out its strengths, weaknesses, opportunities and threats. Finally, we will summarize all the part in a brief conclusion.

The third part: We will analyze another market, this time the Chinese market, focusing on the same topics of the Spanish one.

Part IV: We will design a marketing plan for the company during its first year of activity. We will define our commercial objectives, and then we will define some strategies in order to achieve them. We will also talk about the marketing mix and, finally,

we will point out some methods in order to check if we get our objectives.

Part V: we will define the legal structure of the company, as well as the taxation the company must follow. Also, we will define who will be behind the financial management of the company, and finally, we will define the legality of an international partnership with a Chinese company.

Part VI: at this part, we will define an economic-financial plan for the company, in order to analyze the economic-financial viability of the company. We will define an investment and a financing plan. Also, we will make forecasts regarding our incomes and expenses, our treasury, our profit and loss account and our balance of provisional situation at the end of the first economic year of the company. We will also calculate our threshold of profitability and some ratios in order to get a proper interpretation of the economic-financial viability.

Part VII: at this part, the decision of opening or not the company will be made.

Key words: blockchain, company plan, consulting firm, IT consulting, Spain, China, market, marketing, legal, taxation, international, agency, economic-financial plan.

COMPANY PLAN OF AN IT CONSULTING FIRM SPECIALIZED ON BLOCKCHAIN

DIEGO SALES BELLÉS 89198954

1 INTRODUCTION

1.1 Introduction of the project

A consulting firm is a business with, at least, one expert or consultant that provides professional advice to an individual or an organization for a fee. [1] These organisations can specialize in many fields of study, like finance, management, technology, or health care.

When a consulting bases its activity to technology, it focuses on how their clients can use technology in order to improve their activity and, finally, achieving better results. [2]

Nowadays, some new technologies are developing, like IoT or Blockchain technology. These new born technologies can change the way of making business all over the world in a few years. Because of that, firms can be interested in investing and developing these technologies in their activities. And a

great help for them can be a blockchain consulting, where a team of experts can help them in this process.

Some examples of blockchain consulting firms are Blockroot or IBC Group . But, it' s still a new born sector, with great opportunities.

1.2 Objectives of the project

The main objective of this final degree project is the realization of a firm plan, analyzing the operative areas of the firm to open, with the intention of verify the technical viability and economic-financial of it.

Likewise, all the necessary procedures and strategies will be determined to consolidate the project and guide the entrepreneur during the first steps of the company, to guarantee a correct start-up and maintenance.

Detailing the objectives of the work, we have:

- Define the descriptive data of the company to be created.
- Carry out an analysis of the market, both in recent years and now, as well as its environment.
- Establish a business strategic plan.
- Analyze the operations that the company will follow.
- Analyze the organization of the company.
- Establish a marketing plan for the company.
- Establish an economic-financial plan.
- Analyze the economic-financial viability of the company.

1.3. Methodology of the project

The project will follow different phases:

- The first phase of the project will consist of defining the idea of the company and what products it wants to offer. This phase will last a week.

- The second phase of the project will analyze the technology consulting market, emphasizing aspects related to blockchain technology. The strengths and weaknesses of the project will also be analyzed. This phase will last 4 weeks.
- During this phase, both spanish and chinese markets will be researched.
- The third phase of the project will conduct a study of the different strategies to be taken to launch the company. For this, the possible income and expenses, clients, necessary resources and even the search for partners will be investigated. This phase will last about 3 weeks.
- The fourth phase of the project will be based on the study of the legal and fiscal aspects of the project. This phase will last a week.
- The fifth phase of the project will analyze the resources needed to start up the company. This phase will last a week.
- The sixth phase of the project will be based on the creation of an economic-financial plan, based on forecasts. This phase will last a week.
- The seventh phase of the project will be based on the study of the convenience of opening or not the project. This phase will last a week.
- The eighth and last part of the project will give the required format to the project. This phase will last a week.

The phases could be described graphically from the following Gantt chart.

Week	1	2	3	4	5	6	7	8	9	10	11	12	13
Definition of the project (idea, products, etc.)													
Market analysis													
Marketing plan													
Study regarding legal issues													
Study about necessary resources needed													
Economic-financial plan													
Decision making													
Format works													

Figure 1.1. Gantt diagram of the project. Source: own elaboration.

Therefore, it is estimated that the project will be carried out in about 13 weeks.

In this project, it is planned to carry out an information search work, in which primary and secondary sources will be used.

The primary sources come from original and uninterpreted data. They usually correspond with databases.

Secondary sources are data that have been previously treated. They usually correspond with excerpts from magazines, reports, class notes or even interviews.

1.4 Mission, vision and values of the firm

The name of the company is Gaoxing, and it will be given a legal form of a Limited Society. The company plans to locate at Valencia, Spain, and plans to provide direct service to the firms located in Valencia and indirect service to Asia .

The mission of Gaoxing SL is to "help the business and industrial sector in the implementation of blockchain technology in its production system to make it more efficient and put it at the forefront of technology".

The vision of Gaoxing SL is that of "revitalising the industrial sector with blockchain technology" . The values of Gaoxing SL could be explained in 7 points:

- Integrity: to be whole, the company must demonstrate that it is capable of working according to its principles and words. Integrity creates trust between clients and us, which is a fundamental belief.

- Commitment: the company must comply with all its orders and works in the period in which it has agreed. Once commitments are not fulfilled, trust with customers is lost, and with it their future orders.

- Respect: first of all, good treatment to employees and customers. The bad actions with employees and clients create situations of distrust, which do nothing but harm the interests of the company.

- Transparency: the company must be transparent both with its employees and its customers, in a sign of trust, in addition to making them feel valuable.

- Quality: the company must provide a service that meets minimum standards, to guarantee a good service.
- Humility: the company focuses its services on improving the services of others, so it is not reasonable to take the glory of better economic results from its customers. Success is based on a set of different causalities, not "genius" of a management team or workers.
- Technological vanguard: in order to survive, it is vital to stay at the forefront of technology in terms of blockchain technology, which is in full development.

1.5 Idea

Gaoxing is a newly created company that will focus its activity on two parallel business lines. These business lines will be exclusively destined to other companies that are interested in the optimization of their productive processes or in the reduction of costs through investment in new technologies. These companies will be based in Spain and in China.

On the one hand, Gaoxing will analyze how the blockchain technology can be applied to the client company, so that the productive process of the same can be improved, or reduce costs in it.

On the other hand, Gaoxing will be dedicated to the development of smart contracts tailored to the client in the chain of blocks chain Ethereum. These intelligent contracts can bring a greater degree of security to the client company (since they reduce the possibilities of errors or human misinterpretations that can end up in legal litigation), as well as reducing costs in the process of monetary transactions.

The idea of the company project arises after observing the great interest of large companies from various sectors (such as finance or technology) in the development of blockchain technology to apply it in their production processes.

Due to this circumstance, the idea arises of creating a company that can give support in the implementation of this innovative technology to its customers, focusing on how it can improve them, and on the implementation of smart contracts to increase their productivity.

1.6 Services definition

Based on the idea of the company, we can define two different services:

The first service that Gaoxing will offer will be the services of analysis of the productive process of the client companies, with the aim of detecting unproductive or improvable fields. Once detected, analyze whether, through the use of new technologies (such as blockchain technology), productivity levels can be increased or the company's economic performance improved.

It could be summarized as providing solutions or improvements to the work system of the company by blockchain technology.

The second service that Gaoxing will offer will be based on the implementation of smart contracts in the Ethereum platform tailored for client companies, without discrimination of sector or origin of the same.

Gaoxing will be responsible for automating, through computer programs published in the blockchain of Ethereum productive processes.

These productive processes can vary, from a supply chain to the holiday rental sector of cars or apartments.

2 SPANISH MARKET ANALYSIS

The final objective of the market analysis is to obtain a clear vision

of the moment in which the sector is located and its probable evolution. Through this information, we can analyze how it will affect the company or if it is possible to influence them.

For this, first, a general analysis of the consultancy and advisory sector will be carried out, exposing the most relevant data of the sector and its situation. With this information, we can have a proper vision of how the sector is developing during the last years, and we can also see in which point is nowadays.

Next, the environment in which the company will move will be analyzed. To do this, the environment will be analyzed from two different points of view:

- The macroenvironment: those external forces that can directly affect the company. These forces exist independently of the opening or not of the company. [3] The factors analyzed in the macroenvironment are:

- Demographics: factors related to population of the analysed region.

- Economic: factors related to the economic-financial situation of the analysed region.

- Technological: factors related to technology and innovation.

- Political: factors related to the leaders situation of the analysed region.

- Legal and policies: factors related to the law and moves of the government of the analysed region.

- Sociocultural: factors related to society and way of acting of the analysed region.

- Natural: factors related to the environment. [4]

The microenvironment: those nearby forces that directly affect the company (Porter forces). These forces are:

- Bargaining power of customers
- Bargaining power of suppliers

-
- Threat of substitute products
 - Threat of new potential competitors
 - Rivalry among competitors [5]

Through this information, you can detail the advantages and disadvantages of the company. Once this point is clear, a SWOT analysis can be detailed, which will give us key information to face the opening of the company.

Given the interest of working with Chinese companies indirectly based on collaboration agreements, a market analysis applied to China will also be carried out, which will be detailed at the point 3 of the project.

2.1 Analysis of the consulting/advisory sector

In this section, the consultancy and advisory sector will be analyzed, exposing its most relevant aspects. For this, the analysis of the year 2017 of the Association of Consulting Firms will be used, the last one available. [6]

The subsector of consulting and technological consulting can be classified within the services sector. This sub-sector can be classified with the code CNAE-6202 "Computer consulting activities". [7] This subsector bases its activity on providing services to third parties for advice in the computer field. These services can revolve around data protection, server maintenance or the development of computer applications. [8]

According to the report of the ACS in 2017, the increase in the income of Spanish consulting firms is mainly due to the growth of technology consulting firms.

The following graph shows the income obtained by the Spanish consulting companies in the period between 2008 and 2017.

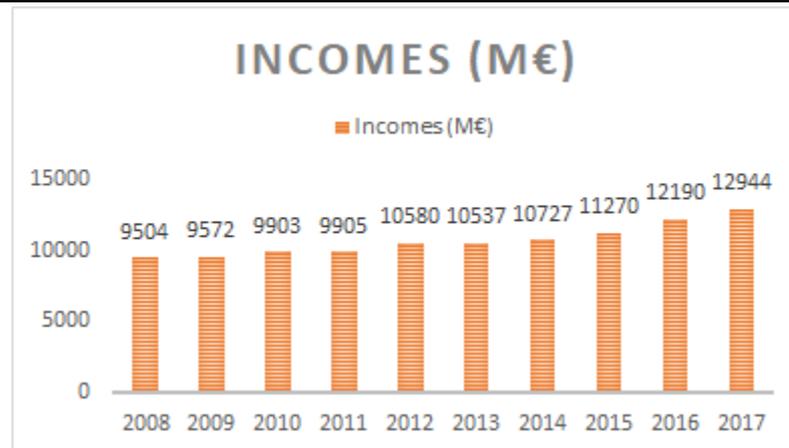


Figure 2.1.1 Incomes of the Spanish consulting sector between 2008 and 2017.

Source: own elaboration. AEC. 2017

In 2017, the income of consulting firms reached 12,944 million euros, which represents an increase of 6.2% over the previous year. This figure represents an economic acceleration of the sector, which is in accordance with the data recorded since 2013.

It should be noted that, between 2015 and 2016, there was a change in the methodology for measuring income, so the variation between the 2008–2015 and the 2016–2017 periods is not analyzed under the same premises, and therefore, valuation divergences may arise.

Of the 12,944 million euros of profit obtained in 2017, 22.6% were obtained for consulting services, 27.6% were obtained for development and integration services, and the remaining 49.8% were obtained by outsourcing services.

This income could also be classified according to its subsector of origin.

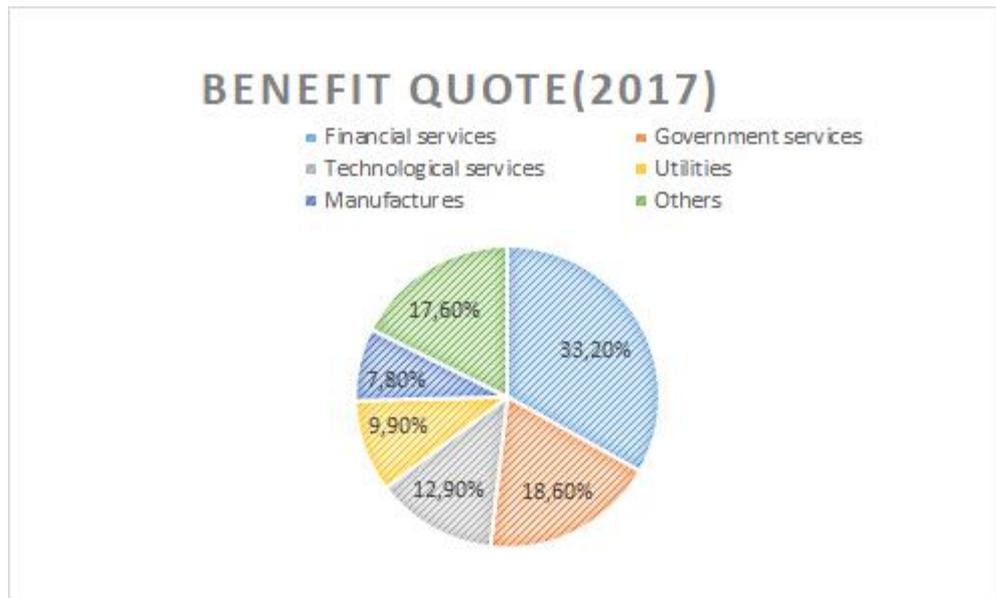


Figure 2.1.2 Benefit quote per subsector in the Spanish consulting sector.
Source: Own elaboration. AEC. 2017.

As noted, the subsector with the highest income is the one that provides financial services, followed by the services provided to governments. Technology services are not the main activity in the sector.

Now, we are going to analyze the geographical origin of these revenues for the Spanish consultant sector. For this, the following bar graph is shown.

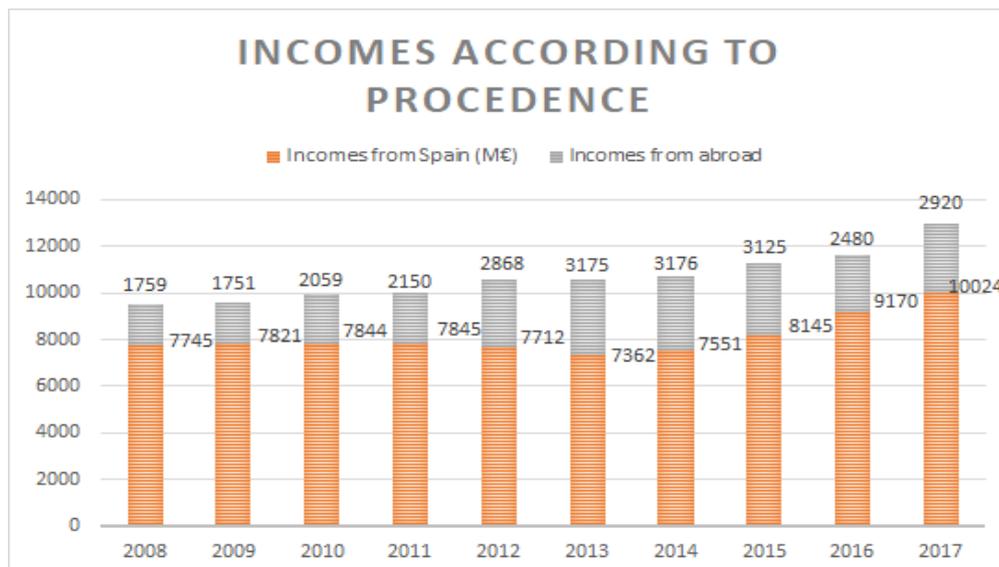


Figure 2.1.3 Procedence of the Spanish consulting sector incomes.
Source: Own elaboration. AEC. 2017

As can be seen in the graph, the Spanish consultancy sector is a sector

that works mostly within the national scope, while jobs abroad have a very small importance in total income.

However, between 2016 and 2017, the relative importance of income from abroad increased, being 21.29% in 2016 and 22.56% in 2017 (an increase of 1.27%). This increase does not mean much variation either.

It can also be seen that revenues from the domestic market have been growing since 2013, a figure that must be assessed with care due to the valuation change of 2016.

From all this, it can be said that the national market is the main source of the income increases experienced by the sector in recent years.

Another interesting factor to assess the socio-economic moment of the sector is the employment that creates or destroys. In growth situations, with few exceptions, employment in the sector grows due to the increase in needs to cover all the jobs requested.

From the data published by the report, it is observed that in the year 2017 there has been an increase of 3.4% with respect to the previous year.

Likewise, the trend in recent years is one of slow growth, with years in which the number of employees hardly varies.

These are acceptable data for the sector, since they confirm what was previously commented, that the sector is experiencing slow but sustained economic growth.

Lastly, the Association of Consulting Firms has made estimates for the 2018 financial year in terms of the weight that each sub-sector has in the global consultancy sector.

Its forecasts barely reflect variations with respect to the values detailed in the 2017 report. Therefore, the weight of the financial sector remains crucial in the total, followed by work for governments and the technology sector.



Figure 2.1.4 Quantity of employees working at the Spanish consulting sector.
Source: Own elaboration. AEC. 2017

These forecasts can be checked with the publication of the new report for the year 2018, scheduled for July 2019.

The report also points out that consulting firms value, within the technological field, that the services that will grow most during the period 2018–2022 will revolve around data analysis, artificial intelligence, robotization, cloud computing and cybersecurity.

2.2 External Analysis

Based on the external analysis of the sector in Spain, we can get an idea of the characteristics of the sector in which we plan to operate in the national territory, taking into account the factors that may affect the company, both at a level outside the radius of action of the company, as well as at the level within its range of action.

2.2.1 Macroenvironment

The analysis of the macroenvironment will be based on the demographic, economic, technological, political, legal, sociocultural and environmental factors that affect the company's environment, without being controlled by it.

1. Demographic Factors

Since our potential clients are going to be organizations, the demographic factors do not have a direct importance in our company. That is why our analysis should focus on the demographic factors that can affect our customers.

In our case, the main factor to be studied is the aging or rejuvenation of the Spanish active population. This factor may affect the global economy in the future, given that, in order to maintain the current system based on the "Welfare State", a large increase in the population maintained by the State as well as a decrease in the active population may cause a reduction in investment in the private sector by public sectors or dependent on it.

For this, we will use as a reference the data offered by the National Institute of Statistics [9].

Below is the Spanish population pyramid as of January 1, 2017.

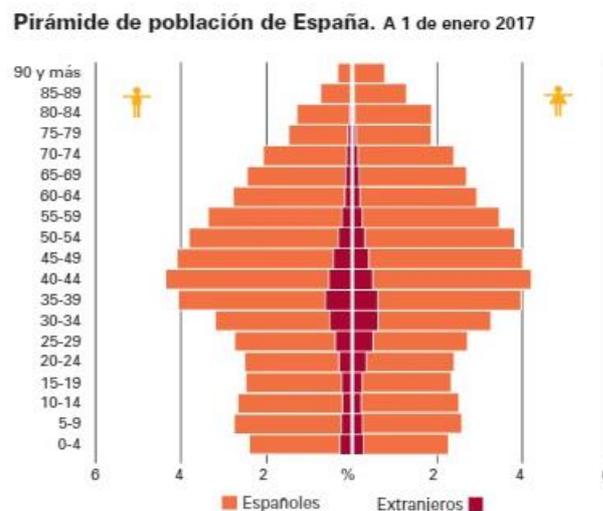


Figure 2.2.1.1 Spanish population pyramid, at 1st January 2017.

Source: "Spain in figures 2018". Statistics National Institute.

From the demographic data of the population resident in Spain, it is observed that the bulk of the population is in the range between 35 and 60 years. The shape of the graphic is not that of a pyramid, but more similar to a diamond. This indicates that the current active population will not be totally replaced with the new generations.

With these data, it is to be assumed that in the future, the Spanish active population will decrease. This situation supposes an increase of retired population in the future, a decrease of active population and the consequent reduction of market of employees for our clients.

Given this situation, it is foreseeable that government institutions have to focus larger amounts of public money on the payment of pensions, which will result in less investment in the private sector in the form of subsidies, which will negatively affect our potential customers.

But, also, we have to mention that, related to blockchain, young people and new generations will be more interested in this technology rather than old people or middle-aged people (in 2017). So, this fact can be a positive point for us in the future.

However, the effects will not be immediately recognizable, but will pass an interval of 10-15 years until the effects are clear in the national economy.

2. Economic factors

Spain is currently in a process of economic recovery, due to the deep economic crisis that has engulfed the markets during the last decade, and which has particularly affected Spanish society, in the form of high unemployment.

This situation of the national economy can be seen if we look at the data of the national gross domestic product in the period between 2008 (beginning of the economic crisis) and the year 2017.



Figure 2.2.1.2 Spanish GDP between the year 2008 and the year 2017.

Source: self made. World Bank (2018)

It is observed that the national economy has been in a recovery and economic growth phase since 2015, and that the period between 2008 and 2015 has been, in general, bad for the economy.

However, as mentioned in the analysis of the Spanish consultant sector, the income of Spanish consulting firms has grown over the time period between 2008 and 2017.

Likewise, it has also been commented that the sector has increased the number of employees in its companies year after year in the same interval.

Despite the positive nature of these data, we can also see a change in the trend for the better between 2008–2014, where growth has been slow but sustained, and the period between 2015–2017, where growth has been greater.

All these data reveal a situation of economic growth for the sector, according to the situation of the national economy.

3. Technological factors

Today, technology is advancing by leaps and bounds. Due to this, the implementation of tools related to robotization or the automation of services are shooting up in both public and private organizations.

It is foreseeable that, in virtue of profit maximization and resource optimization, companies will automate their services. For this, there are multiple possibilities, such as the development of computer applications (such as smart contracts), the implementation of blockchain-based technologies (products of our company), artificial intelligence, robotization, etc.

It should be noted that the vast majority of these technologies that are currently in the research and development phase are not mutually exclusive. It could be even said that the combination of several of these technologies can lead to greater benefits for the organization.

On the other hand, as previously mentioned, the technologies that, according to the Spanish consulting companies association, will grow the most in the next 5 years, will revolve around data analysis, artificial intelligence, robotization, cloud computing and cybersecurity.

4. Political factors

The current political panorama presents a certain instability due to two fundamental factors: the independence challenge of Catalonia and the diversity of political forces that emerged after the crisis.

Regarding the Catalan problem, although there is an inherent risk, it does not seem that it will harm the nation beyond the destabilizing effects it generates on investor confidence and, by extension, on the national economy. [10]

This factor can affect the company, given that the strong industrial core (and therefore potential customers) at a national level is located in Catalonia. However, it should not be a great adversity, given that the company

plans to work from Valencia, and its most potential customers will be organizations that operate close to our headquarters, due to the existence of greater links.

On the other hand, we are in election year. Specifically, the country faces all its elections in the spring of 2019. The diversity of political options with real options to be eligible for bodies of public power creates uncertainty in all strata of society, both socially, economically and politically.

However, the effects that can most affect our company can revolve around the creation of debates at a social level about the implications at work level involved in the automation of production processes, and can lead to possible compensation to the public system (such as the creation of taxes on machines, for example). Measures of this type can be obstacles to the process in which our company wants to advise our potential clients.

5. Legal and policies factors

Our company, working mainly with technologies that are mostly in a development phase, lack specific legislation.

For this reason, it is vitally important to clearly establish a classification of each service offered to each company, and comply with current legislation regarding our classification.

The legislations to which more attention must be presented are those related to the automation of processes, work with machines or robots and tax legislation, although it will vary according to the service that we provide to each company.

On the other hand, as mentioned in the political factors, a risk that can affect our company is the creation of taxes on automated systems, as a way to sustain the population in an environment of reduced employment due to the incipient automation of the labor world. [11]

6. Sociocultural factors

At the sociocultural level, the population relates the blockchain technology with cryptocurrencies, and then with Bitcoin and speculation. A large part of the population is unaware of functionalities of blockchains beyond cryptocurrencies.

This population also includes a proportion of businessmen who could be target audiences but who, due to ignorance of the operation of the technology, will not be receptive to us.

It is to be expected that, as blockchain technology begins to be implemented in more companies [10], the disclosure of new functionalities will reach a wider public, changing the fame that technology currently has.

7. Environmental or natural factors

These factors present three possible problems: natural disasters, shortages of some raw materials and pollution.

In the context of Spain, it is not reasonable to expect large natural disasters that could affect the economy on a large scale, such as earthquakes, tsunamis or hurricanes.

Current technologies are based on the use of certain resources that are not difficult to obtain. Therefore, this circumstance is not a problem for us either. [10]

Finally, pollution can be a problem. When working with blockchain technology, each block must be mined, and to mine a block, a large amount of resources is required.

These resources can vary from powerful graphics cards to perform calculations to electric power.

The main problem regarding pollution is the origin of electrical energy. If the source from which the miners nourish their mining computers is clean energy (such as wind, geothermal or solar), the problem disappears. This situation occurs in Iceland, where the mining of blocks has equaled the

electricity consumption of the rest of the island.

On the other hand, a large part of the miners supply their machines with energy from thermal power plants, which use mostly coal as fuel. These plants are largely responsible for the pollution caused by the mining of blocks and, mainly, occurs in China [12] [13].

But, this problem in China will change, due to:

- Bitcoin mining has been banned in the country. [14]
- Chinese miners are moving to the west of the country, where mainly the energy is mainly produced by the force of water, because of electricity costs.

The mining of blocks in Spain is not as developed as in other countries such as Iceland or China, mainly due to electrical costs. Therefore, this problem turns out to be an indirect problem for the country. It could also affect our image but, really, this would not be a true reflection of reality, so we see it difficult to affect our image.

2.2.2. Microenvironment

In this section we will focus on analyzing the factors that may have a direct influence on our company and, at the same time, operate in our immediate environment, affecting our ability to satisfy customers and obtain profitability.

These factors could be classified into 5 groups, also called Porter forces. These are:

- Bargaining power of customers: the negotiation power customers have in front of us.
- Bargaining power of suppliers: the negotiation power suppliers have in front of us.
- Threat of new potential competitors: for detecting firms that can provide our same service.

- Threat of substitute products: for detecting which services can be a threat for our firm.

- Rivalry among competitors: in order to analyse how tough can be the rest of firms of our market. [15]

1. Bargaining power of customers

The profitability of a company can be affected if the negotiating power of the clients is too high. The analysis of the bargaining power of clients is based on several points.

1.1. Concentration of clients regarding the concentration of competition

The potential clients of our business are very varied, since they could be from large financial or industrial multinationals to small industrial companies, present both in the Valencian area and in China.

Due to the fact that our client profile is quite generic and that our main product is in a development phase and has very varied applications, our list of possible clients is very large.

On the one hand, this can bring benefits to the company, since our potential market is very wide. But, on the other hand, the lack of specialization in part of this market can lead the company, mainly in its early stages, to a drift without clear objective clients.

As regards the Spanish market, there are several competing companies. Moreover, Spain is one of the leading countries in the development of blockchain technology.

Some of the most advanced Spanish companies in terms of this technology are Santander Digital (division of Banco Santander in charge of innovation), Grant Thornton Spain or Finnovating. [16]

On the other hand, the community of developers on the Ethereum platform is not too big around the world. Therefore, the competition is very small, although it is expected to increase as the technology develops (the platform is only 5 years old).

Our competition in Spain, therefore, seems powerful, due to the investors behind it. However, our bargaining power can be high due to the small number of people who have the necessary knowledge to give our service.

1.2. Possibility of negotiation due to our fixed costs

Our company does not require large outlays in infrastructure or machinery. Therefore, our fixed costs will not be very high, and this aspect will not be a weakness for our company.

1.3. Buyer volume

Due to the small size that the company will have in its early stages, if a company asks for a demanding service, it can cope with the total resources of it. Therefore, in this case, its bargaining power will be very high, due to the risk of being left with nothing in case of withdrawal of the client.

1.4. Costs or facilities of the client to change company

Since the market is not very broad, the client does not have many options to choose from, which reduces their bargaining power.

1.5. Availability of information for the buyer

The client can clarify if the company passes or not for a good economic-financial moment in its early stages observing its growth phases. If you notice that there is no growth of employees, you can clarify that the company is not in a bonanza situation, and you can use this factor in your favor when negotiating.

1.6. Ability to integrate backwards

Companies with investment capabilities in R&D&I and training will be able to integrate backwards, that is, develop services that can replace those we propose. Therefore, these companies will have a high bargaining power.

On the other hand, companies without this investment capacity, but that are really interested in optimizing their processes from new technologies, will not have that high bargaining power.

1.7. Existence of substitutes

The blockchain technology is a substitute product for the technologies currently applied in production processes, from assembly lines to the financial sector. Therefore, companies that use this technology should not worry excessively about substitute products while client companies see profitability in their results.

1.8. Buyer sensitivity to price

The larger the company, the lower its sensitivity to price, and therefore, this factor will reduce its bargaining power.

1.9. Differential advantage of the service

Our product can optimize and automate production processes, in addition to putting customers at the technological forefront, with the benefits in their products that this entails.

Our technology can give a differential advantage to our customers. As the technology develops, these advantages will be greater, and the interest of our clients to implement our technology will increase.

Therefore, your bargaining power is reduced by this factor.

If we summarize this point, our bargaining power will be high if:

- It does not increase our competition in Spain abusively.
- We maintain the purchase volumes per customer at non-high levels.
- We grow economically-financially in our early stages.
- We work with companies of a non-high size.
- We are able to show the benefits of working with our technology.
- We maintain prices according to the market (or lower).

2. Bargaining power of suppliers.

To operate, our company needs mainly computer equipment, easily available in computer stores or online.

Due to the characteristics of our services, the role of our suppliers is negligible, and they hardly have bargaining power.

3. Threat of new potential competitors.

To analyze the threat of the appearance of new potential competitors, an analysis is made based on certain factors.

3.1. Entry barriers

The sector has a barrier to entry based on knowledge. Given that it is a new technology under development, whoever wants to start operating in the sector will need certain technical knowledge that does not have many people (as mentioned above, the community of developers of the Ethereum platform is not too big). But, this knowledge is reachable with formation.

3.2. Scale economics

This is a sector in which large revenues are not needed for services executed to be profitable, since the economic cost of entry is not very high. Therefore, this increases the chances of new companies entering the market.

3.3. Brand value

The consolidated and renowned brands in the sector are mostly brands of the financial sector that have entered the market as investors or as part of their R&D program. Therefore, it is expected that these brands develop their own systems and execute them for their own benefit.

Therefore, as it is also a young market, the value of the brand does not have a great attraction yet, which increases the chances of appearing new competitors.

3.4. Exchange costs

According to how the operating model of the company is focused, this factor can be a danger or not for the company.

In detail, if the company decides to sign agreements for x time to work with a client, to advise and implement blockchain systems or to develop customized smart contracts, during this time, the entry of new competitors is not a problem for the company. This strategy can give the company more time to adapt to the new competition.

However, if the company decides to work for projects, the entry of new competitors can be a long-term problem, since they can offer more competitive services for the following projects.

3.5. Capital requirements

Since this kind of companies do not require a huge initial investment to operate, the presence of new competitors is very likely.

3.6. Other factors

The technology which our company plans to work is a technology that demands continuous learning and research. This can create obstacles for new companies that want to compete.

Therefore, it could be summarized that the entry of new competitors is a real threat, but given the entry barriers are difficult obstacles for a large part of the population that may be interested in entering the business.

According to how the company decides to operate, the effect of the new companies can be minimized.

4. Threat of substitute products.

To analyze the threat that certain substitute products of our technology can have, we will analyze four factors:

4.1. Propensity of our customers to replace

The possible substitution of our product that could occur would be for our client to return to their original operating system. If this happens, our company has not fulfilled its work, and does not deserve to continue working.

4.2. Relative prices of substitute products

Our services must have a price that is striking for client companies, so that they are encouraged to invest in blockchain technology from our services.

Putting exorbitant prices, regardless of the advantages that our technology brings with respect to the most widespread at present, will only

create entry barriers for customers.

4.3. Cost or ease of change of the buyer

Since the competition is not currently too extensive, the chances of our client deciding to change company once they have worked with us are low.

Anyway, that this would be a bad sign for the company, since it would imply that our services do not live up to expectations.

4.4. Level of perception of product differentiation

Our services are focused on being specialized, tailored to our clients. This gives our client a perception that the services they receive have a differentiating element from the rest of the possible services in the market, and possibly adapt more to their needs.

For all this, that a substitution effect of the technology with which we worked would result in a failure, given that it is our technology that should produce a substitution effect on the current work systems.

5. Rivalry among competitors

Because the technology with which we plan to work is a technology in development phase, the lack of qualified personnel to provide these services, low fixed costs and the unlikely substitution effect if things are done well, it seems an interesting market for get in.

In addition, the fact that it is a technology in which many corporations have an interest in implementing in their productive systems makes the market more attractive. [17]

It will be very important to register the work done as intellectual property, in order to defend the position of needing our clients can have with us. By this way, neither competitors or third parties would be able to use our products.

2.3. Commercial advantages and disadvantages

Based on the data obtained by analyzing both the consultant sector and the company's environment (from the macroenvironment and microenvironment), we can draw conclusions about the pros and cons provided by the current market situation for our company, at a commercial.

1. Commercial advantages

- The Spanish consultancy sector is in a stage of economic growth, as shown by the growth in revenues.

- The Spanish consultant sector is in a situation of increased work (more contracts for its services), due to the increase in the number of people employed in the sector.

- The forecasts indicate that the services that will grow the most within the Spanish consultant field will revolve around new technologies.

- Lack of clear legislation regarding our technology, which can give us greater freedom of action.

- Moment of economic recovery of the Spanish economy.

- Predictable large increase in the use of technology in the coming years for production processes. Companies have high hopes for our technology.

- The competition, at the moment, is not very numerous, and it has an enter barrier that will prevent some people without technical knowledge of blockchain to enter.

- There are hardly any smart contract programmers specialized in Ethereum technology.

- Suppliers do not have an important role in our business model.

- The company does not require large sums of initial capital.

- The exclusivity of services offered to customers can be a plus for them, given that customized services are provided.

- Our technology supposes an improvement of the current work systems with a non-excessive investment.

- Blockchain technology is implantable in a wide variety of industries (from holiday rentals to financial services, among many others).

2. Commercial disadvantages

- It is foreseeable that, due to the aging of the population, the Spanish economic future will not improve, affecting the national companies.

- Political instability at the national level, which makes it difficult to make forecasts regarding government policies that may affect us.

- Lack of clear legislation regarding our technology, which can cause legal problems due to interpretations of laws with a spirit thought in different cases.

- Possible legal measures to guarantee social welfare, financed from taxes and fees on machines, as compensation for the reduction of necessary personnel.

- In a very large area of society, the technology we intend to implement is related to economic speculation in the field of cryptocurrencies, so the image of it is not very good, except in small social circles.

- The excessive electrical consumption necessary to carry out the mining processes can damage the image of the technology that we intend to implant, given that, in certain countries, this energy is produced through non-clean energy sources, such as coal.

- Companies with resources can offer themselves our services.

- Predictable increase in competition in the not too distant future.

- Technology in the development phase, so there is not a lot of qualified personnel to hire.

- The people behind the company do not have a lot of experience in the sector.

- The budget that the company can afford is low.

- Many consulting companies, in their technological areas, may be able

to develop services similar to ours.

- Uncertainty of clear target clients.

2.3.1. SWOT analysis

The analysis of weaknesses, threats, strengths and opportunities (SWOT) is a basic tool for the internal and external diagnosis of the company. It is very useful to make strategic decisions for the company.

This analysis will help us to locate the points where our company falters, the factors external to the company that can pose problems for the same, the strong points of our company and the external factors that can suppose benefits for the company in case of recognizing them.

This analysis can be based on all the advantages and disadvantages found during our market analysis. The result of our analysis is shown below.

Table 2.3.1. SWOT analysis. Source: own elaboration

Weaknesses		Strengths	
Difficulties to work with large corporations with resources for R,D,I	Difficulties finding staff with knowledge about the subject	Weak role of suppliers	Low initial capital requirements
Lack of experience	Market not guaranteed	Exclusivity of services	Little competition, young market
Unclear definition of target customers		Those behind the company have technical knowledge about the technology	Wide variety of sectors with which you can work
Threats		Opportunities	
Uncertain politic-economical future	Possible creation of measures that can hinder the implementation of blockchain	Moment of economic growth	Favorable forecasts for new technologies
Bad image of technology in large social circles	Lack of specific legislation	Great interest from our potential customers in blockchain	Lack of specific legislation
Predictable increase in competition			

Once the SWOT matrix obtained is detailed, we will explain each section of it.

1. Weaknesses

- Difficulties to work with large corporations with resources for R&D&I: as previously mentioned, companies with research, development and innovation departments, and also interested in the implementation of blockchain technology, can allocate resources to perform for themselves the services that we can offer them. Therefore, they go from being commercial customers to commercial rivals.

- Difficulties finding staff with knowledge about the subject: given that it is a technology under development, currently, the number of people

with knowledge in the field is very low. As data, it is estimated that the developer community of the Ethereum platform does not reach a hundred people.

- Lack of experience: the entrepreneur behind the project has no work experience or as an entrepreneur, so the chances of making mistakes due to inexperience are very large.

- Unsecured market: given that the blockchain technology is still in development, it does not have a market that is still profiling (young market). In addition, despite the interest of companies for such technology, no one guarantees that they decide to take the step to implement it.

- Unclear definition of target customers: given that our potential market is very broad, as previously mentioned, the first steps of the company can be confusing.

2. Strengths

- Weak role of suppliers: one of the strengths of our company is that it does not require just suppliers. Therefore, it is a power less to take into account when making decisions.

- Low initial capital requirements: the company does not need large initial investments to work, since, as a basic material, it can work with computer equipment.

- Exclusivity of services: working to provide personalized services to our customers provides a degree of specialization of the service that client companies can value positively.

- Little competition, young market: given that the technology is in the development phase and the market is new (the Ethereum platform was created only 5 years ago), many companies that can be part of the competition have not yet been created.

- Those who are behind the company have technical knowledge about the technology: given that the main entry barriers of the sector are the knowledge about blockchain technology, that the entrepreneur has knowledge about it

is a point in favor for the entry in the market and to give an appropriate service to customers.

- A wide variety of sectors to work with: blockchain technology can be useful in many sectors, such as holiday rentals, insurance, health or financial services.

3. Threats

- Uncertain political-economic future: in March 2019 (at the time of writing this document), it is not possible to make forecasts at political or economic level in Spain. The proximity of all possible elections according to Spanish law and the wide variety of options with chances of winning makes it impossible to make forecasts about the direction that future government policies will take.

In addition, the Spanish economy is in a process of economic recovery, but the possibility of relapses (due to political or international factors) is clear.

- Possible creation of measures that hinder the implementation of blockchain technology: as mentioned before, with the advance of robotization, it is foreseeable that debates will be opened about creating taxes on machines, robots, etc., to maintain the Spanish welfare state. We should see how these regulations can affect our field.

- Improved image of technology in large social circles: as mentioned before, the cryptocurrency market, characterized by great volatility and with large groups speculating on price (based on maneuvers such as pump & dump), has dragged the blockchain technology to a negative image, increased by the lack of disclosure about it in broad sectors of society.

- Lack of specific legislation: given that there is no specific regulation with which to work in Spain from blockchain technology, there may be legal problems in the future based on interpretations of laws with a different spirit and application.

- Predictable increase in competition: given that blockchain technology is a technology in development, it is expected that, as time goes by, the number of people with knowledge and interest in the subject can enter the market, becoming in commercial competitors.

4. Opportunities

- Moment of economic growth: both Spain and the consulting sector are experiencing a moment of economic growth. This trend is positive for the creation of new companies, which enter an environment in which closing contracts can be easier.

- Favorable forecasts for new technologies: consulting firms, as previously mentioned, have estimated that new technologies will have a great impact on national productive activity in the coming years.

- Great interest of our potential customers for blockchain technology: as mentioned previously, companies have high hopes for blockchain technology to carry out their digital transformation.

- Lack of specific legislation: threat and opportunity at the same time. In addition to the comments in the threats section, the legal gaps that may exist around this technology can give our company more freedom of action.

2.4. Conclusion of the Spanish market analysis

In this market analysis, we have analyzed both the Spanish consulting sector and the macro- environment and micro-environment of our possible company.

From the analysis of the sector we can conclude that it is in a good moment. This is seen with the income data and with the employees of the sector, data in increasing trend during the last years.

Likewise, the consulting companies value that new technologies are going to have a great importance in the coming years, so that our company can have opportunities in the sector.

From the analysis of the macroenvironment we can extract that the country, in spite of being in a process of economic recovery, in the future can appear problems that can affect us in an indirect way.

On the other hand, blockchain technology has to make a name for itself in Spanish society, and change its current bad image based on prejudice.

Finally, from the microenvironment, we can see that we have a very young market, in the development phase, and with barriers that can be saved from qualified personnel that are not very abundant. The bargaining power of our company can be high if the right decisions are made, detailed in the analysis itself.

Therefore, from our market analysis we can affirm that there is an opportunity to create the company and also be successful with it. However, the management of the same must be successful, given the dimensions of it.

3. CHINESE MARKET ANALYSIS

After analysing our main market, we are going to analyse the chinese consultancy market, focusing on firms with blockchain products developed, because as we said before, we are interested in working with chinese located firms.

As we did before, our analysis will be based on discussion of the consultancy market in China, and then analysing the external factors, like the macroenvironment and the microenvironment.

Finally, from the discussed information, we will put in the spotlight the commercial advantages and disadvantages of working in China, and we will create a SWOT matrix.

All the discussed information will be summarized in a little conclusion.

3.1 Analysis of the consulting/advisory sector

For analysing the consulting sector in China, we have used as a source “The Chinese Consulting Market in 2017”, report done by Source Global Research, the last report of the chinese consulting market done by this organisation, with some information from the sector during the year 2016. [18]

Also, we have used some information from the reports “Breaking blockchain. Open Deloitte’s 2018 global blockchain survey” [19] and “Blockchain is here. What’s your next move?” [20]

The report from Source Global Research concludes that the consulting market reached the year 2016 with an economical growth. During the year 2016, the sector grew over a 10%, reaching a value of 4,522m USD, growing faster than the chinese economy. This increase is mainly because of the great investment of foreign multinational corporations investing in the country, despite the country is not growing as quick as it has been during the previous years.

Also, government initiatives are changing the playing field for domestic players, and clients are reconsidering their business models, in order to innovate.

This changes in chinese firms are opening new opportunities to consultants because previously the national firms didn' t require their services, but now they do, increasing the target market of the firms.

The chinese market is transforming, gaining so much weight in front of the traditional powerful economy of Hong Kong. These transformations are particularly interesting in western China, where traditional low-category cities are gaining importance.

During the year 2016, the digitalisation of businesses increased in China, producing improvements in productivity. In this digitalisation business, consulting work had a great importance.

Some areas with gaining importance are the customer-facing initiatives, as well as data & analytics services at monetising the collected consumer information. Advanced technologies are growing, especially, in manufacturing industry.

So, the year 2016 was a great year for the consulting market. The services related to health grew around a 20% during the year, despite their market share is not too big. Financial services are, by far, the biggest chinese consulting market, with a solid performance. The manufacturing sector had also a great year due to its process of modernisation and efficiency initiatives. Technology services were also in a fast growth due to the high interest of clients on building IT infrastructure to support good business practices and help to control risks.

Accounting firms are still controlling the largest market share in China, with the Big Four sector on the spotlight. Their strong brand, global credentials, ability to leverage the audit base and the ability to find end-to-end solutions play fantastically in the chinese market.

If we go deep to the consulting services based on blockchain, we can see that, in China, consulting companies are planning to invest highly in blockchain technology. The next graph shows that.

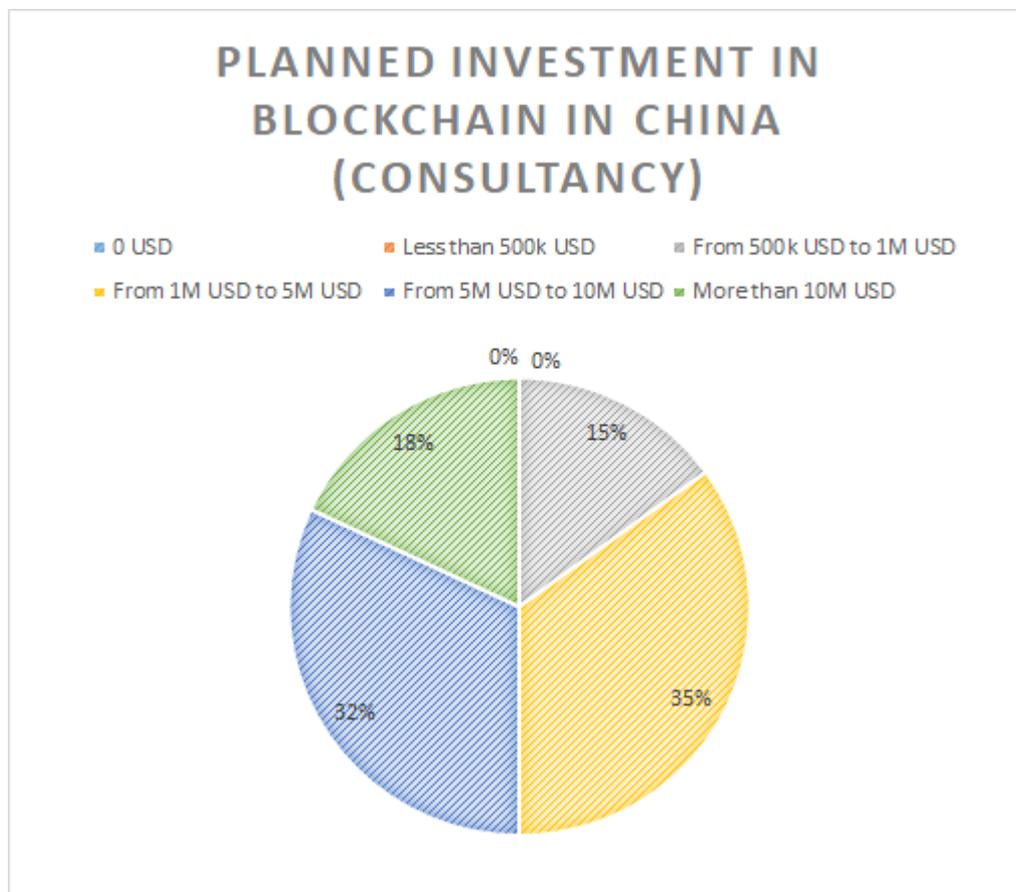


Figure 3.1.1 Planned investment in Blockchain technologies in China for consulting companies. Source: own elaboration. Deloitte (2018)

As we can see, from a survey of 250 senior managers of consulting companies in China, 67% of them are expecting to invest more than 1 million USD, and the rest of surveyed managers are also expecting to invest money in the technology (despite not arriving to 1M USD).

This data means that consulting enterprises in China are excited about what can this technology provide them, and they will continue with their process of R+D+I.

Also, in Deloitte' s report, the most part of surveyed managers think that blockchain technology is broadly scalable and will eventually achieve

mainstream adoption (84% of surveyed managers agree with this). [19]

Regarding the PwC report, which is also a survey to executives from 15 different territories, it's important to mention that, despite being the US nowadays the most developed region regarding blockchain, in a period of time between three to five years, the leader will be China. [20]

3.2. Extern analysis

As discussed in the previous point, the analysis of the macroenvironment will be based on the demographic, economic, technological, political, legal, sociocultural and environmental factors that affect the company's environment, without being controlled by it.

3.2.1. Macroenvironment

1. Demographic factors

As we discussed before, the demographic factors don't have a huge impact in our business due to we are working with organisations.

So, our analysis must be based on the demographic factors that can affect our clients in China.

From China, we can say that is the most populated country in the world with a population of around 1.400M people (according to the census of 2010). But, due to the politics regarding an only child in China in order to control the quantity of people living in the country, the percentage of young people in the country is relatively low compared with the percentage of older people. [21]

In the next figure, we can see how the chinese population is distributed per ages and sex. [22]

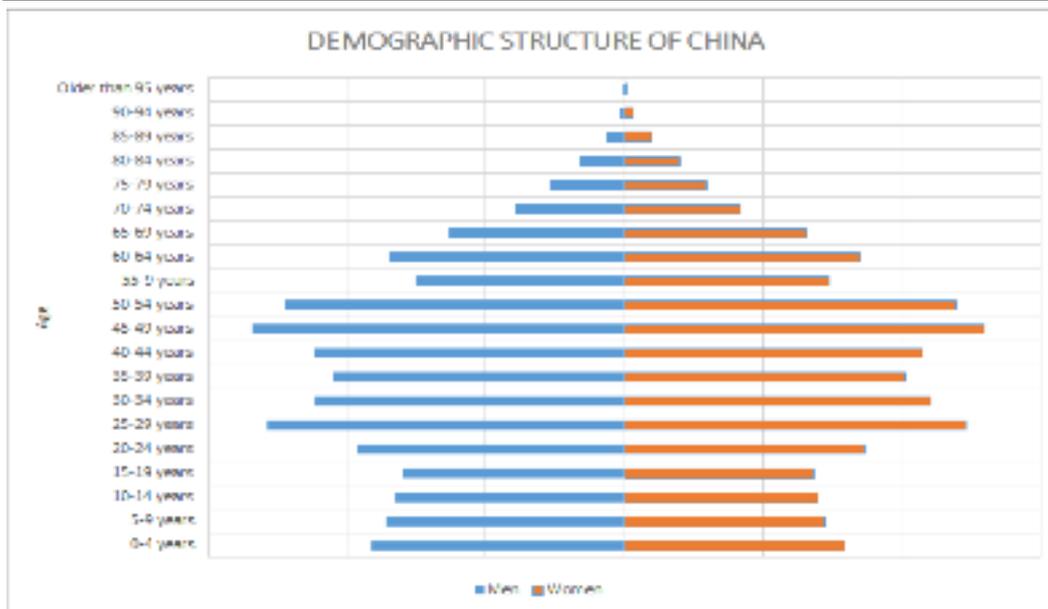


Figure 3.2.1. Chinese population pyramid. Source: self made. National Bureau of Statistics of China. (2018)

As we can see, the most part of the population is between 25 and 54 years old. Also, it's not a pyramid, but it looks like a diamond. This means that the most part of the population is middle-aged. If the trend maintains, the shape of the graph can turn into an inverse pyramid. This can be a problem for the future because young people will have to maintain their families in the future, and it's highly probably that, for maintaining them, their capabilities are not enough.

This may be an effect of the one-child policy that has ruled the country during the last decades (chinese families could only have one child, and having more than one meant extra costs, like fines). This policy has changed to a two-child policy nowadays, so this situation could improve.

Also, people over 60 years old will not be able to keep working in the future, so this will produce a high diminution of the active population that may affect our clients. The effects of the aging of population may be visible in 10 years as soon.

Due to the increasing robotization and automatization of producing processes, the effects on our clients may be not as tough as it could be 50

years ago, but the probabilities of this fact affecting the national economy are high.

China has a similar demographic problem to the spanish one (discussed on the previous point), and it will be interesting to see how each country will deal with the problem.

2. Economic factors

In order to analyse the economic situation of the country, we will discuss (as we did with Spain) the Gross Domestic Product.

The next figure shows the chinese' s Gross Domestic Product during the period of time between the years 2008 and 2017.



Figure 3.2.2. Chinese GDP between the year 2008 and the year 2017. Source: self made. World Bank (2018)

As we can see, China has been in a period of economic growth. The GDP has multiplied by three during the last 10 years, making China the second world economy. This growth contrasts with the global trend, with a tough economic crisis affecting globally.

As an exemplifying case, if we compare the trend between China and Spain, we see that Spain has lost GDP during this exact period, while China grew up.

The spanish trend is also similar to the most part of the occidental

countries, where during the last ten years, they have been struggling to this economic crisis. Meanwhile, China was gaining importance in the global market and growing. This shows us that China is a protected market from international disasters.

We would like to put on the spotlight the alteration in the trend at the year 2016, when the growth was higher than the rest of the period.

Also, it's important to mention that, in 2018 (even though not been displayed at the graph), the chinese economy slowed down, mainly because of the disminution of trades with other countries (mainly USA). A slow down in chinese economy is possible to occur in the next years. [23]

Also, in March 19, the PMI of China increased for the first time in fourth months, which can tell us that international trades can be increasing again. [24]

So, the chinese market can be very interesting because of its positive trend, specially comparing with other countries, but we have to take into account that economy can slow down in the future.

3. Technological factors

This point has already been discussed during the spanish market research, and can be applied to both markets.

A point that deserves to be discussed at the chinese market research is that, technologically, China is one of the world's most developed countries in the world, where the e-money has a great importance with services like UnionPay, WeChat Pay and Alipay.

Also, great technology companies are located in the country, like Alibaba, Tencent, Huawei or Xiaomi.

Some of these companies are researching highly in blockchain technology. As a prove of that, at the end of 2018, we can see that Alibaba is the world leader patent registering firm in the world, with 90 patents, followed by IBM (89) and MasterCard (80). Also, the People's Bank of China is the 5th

organisation with most registered blockchain patents (44). And, at the top 100 of organisations with most patents registered, 45 of them are chinese organisations. [25]

With this data, it's obvious that chinese companies are heavily interested in developing blockchain technology, and we can say that the country is one of the main researchers and developers of blockchain technology.

Also, China has developed a huge transport service with other countries in order to improve commercial relationships.. This plan is called the Belt and Road Initiative. This development strategy involves countries from Europe, Asia, Middle East, Latin America and Africa.

So, due to its highly technological environment, the process of innovation in the country is expected to continue, and also China will be one of the world's leaders in the technological innovation field.

4. Political factors

An adjective that describes chinese politics is stability. The government is leaded by the Chinese Communist Party, and is not expected that this fact changes in the near future.

During the last 30 years, government has made some regulations focused on an economic opening to the world, improving drastically the national economy.

The country has great nexuses with the United States of America and the European Union, and during the last years, China has been doing a great investment in Africa, the arab countries and South America., like the Belt and Road Initiative demonstrates.

But, on the other hand, the entire world is starting a process of closing on themselves, recognizable by protectionist measures that can hurt chinese economy, mainly focused on manufacture exportations. Also, this new global cycle can hurt international relationships with other countries.

So, political factors are convenient for starting new businesses in the country, but this political factors are not expected to get better in the future, mainly due to the protectionist trend.

5. Legality and policies related factors

In China, legally, it's very important to distinguish between the blockchain technology and cryptocurrencies.

As we already know, cryptocurrencies are a final product that uses the blockchain technology as its ledger.

It's very important to make clear that chinese government has shown not very friendly with cryptocurrencies. Some of these not friendly policies are:

- Prohibition to financial firms holding or trading with cryptocurrencies. [26]
- Prohibition to financial institutions from handling bitcoin transactions. [27]
- On 2014, the People's Bank of China ordered commercial banks and payment companies to close bitcoin trading accounts. [28]
- Cryptocurrencies exchanges and trading platforms are banned in the country, closing 173 platforms. [29]
- Recently, the People's Bank of China has announced that they will crack down bitcoin mining. [30]
- Prohibition of ICOs in the country. [31]

We can see a great interest from chinese officials to keep cryptocurrencies out of the country, possibly as a way of self-protection of the renminbi. So, using cryptocurrencies as a way of making business in China is highly not recommended.

On the other hand, chinese government is not fighting against blockchain technology like they do with cryptocurrencies. Chinese government seems very interested in developing blockchain technology. They have been implementing some policies to push the blockchain development in the country. Some of them

are:

- “White Paper on China’s Blockchain Technology and Application Development” : developed in 2016 by the Ministry of Industry and Information Technology, summarizes the development status and typical application scenarios of blockchains at home and abroad, and introducing the roadmap for the development of the national blockchain technology.

- “Guiding Opinions on Further Expanding and Upgrading the Information Consumption and Sustaining the Potential of Domestic Demand” : published back in 2017 by the State Council, it proposes pilot applications based on new technologies such as blockchain of AI.

- “Guiding Opinions on Actively Promoting Supply Chain Innovation and Application” : written back in 2017 by the State Council, it proposes to use emerging technologies such as blockchain and AI to establish a credit evaluation based on supply chain. [32]

Also, local chinese governments are investing in the development of blockchain technology. Some cases are:

- Guangzhou: 200 million yuan to support blockchain technology.

- Beijing: financial support for the Zhongguancun National Independent Innovation Demonstration Zone to promote the deep integration of science and technology finance and support development funds. Beijing’s government provides financial support to enterprises by the 30%, with a maximum amount of 5 million yuan per project.

And another point, as we said before, some enterprises like Alibaba, ICBC or Tencent are registering some patents on projects based on blockchain, and they are expected to implement them in their services in the future. [33]

The registering of these patents mean that these big chinese companies are investing in research of the technology, and without a friendly legal environment in the country, they wouldn’ t.

In conclusion, chinese policies are focused on advocating for

free-cryptocurrencies blockchains.

6. Sociocultural factors

As we discussed on the spanish market research, some chinese corporations may still don' t know what is blockchain about, so it' s hard to introduce this system in their production process until they see the monetary benefits.

This effect can also occur with chinese citizens. Most of them may don' t have the enough knowledge of this technology, even though they could have traded with cryptocurrencies once in their life.

But, in big cities like Shanghai, Beijing, Hangzhou or Shenzhen, where the technological industry is strong, this technology is in a deep process of research and development. Some proofs are the patents inscription from Alibaba.

Also, the international companies located in the country are the ones that are introducing the technology in their services (mainly financial) in order to win productivity. This push is believed that will make national companies also invest in blockchain technology. [25]

Apart from this, it' s important to mention that asian people have a strong speculative character, and think more in the quantity of money they can get from an investment rather than the risks this investment entails.

7. Environmental factors

These factors present three possible problems: natural disasters, shortages of some raw materials and pollution. We have discussed these points also at the spanish market research, and there are not so many differences with China.

Natural disasters are possible in China, but it would be hard to believe that these disasters could damage the national economy. So we don' t consider that natural disasters are a problem for us.

Blockchain technology doesn' t need some special raw materials. It needs some powerful computers, but its not expected that the country will lack of

these raw materials. So that's not a problem.

Finally, in order to use the blockchain technology, mining processes are necessary. In order to get that, electrical energy is necessary.

China's main electricity power source comes from thermal power plants, that mainly work with carbon. These plants are one of the guilty parties of the country's pollution in the big cities and even around the world. But, as we discussed in the Spanish market research, this fact is changing nowadays.

Also, China is making some changes in order to improve the quality of air, so renewable energies should increase in the country, and air quality should improve during the next years.

3.2.2 Microenvironment

The most part of the microenvironment analysis done for the Spanish market can be also applicable to the Chinese market.

Also, as what we want to do in China is signing an agreement with a Chinese-based consultancy firm, our relevant microenvironment should be the one that affects our partner.

But, there are some special points that deserve to be mentioned for the Chinese market.

1. Bargaining power of customers

Regarding the power of customers, we must say that the quantity of competitors in China is bigger than in Spain, but also the quantity of possible clients.

Also, these competitors can be big national corporations like Alibaba or international corporations like the Big Four (Deloitte, PwC, Ernst & Young and KPMG).

Also, it's important to mention that, due to this big market, the costs of changing a company for the client are not so big, and that gives more power to the customers.

So, it would be convenient that our partner has some strong relationships with possible clients, in order to make deals easily.

2. Bargaining power of suppliers

Already discussed in the spanish research market.

3. Threat of new potential competitors

From what we discussed talking about spanish market, it' s important to add that, in China, there are some brands with a high value in the market (more than in Spain), due to its a more developed market in the technological area, and these corporations will be tough competitors, and also an extra difficulty for new companies.

So it makes more important to sign a deal with a chinese corporation with nexuses with possible clients.

4. Threat of substitute products

Already discussed in the spanish research market.

5. Rivalry among competitors

From what we discussed during the spanish research market, it' s important to add that chinese market is a market in continuous development and change, and competition is tough in all aspects of life (including business). So competition will be tougher than in Spain.

This is another important point for signing an agreement with a consultancy company with a strong list of clients.

So, summarizing, the main differences (talking about microenvironment) between Spanish and Chinese markets are:

- In China, there are more potential clients, but also more competitors.

- Competitors in China will be tougher than in Spain, due to the big presence of international consultancy companies and big technological companies. These companies had already won a great brand value that will be hard to overcome from a new born company.

-
- Clients can change of company easier than in Spain.
 - Rivalry in China is fierce.

3.3. Commercial advantages and disadvantages

Based on the data obtained by analyzing both the consultant sector and the company's environment (from the macroenvironment and microenvironment), we can draw conclusions about the pros and cons provided by the current market situation for our company.

1. Commercial advantages

- The chinese market is in a process of growth, and is a protected market form external crisis.
- The forecasts indicate that the services based on blockchain will grow in China during the next years.
- Government policies are favorable to our interests (despite the great restrictions over cryptocurrencies).
- The country is investing in technological innovation.
- Political stability based on free market.
- Predictable large increase in the use of technology in the coming years for production processes. Companies have high hopes for our technology.
- The competition, at the moment, has some barriers of entrance to the market, but salvables, like the formation of professionals.
- There are not so many smart contract programmers specialized in Ethereum technology.
- Suppliers do not have an important role in our business model.
- The company does not require a large quantity of initial capital.
- The exclusivity of services offered to customers can be a plus for them, given that customized services are provided.
- Our technology supposes an improvement of the current work systems with a non- excessive investment.

- Blockchain technology is implantable in a wide variety of industries (from holiday rentals to financial services, among many others).

- We have a huge market of potential clients in China, and a proper environment.

2. Commercial disadvantages

- It is foreseeable that, due to the aging of the population, the chinese economic future will not improve, affecting the national companies. But this effect will not be recognizable until many years in the future.

- Possible legal measures to guarantee social welfare, financed from taxes and fees on machines, as compensation for the reduction of necessary personnel.

- Some chinese businessmen are still not familiar with blockchain technology.

- The excessive electrical consumption necessary to carry out the mining processes can damage the image of the technology that we intend to implement, given that, in certain countries, this energy is produced through non-clean energy sources, such as coal.

- The restrictions on cryptocurrencies in the country can also damage the image of blockchain technology in the country.

- Companies with resources can offer themselves our services. Also, there are big companies that are researching in our products.

- There exists a great competition, and competitors in China are fierce.

- Technology in the development phase, so there is not a lot of qualified personnel to hire.

- The people behind the company do not have a lot of experience in the sector.

- The budget that the company can afford is low.

- Uncertainty of clear target clients.

3.3.1. SWOT Analysis

We have already discussed what' s a SWOT analysis, so it' s unnecessary to explain it again. So, our matrix would be like follows:

Table 3.3.1.1. SWOT matrix for the Chinese market. Source: own elaboration. 2019

Weaknesses	Strengths
Difficulties to work with large corporations with resources for R,D,I	Weak role of suppliers
Low brand value compared to the market	Low initial capital requirements
Difficulties finding staff with knowledge about Blockchain	Exclusivity of services
Lack of experience	Little competition, young market
Unclear definition of target customer	Those behind the company have technical knowledge about the technology
Dependance on a partner	Working with partners with contacts
	Wide variety of sectors with which you can work
Threats	Opportunities
Lack of knowledge from nationals	Moment of economic growth
Predictable increase in competition	Favorable forecasts for new technologies
Fierce competition	Great interest from our potential customers in blockchain
Legal measures against robotisation	Convenient legislation regarding blockchain
Bad image	Convenient political environment

Once the SWOT matrix obtained is detailed, we will explain each section of it.

1. Weaknesses

- Difficulties to work with large corporations with resources for R+D+I: as previously mentioned, companies with research, development and innovation departments, and also interested in the implementation of blockchain technology, can allocate resources to perform for themselves the services that we can offer them. Therefore, they go from being commercial customers to commercial rivals.

- Low brand value: in China, there are big companies regarding consultancy and technology that have a huge brand value worldwide. So it will be hard for us to compete with them.

- Difficulties finding staff with knowledge about the subject: given that it is a technology under development, currently, the number of people with knowledge in the field is very low. As data, it is estimated that the developer community of the Ethereum platform does not reach a hundred people.

- Lack of experience: the entrepreneur behind the project has no work experience or as an entrepreneur, so the chances of making mistakes due to inexperience are very large.

- Unclear definition of target customers: given that our potential market is very wide, as previously mentioned, the first steps of the company can be confusing.

- Dependence on a partner: the company have to trust a partner that is located 13.000 km from the company location. That can cause some trouble for the company if the partner decides to act not honorably with us.

2. Strengths

- Weak role of suppliers: one of the strengths of our company is that it does not require just suppliers. Therefore, it is a power less to take into account when making decisions.

- Low initial capital requirements: the company does not need large initial investments to work, since, as a basic material, it can work with computer equipment.

- Exclusivity of services: working to provide personalized services to our customers provides a degree of specialization of the service that client companies can value positively.

- Little competition, young market: given that the technology is in the development phase and the market is new (the Ethereum platform was created only 5 years ago), many companies that can be part of the competition have not yet been created.

- Those who are behind the company have technical knowledge about the technology: given that the main entry barriers of the sector are the knowledge about blockchain technology, that the entrepreneur has knowledge about it is a point in favor for the entry in the market and to give an appropriate service to customers.

- A wide variety of sectors to work with: blockchain technology can be useful in many sectors, such as holiday rentals, insurance, health or financial services.

- Working with partners with contacts: our business model in China will

be working with a partner with contacts that can provide us projects. Working with a partner with contacts will save us a lot of work researching for potential clients, and is a good way to enter to a new market.

3. Threats

- Lack of knowledge from nationals: the blockchain business is mainly developed by foreigners in China, so many chinese businessmen don' t know what' s blockchain about.

- Fierce competition: working in China supposes that competitors will be tough, and for the company, it can be hard to resist them.

- Predictable increase in competition: given that blockchain technology is a technology in development, it is expected that, as time goes by, the number of people with knowledge and interest in the subject can enter the market, turning into commercial competitors.

- Legal measures against robotisation: in order to keep social welfare in a society with less needs of workers, some taxes and policies from government can be applied, hurting our clients.

- Bad image: this can be caused due to the fight of the government against cryptocurrencies and for air pollution caused by thermal power plants. This image would be unjustified, but it' s a threat we can not ignore.

4. Opportunities

- Moment of economic growth: China has experimented a huge economic growth during the last ten years despite the global economic crisis, and is expected to continue this trend during the next years.

- Convenient political environment: in China, government and its policies are stable, and are not expected to change in the next years. So, it' s possible to make plans for some years in the future in China.

- Favorable forecasts for new technologies: in China, firms are in a great process of innovation using technology. Also, some great corporations (especially international corporations and chinese IT companies) are highly

interested in applying blockchain technology in their production processes.

- Great interest of our potential customers for blockchain technology: as mentioned previously, companies have high hopes for blockchain technology to carry out their digital transformation.

- Convenient legislation regarding blockchain: despite the fight against cryptocurrencies, chinese government seems interested in blockchain technology, and is not putting barriers for its development (while the blockchain is not based on tokens).

3.4. Conclusion on the Chinese market analysis

In this market analysis, we have analyzed both the chinese consulting sector, the macroenvironment and microenvironment of our possible company.

From the analysis of the sector we can conclude that is growing, faster than the national economy, in part because of foreign companies that work in the country. Financial services are the consulting services with higher market share.

Likewise, the consulting companies value that new technologies are going to have a great importance in the coming years, so that our company can have opportunities in the sector. Most of the companies are making investments in research and development of blockchain.

From the analysis of the macroenvironment we can extract that the country is in a process of economic growth, and is expected to continue this positive trend. Also, we can say that is a protected market from the rest of the world due to it was growing during the financial crisis of 2008, even though not as fast as in recent years. We have to take care of the future' s economy because of threats regarding international trades, especially with the USA.

Also, China is a country investing in technological innovation, and our technology can be involved in this process while keeping some distance with tokens, ICOs and cryptocurrencies.

Finally, from the microenvironment, we can see that we have a very young market, in the development phase, and with barriers that can be saved from qualified personnel that are not very abundant. The bargaining power of our company can be high if the right decisions are made, detailed in the analysis itself.

Therefore, from our market analysis we can affirm that there is an opportunity to sign a deal with a chinese firm, as a way of getting clients, and also be successful with it. However, the management of the same must be successful.

4. MARKETING PLAN

Marketing is a function of organisations, and a set of processes for creating, communicating and giving value to the clients and for managing the relationships with clients with procedures that can benefit to the organisation and all the interested parts or stakeholders.

A marketing plan is a report that outlines the marketing strategy of the company for the future. A marketing plan usually includes:

- An overview of the firm' s business marketing and advertising goals.
- A description of the business current marketing position.
- A timeline of tasks for completing the strategy.
- Key performance indicators for tracking.
- Description of the business target market and customers needs. [35]

The marketing plan is an essential tool that firms must use for the commercial management. In order to get our marketing plan, we will define some commercial objectives, we will define strategies in order to get these objectives, and we will define a marketing mix.

4.1. Objectives

First of all, we will define some commercial objectives. These objectives will be different for our spanish and chinese markets. These objectives must be SMART (specific, measurable, achievable, realistic and temporal).

1. Spanish market

As we have discussed before, our main objective in Spain is to revitalise the productive system of firms located around our headquarters (Valencia).

In order to get that, we have to create links with our potential clients, which are mainly valencian businessmen and entrepreneurs.

Also, we have already discussed that there may be some potential clients without knowledge regarding the benefits our services based on blockchain can offer them.

Finally, we also have already discussed that our products are based on

a technology that is still in a phase of research and development. So, it will be very important to keep researching by ourselves about the new developed services and ideas regarding blockchain in order to not getting out of the market.

So, our objectives must revolve around three main points:

- Public relations: creating and maintaining working links with our potential clients.

- Spreading knowledge: giving potential clients and society knowledge about blockchain technology, possible uses and benefits of it.

- Researching: being continually informed of the news regarding our technology around the world.

1.1. Public relations

This point will be based on creating and maintaining links with businessmen that could be interested in using blockchain technology. Our time horizon will be 1 year. In order to get that, we define these objectives:

- During the first 6 months since starting the business:
 - Meeting publicly with, at least, 100 firms.
 - Meeting privately with, at least, 40 firms with commercial purposes.
 - Getting agreements for developing projects with our services for, at least, 4 different firms.

- From the 7th to ending the first year:
 - Meeting publicly with, at least, 300 firms.
 - Meeting privately with, at least, 80 firms, with commercial purposes.

- Getting agreements for developing projects with our services for, at least, 15 different firms.

1.2. Spreading knowledge

Another important point for improving our quantity of clients is to increase society's interest in blockchain, and giving them knowledge about

their effects. We expect that increasing society' s knowledge in the matter, the environment will improve, and businessmen and entrepreneurs knowledge will also be more interested.

To measure the effects of our actions, we define these objectives: -
During the first 6 months

- Increasing the quantity of people around Valencia that has heard about the term blockchain by, at least, a 20%.

- Increasing the quantity of people around Valencia that can explain at least one utility of blockchain technology by, at least, 10%.

- Increasing the quantity of people around Valencia that can explain some benefits of using blockchain technology instead of another technologies by, at least, 5%.

- From the 7th to the end of the 1st year

- Increasing the quantity of people around Valencia that has heard about the term blockchain by, at least, another 20%.

- Increasing the quantity of people around Valencia that can explain at least one utility of blockchain technology by, at least, another 10%.

- Increasing the quantity of people around Valencia that can explain some benefits of using blockchain technology instead of another technologies by, at least, another 5%.

1.3. Researching

As we have already mentioned, blockchain technology is a technology in the middle of a research and development process. So, some new ideas and projects are expected to come up.

Our firm must be watching these new ideas and projects, in order to avoid being relegated of the market.

So, some objectives we can define are:

- During the first 6 months

- Our firm should be capable of detecting, at least, 10 new projects based

on blockchain that can be applicable to our business.

- From the 7th month to the end of the 1st year

- Our firm should be capable of detecting, at least, another 10 new projects based on blockchain that can be applicable to our business.

Due to the fact that our business is starting from the bottom, we can't define great and unreachable objectives. Our business can't be from its inception a leading business in the market. Our business must grow with time. Reaching these defined objectives can be a good signal that our business is going well, and our mission and vision can be reached.

2. Chinese market

In China, we expect to have a deal with a consulting firm based on there. Our expected deal will be based on a way of getting new clients, as a way of supplementing our partner's services.

So, our objectives must be shared with our partner. We can give our partner some tips about the knowledge and public relations matters, but actually it's not expected to be our business.

So, our objectives in China will be only based on the number of new clients and revenues we can get:

- During the first 6 months since opening the firm.

- Our firm should receive offers for, at least, 6 new projects from firms based on China by our partner's intermediation.

- Our partner should be able to give us an income of, at least, 50.000€ from clients.

- During the 7th to the end of the 1st year since opening the firm.

- Our firm should receive offers for, at least, 6 new projects from firms based on China by our partner's intermediation.

- Our partner should be able to give us an income of, at least, another 50.000€ from clients.

Depending on the economical revenue and the number of received offers,

the company will decide whether to continue working with our chinese partner or not.

4.2. Marketing strategies

In order to define the strategies we have to implement, can be helpful to, firstly, segmentate the market. In other words, defining our objective public, their needs and their likes.

Then, we can define some strategies to follow during the first year of the company. Also, we have to design procedures to value if our strategies are effective to get our defined objectives.

Finally, at the next subsection, we will define deeply our services, prices, places and promotions.

1. Market segmentation

This is an essential part of a market research, in order to know the business ecosystem. In this part, we have to take our possible clients, and classify them into groups with common likes and interests. [36]

With these groups, we can create market segments. These are homogeneous groups to which we can treat similarly.

Our objective public is the set of people that have certain common characteristics to which our service is directed.

Our objective public are all the companies with productive processes located in Valencian region and China.

In order to segmentate the market, we can use some different variables, which are:

- Geographical: reference to the region of our objective public.
- Demographic: reference to public characteristics. Some of them are age, sex or studies, etc.
- Psicographic: reference to lifestyle, values, social class, etc.
- Behaviour: reference to the consumer attitude towards the service,

looked benefits by the consumer, service level of use, etc.

- Multiattribute: reference to the rest of important attributes. As we have said before, our services are:

- Analysis of productive process of the client companies, accompanied by improvement proposals using new technologies like blockchain.

- Tailored made smart contracts (DApps) in the Ethereum platform.

These services are mainly directed to companies with productive systems. Another possible clients (not our priority) could be startups or companies based on services, like real state or courier companies. Our services could also involve other sectors, but we should delimit our range of possibilities due to our reduced capabilities.

Also, in the case of China, it can be difficult to develop our service based on analyzing productive processes due to the need of inspecting factories. So, our services in China must be related to the development of tailored Decentralized applications.

All this information will be deeply treated on the marketing mix. Because of that, our market segments will be:

- Manufacturing valencian companies.
- Valencian companies based on services.
- Non-manufacturing chinese companies.

Therefore, we have to focus on three big market segments differently.

Strategies to apply in Spain

As we said before, in Spain, our objectives should turn around public relations, spreading knowledge and researching.

2. Public relations

In order to manage our objectives regarding public relations, we can follow a strategy based on networking.

In order to get that, some good actions could be:

- Attending to conferences and meetings focused on technology and

meetings with agents of our objective clients in the Valencian region.

This conferences and meetings require a work of research in order to know when and where are these meetings done.

- Hosting conferences based on blockchain. The company could organise a monthly event in Valencia with guests from the blockchain world, like coders or businessmen, with a special topic related to blockchain in each meeting.

The company can invite to these conferences some people from our potential clients enterprises, and bring to the city great speakers.

These events are a good way of meeting new contacts related to the industry and our potential clients. Also, these events can fit inside in our research and spreading knowledge strategy, because of meeting new people with projects and ideas related to the technology, and also new people who attend to these can get interested into the topic.

3. Spreading knowledge

Apart from our conferences based on blockchain, a good strategy in order to spread knowledge about blockchain could be based on the Internet and valencian universities.

- We can create a webpage in Spain focused on blockchain matters, showing news, technical knowledge and new products. This webpage can be announced on adverts on social media, like Facebook or Instagram, and also on Google Ads.

- Also, we can host some conferences at valencian universities. These places are where our future workers are studying, so we can get them introduced into the blockchain world, and making them feel excited about it.

- Also, at universities, we can reach entrepreneurs who are willing to open a startup, who could be our clients.

These strategies will not bring us new clients directly, but their main reason is to make valencian society more concerned about blockchain technology. A more concerned society will increase interest in blockchain

for companies.

4. Researching

As we said before, in our business, keeping updated with the new projects, patents or ideas is very important, because of blockchain's research and development stage.

In order to get that, the company will have a section of investigation, focused on being updated with all the news about blockchain.

5. Strategies to apply in China

In China, our clients will be mainly contacts of our partner. So, at first, we have to sign a partnership with a chinese-based company.

After some meetings with businessmen, we have reached an agreement with a chinese company, Oriental Value.

Oriental Value is a company based in Shanghai and Hong Kong, established in 2014, that provides services related to many fields (from football management to crypto and blockchain development). [37]

Our agreement consists on a collaboration between companies. Gaoxing SL will provide tailored made DApps to Oriental Value clients, and the incomes on these services will be distributed on a 50%-50% basis. The details regarding our agreement will be explained in detail in our legal structure point.

This company can give us a huge variety of contacts that may be our objective public.

Also, we can help our partners by the spreading knowledge task. We can give them the information we publish in our webpage related to news regarding blockchain, and they can spread it by WeChat tools, like subscriptions and official channels.

4.3. Marketing mix

The Marketing mix is based on taking decisions regarding the variables product (service in our case), place, promotion and price, which are called the McCarthy' s 4P.

1. Decisions regarding the variable service

We can analyse this variable from three different points of view.

1.1. Essential service

The essential service is the service that solves basic problems or benefits that consumers actually acquire when they buy a product.

Our company, with our services, can generate a great value to our clients by different ways.

- Our services can improve their processes. This means that, by our services, they can reduce costs and time in their productive processes.
- Our services can turn our companies into technological references, what can give them a significative advantage, because of money and time savings. Also, being a technological reference improves the brand image of a company, what will benefit our clients.

1.2. Formal service

The formal service defines the service from a tangible point of view. Our services, as we said before, are:

- Analysis of productive process of the client companies, accompanied by improvement proposals using new technologies like blockchain.
- In order to give this service, we need a employee. This employee requires technical studies (like an engineering) and blockchain knowledge.
- This employee will visit the workplace of a client company, and will analyze the complete productive system of a company.
- After visiting the company, at the headquarters, the company team will discuss, from the report made by our employee, where can the company improve

by reducing costs and/or time, and how can they improve. A team should be of, at least, 3 workers.

- At the end of the service, the company will provide a report with the process and conclusions of the investigation. The company will also provide solutions.

- Tailored made smart contracts (DApps) in the Ethereum platform: a team of blockchain developers will design smart contracts for our clients.

- In order to get that, the company will ask our client what is he looking for as a result of the service.

- According to our client answer, our team will think about how can they get it by a smart contract, and they will develop it in an agreed period of time. A team should be of, at least, 3 workers. This may change according to the workload.

- Also, our team will be responsible for implementing the developed DApp for our client.

1.3. Expanded service

The expanded services are the complementary services that our formal service needs. These services may be:

- Customer support: in case of problems with the products we deliver to our clients, a customer support is necessary. We can help our clients in order to fix these new problems in case they exist.

- Sales team: we need a sales team that can be in touch with clients by selling them the benefits of our services. Also, this team can help our clients with doubts before signing our services, and also they can negotiate the prices of the projects.

- Research team: as we have discussed before, we need a team that can research the blockchain market to see news, new ideas and new projects based on blockchain. This team will also keep our website and WeChat official channel updated.

-
- A person with permanent contact with our chinese partners.
 - A person that can organise all the meetings regarding blockchain we intend to organise, and also attending to other meetings and conferences. This person must be inside the sales team.

2. Decisions regarding the variable place

As we have defined previously, our company will work in Spain and China.

We have planned that our headquarters will be located in Valencia, so our range of action will be in the valencian region. Our headquarters will be located in a office owned by the person behind this project, located at Camí de Vera s/n, Valencia, Spain.

Also, in China, we have agreed a partnership with Oriental Value. They are based in Hong Kong and Shanghai. So, their main contacts may be in Shanghai and Hong Kong zones. The Hong Kong zone can be extendable to Shenzhen or Macau due to its proximity and its highly technological environment.

3. Decisions regarding the variable Promotion

The objectives of our promotion campaign are based on public relations and spreading knowledge about blockchain. The purposes are reaching to new clients for now and for the future.

As we have discussed previously, our promotion campaign will be based on meetings, networking and giving society new blockchain related content.

From all the meetings and conferences our company can attend we can get some valuable contacts and valuable new potential clients that can be interested in implementing our services in their companies.

Also, the services regarding giving society news, ideas, new projects and utilities, from an enjoyable point of view, we can get society more interested in blockchain technology. This can improve our brand value and get more companies interested in the benefits of blockchain services, which we can deliver.

The conferences part of our campaign are focused on the short term. The

objective is getting clients as soon as possible, in order to make the company able to survive to its first year of life.

The spreading knowledge part of our promotion campaign is more focused on the long term. The main goals are to improve blockchain image in Spain and China, making society more interested in this new technology and, finally, making companies more interested in the benefits this technology could give to their projects.

4. Decisions regarding the variable price

In order to get companies interested in our services, our prices shouldn't be exorbitated, despite our services are tailored-made.

So, we should negotiate prices with our clients, and find a price value that is affordable for our client, but also recognizes the high work and specialization of it, never under a specified amount of money per planned hour.

Due to the characteristics of our tailored-made services, we could put prices per hour dedicated to each project. We can start with special low prices in order to attract new clients (a discount of 25% over the calculated price per hour during the first 6 months), and while the number of clients increases and our company improves its situation, we can increase prices (100% of the calculated price per hour from the 7th month onwards).

Prices will be discussed more in detail during our economic-financial plan.

4.4. Objectives control

In order to control that we reach the marked objectives our company has marked, we can establish some procedures.

In order to control our public relations objectives:

- Control how our agent works at meetings where he is attending. We can do that asking him a report of all the people he asked for a contact.

- Asking for a report of every meeting our agents do with other companies regarding commercial purposes.

- Controlling the number of reached agreements will be easy while all the agreements are done by paper.

In order to control our spreading knowledge objectives, we can make surveys by telephone with random people of our zone, asking politely about their knowledge over blockchain.

Also, to check that our web page is visited by people, we can check analytics by different services, like Google Analytics or Facebook Ads offer.

Finally, we can ask our research team that they do a complete report of every new project they discover regarding blockchain that can be useful for our business, so we can check the researching strategy, and study the importance of the discovery.

5. LEGAL AND FISCAL ASPECTS

In order to select the legal form of our firm, due to its huge importance, we are going to analyze the most used options allowed by the spanish regulations. The factors we are going to discuss are:

- Minimum capital required: how much money is required to deposit at the opening of the firm.

- Responsibility of partners: how far have the partners to respond against the law due to the firm activities.

- Minimum number of partners: required physical or legal people. We are summarizing all these factors with a table. [38]

Table 5.1. Summary of the different kinds of companies that exist in Spain. Source: own elaboration. Método consulting. 2019

Legal form	Minimum capital	Responsibility	Minimum partners
Individual entrepreneur	0 €	Unlimited	1
Civil society	0 €	Unlimited and solidary	2
Community of goods	0 €	Unlimited and shared	2
Anonymous Society	60.102,21 €	Limited	1
Limited Society	3.005,06 €	Limited	1

With this information, we are able to choose one legal form for our firm.

5.1. Legal structure

There' s only one entrepreneur interested in opening this firm. So, this factor eliminates the civil society and the community of goods.

According to our interest, we want a legal form with a limited responsibility, avoiding this way to respond with the businessman' s assets and goods in case of having an excessive amount of debts.

This means that the debts from the firm will be attended exclusively by the firm., and not by their partner. So, we eliminate the individual entrepreneur form.

So, we should choose between a Limited Society and an Anonymous Society. For making this election, we have to say that the entrepreneur doesn' t have

a great quantity of money available for the project, and probably he will need some help from third parties.

So, due to the great difference of required capital, we choose opening a Limited Society, as we said at the start of the project.

With this legal form, the deposited capital will be integrated by the partner's participations. In our case, the entrepreneur will have the 100% of participations, with a total capital of 3.010€, divided in 100 participations of 30,10€ each one.

With all this information, now we can discuss some advantages and disadvantages of this legal form:

1. Advantages

- Reduced investment of capital required. Very convenient for little and middle firms.
- Partners respond against the debts of the firm limitely, and this responding will be, as maximum, the invested capital in the firm, never personal goods and assets.
- It allows some deductions in expenses like telephonic, travels and diet expenses.

2. Disadvantages

- This legal form only requires economic contributions.
- There are limitations regarding participations transmission. In case of entering a new partner in the enterprise in the future, if some of the partners want to transmit its participations, the other partners (or even the firm) have preference over third parties.

This society has an own legal personality of a trade type, where the capital is divided into equal, accumulable and indivisible participations.

The minimum required capital must be invested totally in the moment of opening the firm (3.005,06€). The responsibility of the partners is limited to the given capital, and its constitution must be on a public document and

inscribed at the spanish Merchant Record.

These kind of societies are composed of two different organs:

- The General Meeting
- Administrators

Both organs can be managed by the entrepreneur behind the project. All the agreements are taken by majority (of 1, in this case).

In order to open the firm, there' s a bureaucratic process to follow, explained by the Information Centre and Firm Creation Network (CIRCE) [39]:

- Meeting with a notary.
- Request of a provisional NIF (Fiscal Identification Number).
- Presentation of the Activity Start Censal Declaration.
- Inscription in the Provincial Merchant Record.
- Tramits with the Social Security.
- Communication of the opening to the Regional Work Center.
- Communication of the contracts of work to the State Employment Public Service.
- Do the Responsible Statement of activity start to the town hall.
- Inscription of personal files to the Spanish Agency of Data Protection.
- Reserving an Internet Domain.
- Request a reservation of a Commercial Name to the Spanish Office of Patents and Brands.
- Request of the definitive NIF.

Organization chart

An organization chart represents the legal structure of the company, establishing hierarchy levels.

By now, there' s only one entrepreneur opening the firm, with the whole power on the company. Regardless the quantity of hired people, the organization chart will be only formed by one person.

- Diego Sales Bellés: Technical Telecommunications Engineer and Business Management Licensed. Sole administrator of Gaoxing SL and General meeting sole member.

5.2. Taxation

This subsection will define the fiscal rules our company must follow according to spanish regulations.

The Limited Societies must tribute by the Corporation Tax. This is a tax of personal nature and direct personality that taxes rents obtained by corporations that doesn' t tribute by IRPF tax (Income Tax on Natural Persons).

The taxable event is any obtained rent, regardless the origin, as well as the produced patrimonial growths .

1. Tax base

The taxable event is the income obtained by the company, estimating the income obtained as the difference between income and deductible expenses, adding or subtracting the capital increases that occur in the year.

The tax base is constituted by the amount of the income obtained during the year, deducting the negative tax bases of previous years.

The tax period will coincide with the financial year of the company, and may not exceed twelve months, unless the company expires, in which case the tax period will be reduced in proportion to that year.

Also, in order to calculate our tax base, we have to take into account the amortization, the loss of value of our assets and goods due to the passage of time and usage. This concept is deductible.

1.1. Computable incomes

- Incomes from the economic activity.
- Subsidies
- Loans of goods with a monetary exchange.

1.2. Deductible expenses

- Salaries.
- Raw materials.
- Financial expenses.
- Rents.
- Supplies.
- Annual amortizations.

1.3. Non deductible expenses

- Accounting of own corporation tax.
- Penalties, charges and fines.
- Donations.

1.4. Growths and decreases of heritage

- Incidental losses in all or part of the patrimony.
- By sale, donation or exchange of goods.
- By sale of shares or goods.
- By incorporation of goods, rights, money.

2. Integra quota

Once the base is obtained, we have to apply the general tax rate of 25%, with which we will obtain the integra quota.

In our case, we have to mention that, due to our firm is a new one, rules give us some benefits.

The new creation entities can tribute by a 15% on their first year with a positive tax base and the next one.

3. Deductions

The different deductions and bonuses regulated are applied to the entire fee or obtained as a fee to pay. Among them we can mention:

- Activities of scientific research and technological innovation.
- Deductions to avoid international double taxation.
- Deduction for the promotion of ICT (Information and Communications

Technologies) in small companies.

- Deduction for investment in goods of cultural interest.
- Deduction for employment creation disabled workers.
- Deductions for export activities.
- Deduction for encouraging the performance of certain cultural activities (cinematography, book editing ...).
- Deduction for reinvestment of extraordinary benefits.
- Deductions for investments aimed at protecting the environment.
- Bonuses for income obtained in Ceuta and Melilla.

[40][41]

5.3. Finance management

Finance management is a vital process in any company. It consists on the process of planning, organizing, controlling and monitoring financial resources with a view to achieve organizational goals and objectives. [42]

Due to the reduced dimensions of our company, we can't hire a complete staff for a financial department during our first times. So, the duty of finances, maybe one of the most important for the company, should be played by an important figure in the company, the founder of the company.

In order to start the company, the required capital, 3.010€, will be financed by the entrepreneur. Then, the company will have some needs. These are:

- Hiring people with knowledge for coding.
- Hiring people destined to help in public relations duties.
- Buying informatic material for working.
- Renting a local destined as an office.
- Buying office material.
- Hiring services, like telephone and Internet.

In order to get enough money in our first years, it can be very useful

to search for subsidies from spanish authorities.

In Spain, we can ask for some helps from government destined to little and medium firms. (Pymes). These helps come, in the most part, from regional entities, as a way of boosting the creation of corporations.

Our firm can ask for some of these subsidies:

- Support for the Connected Industry 4.0 initiative [43]
- Given by: Spanish General Secretariat for Industry and Small and Medium Enterprises

- Publication date: 04/04/2019

- Term delivery requests: From 04/05/2019 to 05/08/2019

- Date of resolution: To determinate

- Digital Enabling Technologies (THD) [44]

- Given by: Spanish Secretary of State for the Information Society and the Digital Agenda

- Publication date: 02/16/2019

- Date of resolution: To determine

- This subsidy mentions explicitly blockchain technologies on their documentation.

- “Among the Enabling Technologies Digital is the Internet of Things and the future 5G communication networks, the technologies for the treatment of massive data and distributed databases (blockchain), supercomputing (HPC), diffuse computing and in the cloud , natural language processing, robotics, artificial intelligence, virtual reality, cybersecurity, biometrics and digital identity, micro / nano electronics.”

Also, we can encourage our chinese partners for asking for similar helps and subsidies to chinese institutions, due to the high interest in blockchain technology by the chinese institutions (as we have seen during the chinese market research).

But, as we know, getting these subsidies is not an immediate action. It

requires time for the resolutions. So, if we want to start our economic activity before getting these helps, we may need some financial help from credit firms or investors.

The quantities to ask for will be defined at our economic-financial plan, which is the next point of the project. A good quantity to ask for would be the one to guarantee the survival of the company for, at least, one year.

5.4. Start-up calendar

Now, we are going to design a start-up calendar for our project. That means, a time planification for opening the firm.

In the opening process, there are some stages:

- Request for financial help.
- Opening process of the firm
- Meeting with a notary.
- Request of a provisional NIF (Fiscal Identification Number).
- Presentation of the Activity Start Censal Declaration.
- Inscription in the Provincial Merchant Record.
- Tramits with the Social Security.
- Communication of the opening to the Regional Work Center.
- Communication of the contracts of work to the State Employment Public Service.
- Do the Responsible Statement of activity start to the town hall.
- Inscription of personal files to the Spanish Agency of Data Protection.
- Reserving an Internet Domain.
- Request a reservation of a Commercial Name to the Spanish Office of Patents and Brands.
- Request of the definitive NIF.
- Request for subsidies

- Acquisition of material
- Hiring needed workers
- We will hire 3 people focused on issues related to our main economic activity. In other words, they will study the different productive processes of our clients to see where we can improve it using blockchain, and also coding tasks.

- 2 people focused on maintaining the social activity, like our webpage/WeChat account, attending to meetings.

- Start with the economic activity
- Signing a deal with our chinese partners

All these tasks can take longer or shorter according to external factors (like the speed of work of spanish bureaucracy, the resolution for subsidies, etc.). So, we can make an estimated planification, but it may vary from reality.

As it follows, we show a Gantt diagram with our estimated planification:

Week	1	2	3	4	5	6	7	8	9	10	11
Request for financial help											
Opening process of the firm											
Request for subsidies											
Acquisition of material											
Hiring needed workers											
Start with the economic activity											
Signing a deal with our chinese partners											

Table 5. Estimated planification for opening Gaoxing SL. Source: own elaboration. 2019

From this estimated planification, we must say that:

- We give three weeks for receiving financial help request in order to open the firm. It' s an estimation, may take longer, may take shorter.

- This help can arrive as a subsidy (after opening the firm) or as a loan (before opening the firm).

- We will work without taking into account this subsidy due to its uncertainty.

- The average period of time required for opening a firm in Spain is 13 days. [45]

- The request for subsidies will be done when the firm is opened, but because of depending from a resolution, we don' t know when these subsidies may arrive.

- Because of that, we may need extra financial help during the first stages, needing some credits or investors before getting the subsidies. We will develop deeply this point during our economic-financial plan.

- The acquisition of material can be done in one week, after receiving financial help.

- The hiring need workers process may take a month since getting financial help.

- Only when we have the workers hired and all the material bought, we may start our activity.

- When our activity starts, we will be able to sign a partnership with our colleagues from China.

So, according to our estimations, we will be able to open the firm in around 11 weeks.

5.5. Chinese partnership

As we have said during our project, we want to sign a partnership with a chinese firm. This firm will be Oriental Value.

In this part, we will give a legal structure of the agreement between both enterprises.

The agreement will consist on a international commercial agency agreement. Oriental Value will be Gaoxing' s commercial agent in Asia.

The role of Oriental Value will be getting new chinese clients interested in developing Decentralised Apps, and giving their projects to us, who will be the ones that will developed it.

Regarding monetary issues, the agreement will consist in a share of the 50% per part, with the amount paid by our clients as basis.

The agreement will be signed in a contract. Next to, we attach an example of contract.

In the city of Shanghai, at 19th of April 2019

REUNITED [1]

On the one hand, DIEGO SALES BELLÉS, on behalf of the merchant GAOXING SL., with CIF, 123456789, with address in CAMÍ DE VERA S/N, VALENCIA, SPAIN, acting as Principal.

On the other, JUAN BAUTISTA SALES BELLÉS, on behalf of the merchant ORIENTAL VALUE, with CIF, 987654321, with address in ROOM 828-838, BLD. 26, FREE TRADE ZONE, CHANGYANG ST. PUDONG NEW DISTRICT, acting as Agent.

In the character that has been expressed, both parties are considered reciprocally with full capacity to contract and be bound, so that previously agreed,

EXPOSE

1. That the company GAOXING SL is dedicated to the manufacture of DECENTRALISED APPLICATIONS.

2. That the company wishes to promote the sale of its products and services related to them, in the territory contemplated in this contract.

3. That Mr. JUAN BAUTISTA SALES BELLÉS is a registered commercial agent and performs his professional activity in CHINA.

4. That they have agreed to the conclusion of an INTERNATIONAL COMMERCIAL AGENCY AGREEMENT, excluding themselves expressly the labor nature, and that they take effect through the present contract and according to the following:

CLAUSES

FIRST OBJECT OF THE CONTRACT. The purpose of this agency agreement is the mediation and

promotion activity for the sale of DECENTRALISED APPLICATIONS (products / services).

If they are numerous or their characteristics should be described, include them in an Annex. (Indicate the price list and the corresponding INCOTERM).

These products are subject to variation, modification or change, according to the needs and evolution of the market, without the employer having the obligation to cede the representation of the new products to the agent (or forcing them to assign their representation). [2]

SECOND. TERRITORIAL DEMARCATION. The agent will carry out his activity in CHINA. The area described is considered exclusive (or not), the agent must develop its activity with maximum intensity in order to increase both the number of customers and the volume of business operations, not being able to sell outside of it, unless expressly authorized by the principal (this prohibition being optional on the part of the employer). [3]

For its part, the company will not designate other agents in the granted area. However, the company reserves the right to make, through its commercial department, in the area described the commercial transactions it deems appropriate to increase the volume of operations, leaving the agent obliged to collaborate with the personnel designated by the principal, receiving the corresponding commission only for the operations in which it intervenes. [5]

THIRD. CONTRACTUAL CLIENT. For the purpose of determining the clientele that the agent is contributing, the list of current clients of the client company is included in the attached annex, which forms an integral part of this contract. This annex will be updated annually, so that the new clients contributed by the agent will be included as a result of carrying out their activity. [4]

FOURTH. EXCLUSIVENESS. The agent may perform his role of mediation or promotion for other companies or individuals, provided they do not involve direct or indirect competition for the principal. [5]

FIFTH. SUBAGENTS. The Agent may delegate the functions entrusted by the Principal to the subagents or natural and / or legal persons that he considers convenient, under his responsibility. None of these persons will maintain a direct relationship with the Principal, only those relationships that arise

from the agency contract established between the Agent and the Principal being admitted.

The subagents hired under this contract, undertake and obligate not to intervene or provide their assistance, directly and / or indirectly, either by themselves or through their participants, administrators or, where appropriate, through individuals with those that have a relationship of kinship, sale and commercialization of the Principal's products, whatever their distribution mode, or with another company dependent on it, for a period of five years after their termination with the Principal. [6]

SIXTH. MANDATOR'S OBLIGATIONS . The company will provide the agent with the samples, catalogs, fees and how many documents are necessary for the exercise of the activity of the agent. These will be remitted to the domicile of the agent by account and charge of the principal.

At the end of this contract the agent must return the aforementioned documentation to the company, the shipping costs being paid by the agent.

To this end, the parties sign in annex attached, incorporated in this contract, the list of samples, catalogs and documents, as well as their assessment. [7]

SEVENTH. OBLIGATIONS OF THE AGENT. The agent will organize his professional activity with total independence and according to his guidelines, norms and criteria. However, it must respect the interests of the principal company and take into account the instructions given by it in all matters relating to prices, conditions of delivery and payment of operations carried out, discounts to be granted, etc. [6]

EIGHTH. REMUNERATION. The remuneration of the agent is established through commissions, which will be paid as follows:

a) a commission of 50% on the net price of the products sold by the direct and personal intervention of the agent.

b) a commission of 50% on the net price of the products sold in the agent's

area of action even though the agent did not intervene at the conclusion of the operation.

The percentage of commission that corresponds to the Agent, according to the previously specified, will always be determined on the net that results after applying the discount.

The commissions will be made quarterly, on the orders served, in euros, in the account of the Agent's bank, once the operations to the Principal have been fully paid. Each calendar quarter the company will practice the timely payment of accrued commissions, which will be sent to the

agent so that within seven business days it shows its agreement, it being understood that it is considered to be in agreement if it does not indicate anything within the indicated period.

In case of delay in the payment of commissions, the Principal is obliged to satisfy the Agent the amount owed increased by 1%. [7]

NINTH. ACCRUAL OF THE COMMISSIONS. The commissions will be made effective QUARTERLY (Monthly / quarterly), in EUROS (Indicate currency), in the account of the agent's bank XXXXXXXXX, once the operations have been fully paid to the principal.

Each NATURAL QUARTER the company will practice the timely payment of accrued commissions, which will be sent to the agent so that within the term of 5 (Days) it shows its agreement, being understood that it is considered as if it does not indicate nothing within the prescribed period. [7]

TENTH. ACCEPTANCE OF ORDERS. The company will communicate to the agent the acceptance or rejection of an order within a period of 5 (Days) since it was received by EMAIL. The order will be understood as accepted if after that period, the principal does not inform the agent otherwise.

In the event that commissions are settled for operations that subsequently prove to be unsuccessful, the commission paid by the company to the agent will be discounted in the first liquidation that is practiced.

However, if the operation comes to an end, the agent will immediately recover the right to commission. [7]

ELEVENTH. EXERCISE OF THE AGENCY. Any functions are excluded from the object of this contract or collection management activities to be carried out by the of the agent, reserving such functions exclusively to the principal. [6]

TWELFTH. RIGHTS OF INTELLECTUAL AND INDUSTRIAL PROPERTY. The agent will inform the principal of how many acts of unfair competition may occur in your exclusive area, as well as any infringement with respect to industrial or intellectual property rights of the company. [8]

THIRTEENTH. PROMOTION. The parties will agree to the participation of fairs or exhibitions within the exclusive area indicated. The costs of the agent's participation in these fairs or exhibitions will be divided proportionally between the parties. [6] [7]

FOURTEENTH. DUTY OF INFORMATION . The agent will inform the principal of any observation or claim made by customers regarding the products.

Both parties will give prompt and correct response to these claims [6]

FIFTEENTH. SALES OBJECTIVE. The contracting parties will agree annually on a sales target for the following year. Setting the sales target for the current year in the amount of 100.000 euros (or currency of the country in which the agent performs its activity). [6]

SIXTEEN. CONTRACT PERIOD. The term of this contract is agreed for the period of 1 YEAR counting from the date of this contract, renewing in a Automatic for equal periods of time unless either party, at least two months before the end of the contract, expressly and in writing otherwise.

The contract may be terminated by either party by notification by registered letter not less than 2 (Months). [9]

SEVENTEENTH. PROHIBITION OF COMPETITION.

Once the present contract is terminated, the agent undertakes not to

carry out the promotion activity agreed upon in this contract for other persons or entities that commercialize products that may suppose competence to the principal, during the term of two years. However, if this contract were terminated prior to the two-year term, the established limitation will have the same duration as the period in which the contract was in force. [6]

EIGHTEEN. RESOLUTION OF THE CONTRACT. The contract may be terminated by the unilateral denunciation of any of the parties, with a written and reliable prior notice of one month for each year of validity of the contract, with a maximum of six months. If the contract had been valid for less than one year, the notice period will be one month.

Notwithstanding the foregoing, and in accordance with the general contracting norms, the breach by any of the parties of the obligations contracted legally or contractually, shall entitle the other party to consider it resolved, automatically and in full, without the need for notice, sufficing with the reliable notification of this resolution to the breaching party indicating the will and cause of the termination. [9]

NINETEEN INDEMNIFICATIONS. In case of termination of this contract, the Agent will be entitled to compensation If I had contributed new clients to the Principal.

The amount of this compensation will be calculated based on the new customers contributed by the Agent, and will be equal to 25% of the turnover made with each of these new customers.

In case of breach of this contract by the principal, the Agent will be entitled to compensation for damages. The maximum amount of this compensation may not exceed, in any case, the average amount of sales commissions collected annually during the last five years or during the term of this contract, if this had had until its resolution, a duration lower. [12]

TWENTY RESOLUTION OF CONTROVERSIES. In case of discrepancy regarding the validity, execution or interpretation of this contract, the Courts of

SHANGHAI will arbitrate.

Any divergence derived directly or indirectly from this contract, will be definitively resolved in accordance with the Rules of Conciliation and Arbitration of CHINA by one or more arbitrators in accordance with that Regulation. [10]

TWENTY-FIRST TIME APPLICABLE LAW. This contract will be governed by the law of CHINA. [10]

TWENTY-SECOND. LANGUAGE. The full text of this contract, as well as the documentation derived from it, have been established in the Spanish and English languages, with the English version being the official version and priority for its interpretation. [11]

TWENTY-THIRD CONTENT INTEGRATED. The parties agree that this contract constitutes the complete and exclusive expression of the agreement between the parties and that they replace any previous agreement and agreements, if any, in such a way that this document becomes the only and current manifestation of their wills. reciprocal, without prejudice to supplementary application of the general rules of the Spanish legal system for cases not expressly contemplated in this contract.

If any of its clauses should become illegal or not be appropriate, it will be deemed not to have been made, without it invalidating or affecting in any way the remaining clauses and without prejudice to the will of the parties to correct the clauses that are prohibited or not legally required. [13]

TWENTY-FOURTH. TAXES AND EXPENSES. How many taxes, expenses, rights and / or excise taxes of any kind of Public Administration may be accrued on the occasion of this contract and / or the exercise of the activities entrusted and / or derived from it will be met by the parties in accordance with the Law. In general, the Agent will support all the expenses caused by its prospecting, being a personal matter of the same all the fiscal charges that

concern it. [14]

And in proof of compliance with everything established in this contract, both parties sign it in two copies, in the city and date indicated at the beginning. [15]

THE COMMANDER

CLAUSED TO INCLUDE IN THE CONTRACT:

[1] IDENTIFICATION OF THE PARTIES.

- Identify with precision the principal and the agent.
- Definition of the terms of the agent's seizure.
- Possibility of resorting to subagents at the agent's risk.

THE AGENT

[2] IDENTIFICATION OF THE PRODUCTS OBJECTED TO THE CONTRACT.

- Point out that the appointment of the agent only affects certain products that should be specified as accurately as possible in an annex.
- Incorporate a mention of the agent's obligation to communicate to the principal information about the state of the market regarding the product.
- Specify the collaboration conditions of the agent with the principal for the purpose of eventual withdrawal of the product for technological, sanitary, etc. reasons.

[3] DETERMINATION OF THE CONTRACTUAL TERRITORY.

- Noting that the appointment of the agent only affects the territory specified in the contract. It is advisable to specify this territory as accurately as possible both in positive terms ("The manufacturer names the exclusive representative agent for the territory of ...") as well as in negative terms ("The agent undertakes not to negotiate contracts with clients located outside its territory.").

[4] IDENTIFICATION OF THE CONTRACTUAL CLIENT.

- To record the clientele of the principal and the agent in the territory specified in the contract at the signing of the contract.

[5] RIGHTS OF EXCLUSIVITY.

- Commitment of the principal not to grant to another person other than the agent the representation or sale of the contractual products, in the contract territory.

- Reservation of the possibility of direct sale by the principal of certain contractual customers, with the obligation to inform the agent and satisfy the relevant commission.

- Commitment on the part of the principal to extend contractual conditions analogous to those agreed to the rest of possible agents.

[6] OBLIGATIONS OF THE AGENT. - Minimum sales.

- Custody of the amounts charged. - Activity reports.

- Detailed description of the activities to be carried out.

- General mention of the obligation to perform their duties with due diligence.

- Conditions of delivery, conservation and sale of contractual products.

- Prohibition of competition.

[7] OBLIGATIONS OF THE PRINCIPAL.

- Fee system and procedure for its calculation. Compensation to the agent for travel and expenses. Form and currency of payment. Guarantee. Payment of taxes or any other type of tax levy on the compensation of the agent.

- System of acceptance, rejection and execution of the agent's orders. Provide all the necessary information to facilitate the exercise of the functions of the agent: conditions of sale, alterations thereof, price and product lists, etc.

- System of technical assistance and professional training of the agent. Suffer the expenses of commercial advertising material.

- Compensate the agent for the damages that he may suffer for the performance of his duties or the early termination of the contract.

[8] RIGHTS OF INTELLECTUAL AND INDUSTRIAL PROPERTY.

- Use of brands and distinctive signs. Manufacturing licenses in the contract territory. Prohibition of disclosure of industrial and / or commercial secrecy.

[9] ENTRY INTO FORCE AND END OF CONTRACT.

- Contract period. Pre-announcement Causes of extinction subject to applicable legislation. Compensation of clientele.

[10] RESOLUTION OF DISPUTES (COMPETENT COURTS OR ARBITRATION) AND DETERMINATION OF APPLICABLE LAW.

- Indicate the Courts and Tribunals that would be declared competent in case of controversy between the contracting parties, or include an arbitration clause.

- Determine the applicable law with which the Courts and Tribunals or the Arbitral Court, which would resolve the dispute between the contracting parties.

[11] LANGUAGE.

- The contract is drawn up in English. A copy in Spanish will be also signed. - The Priority contract is the English contract.

[12] INDEMNIFICATIONS.

- Compensation for clients. None.

- Compensation for damages. None.

[13] CONTENT OF THE CONTRACT.

- Determine that the contract constitutes the complete and exclusive expression of the agreement between the parties and that they replace any previous contract and agreements.

- Determine the nullity of the contract in case of illegal clause or not.

[14] TAXES AND EXPENSES.

- Distribution of taxes and expenses between the parties - principal and agent -. 50% and 50%.

[fifteen] SIGNATURE OF CONTRACT

- SHANGHAI, CHINA. On 19th April 2019

THE COMMANDER THE AGENT

Source: Oriental Value. 2019

6. ECONOMIC-FINANCIAL PLAN

In order to take a decision regarding opening or not this firm, we must create an economic- financial plan.

With the economic-financial plan, we will study the economic viability of the project and, with its help, we will be able to determine if it' s convenient to practise this designed company plan or, otherwise, reject the project.

In order to get that, we will get all the economic-financial needed information, and we will create an investment plan, a financing plan, a forecast of incomes and expenses, we will find out our threshold of profitability, we will create a treasury forecast, we will analyze the profit and loss account as well as the forecasted balance of situation. Then, we will calculate different ratios, in order to check the solvency and liquidity of the company, we will analyze the rentability, economically and financially, and finally, we will analyze the investment variables, which are the Net Present Value (NPV) and the Internal Rate of Return (IRR).

The study will be done with three different scenario:

- A realistic scenario.
- An optimistic scenario.
- A pessimistic scenario.

6.1 Investment plan

At this point, we will show all the investments the company has to do in order to start the economic activity.

We have to mention that, as an office, we will use a office property of the entrepreneur behind the project. So, there are no costs for renting an office.

1. Non-current assets

According to the current General Accounting Plan (PGC 2007), non-current

assets "includes the assets destined to serve in a lasting manner in the activities of the company, including the financial investments whose maturity, disposal or realization is expected to occur. in a term greater than one year. "That is, we are talking about assets that will remain in the company for the long term. [46]

The non-current assets includes:

- Intangible assets: They are non-monetary assets without physical appearance susceptible of economic valuation, as well as the advances on account delivered to suppliers of these fixed assets.

- In our case, we expect to use:

- Windows 10 Pro -> license for 6 computers. Unitary cost = 180€ [47]

- Microsoft Office -> license for 6 computers. Unitary cost = 5,33€ [48]

- Remix -> license for 6 computers. Unitary cost = free.

- Antivirus -> license for 6 computers.

- Kaspersky Lab. Total cost = 136,50€ [49]

- Web page/WeChat account.

- 1&1 my web. Unitary cost = 60€ per year. [50]

- Material restraints: "Tangible asset elements represented by goods, movable or immovable, except those that must be classified in other subgroups."

- In our case, we expect to have:

- Furniture: office material.

- Chairs -> 6 chairs. Unitary cost = 49,90€. [51]

- Tables -> 6 tables. Unitary cost = 89€. [52]

- Equipment for processing information

- Computers -> 6 computers.

- Monitor+PC. Unitary cost = 300€ [53]

- Keyboard and mouse. Unitary cost = 20€ [54]

- Mobile phones -> 6 mobile phones.
- Unitary cost = 133€. [55]

According to all this info, our non-current assets would be:

Table 6.1.1. Needed non-current assets. Source: own elaboration. 2019

Non-Current assets	4.859,88 €
Intangible assets	1.308,48 €
Material restraints	3.551,40 €

2. Current assets

According to the current General Accounting Plan (PGC 2007), current assets are "those elements that the company expects to sell, consume or perform during the normal exploitation cycle, those whose maturity, disposal or realization is expected to occur within one year, those classified as held for trading, except for long-term derivatives, and cash and equivalents. "

That is, we are talking about assets that remain with the company in the short term.

Because of being a service company, we do not have stocks, merchandise, raw materials, etc. Our current assets will consist of cash coming from our services.

6.2. Financing plan

Now, we are going to define the needed financing for our company, so we can afford the needed investments and expenses during the first months of life of the company.

Financing a company means that this company receives the necessary credit in order to be constituted and working. The source of this financing help can be from our own or foreign.

The own financing refers to the one that the partners of the company contribute when creating the firm. As we have said before, this quantity will be 3.010€, divided in 100 participations of 30,10€ each one. This quantity

will be paid by the only partner of the company, Diego Sales Bellés. The 100% of the capital will be subscribed before opening the company.

The financing of others or third-party resources refers to those sources of financing that have nothing to do with the company, and that consequently a debt is contracted that must be paid within a set period of time and paying interest on said financing.

In our case, as with own financing, it is not enough to cover investments, both in current assets and in non-current assets, which will be carried out by the company; it will be necessary to ask for external financing.

We have already mentioned the possibility of asking for subsidies but, due to it must pass a public process before, we will work with the assumption that we are not getting them soon. This way, we are not as dependant of subsidies and, in case of getting them, we would get more benefits.

After studying the situation with different credit corporations, we have decided that the best choice would be asking for a credit to the Spanish Official Credit Institute (ICO) [56]. Next to, we show some data from this credit:

Table 6.2.1. Details of our loan. Source: own elaboration. ICO. 2019

Modality	Loan		
Quantity	50.000,00 €		
Maximum fixed interest rate (yearly)	Nominal	4,18% Effective	4,57%
Commissions	0		
Amortization period	5 years	No lack	

Now, on the next table, we show the amortization of the loan during the first 12 months (1 year), calculated by means of the French method with the conditions shown in the previous table.

At the annex I, the whole amortization table is shown.

Table 4.1.3. Amortization table of our loan for the first 12 months. Source: own elaboration. 2019

Month	Interest	Financial	Amortizatio	Quota	Accumulated Financiatio	Pending capita
						50.000,00 €
1	174,21 €	750,71 €	924,92 €		750,71 €	49.249,29 €
2	171,59 €	753,32 €	924,92 €		1.504,03 €	48.495,97 €
3	168,97 €	755,95 €	924,92 €		2.259,98 €	47.740,02 €
4	166,33 €	758,58 €	924,92 €		3.018,56 €	46.981,44 €
5	163,69 €	761,22 €	924,92 €		3.779,78 €	46.220,22 €
6	161,04 €	763,88 €	924,92 €		4.543,66 €	45.456,34 €
7	158,38 €	766,54 €	924,92 €		5.310,20 €	44.689,80 €
8	155,71 €	769,21 €	924,92 €		6.079,41 €	43.920,59 €
9	153,03 €	771,89 €	924,92 €		6.851,30 €	43.148,70 €
10	150,34 €	774,58 €	924,92 €		7.625,88 €	42.374,12 €
11	147,64 €	777,28 €	924,92 €		8.403,15 €	41.596,85 €
12	144,93 €	779,99 €	924,92 €		9.183,14 €	40.816,86 €

6.3. Forecast of incomes and expenses

At this point, we will do a forecast of all the incomes and expenses our company can do during the first 3 years of life.

Because of being a forecast, we have to study some different scenarios. These scenarios will be:

- A positive scenario: great economic activity, great quantity of incomes. The best of our forecasts.
- A realistic scenario: the most probable scenario. The one we will take into account.
- A negative scenario: low economic activity, low quantity of incomes. The worst of our forecasts.

But, before starting making forecasts, we have to define more precisely our prices politics.

1. Price

At the marketing plan point, during the variable price discussion, we said that our prices should be negotiable as well as affordable for our clients, apart from recognizing all the work and specialization of our services.

Also, we talked about our special prices in our early-stages (25%

discount on the first 6 months of activity).

With all this information, we can discuss a price for our services.

1.1. Providing improvements service

This service, as we have explained earlier, consists on:

- Inspecting the productive process of our clients.
- Creating proposals of improvements in their productive processes, using blockchain related technologies.

So, a good idea for putting a convenient price could be basing it on the number of employees our client has. We could ask for 100€ per employee.

So, if our client is a little company of 50 employees, this service could be offered by 5.000€.

But, if our client is a greater company of, for example, 2.500 employees, this service could be offered by 250.000€.

1.2. Smart contracts development

Regarding the smart contracts development, a good idea for putting a good price could be basing it on the quantity of hours we value the project will need.

This means, when we receive a proposal, study the project, and mark a quantity of hours needed to finish it. Based on this quantity of hours, calculate the price.

A convenient price could be 10€ per hour dedicated to a project. So, if we need 3 workers dedicating 20 hours each one, the project would cost 600€. After defining our prices politics, it's time to start making forecasts.

2. Positive scenario

This scenario is the one with a high economic activity and high number of incomes. This would mean that we overpass our objectives. At the next table, we show our forecasts for the incomes of the first year of activity, being positive.

We are forecasting that the average quantity of workers hired by our clients are 200 people.

Table 6.3.1. Forecast of our incomes for the positive scenario during the first year of activity. Source: own elaboration. 2019

Month	1	2	3	4	5	6	7	8	9	10	11	12	Unitary price	Total income
Quantity Improvements service (months 1-6)	0	1	1	1	1	1	0	0	0	1	1	0	75,00 €	75.000,00 €
Quantity of Improvements service (months 7-12)							0	0	1	1	1	0	100,00 €	60.000,00 €
Quantity of hours for developing Dapps (months 1-6)	40	50	50	60	60	60	40	40	60	75	100	100	75,00 €	24.000,00 €
Quantity of hours for developing Dapps (months 7-12)							40	40	60	75	100	100	100,00 €	41.500,00 €
TOTAL	3.000,00 €	18.750,00 €	18.750,00 €	19.500,00 €	19.500,00 €	19.500,00 €	4.000,00 €	4.000,00 €	26.000,00 €	27.500,00 €	30.000,00 €	10.000,00 €		200.500,00 €

For the next two years, we estimate a 15% increase of our incomes per sales.

Table 6.3.2. Forecast of our incomes for the positive scenario during the second/third year of activity. Source: own elaboration. 2019

Year	N+1	N+2
Total	230.575,00 €	265.161,25 €

Regarding our expenses, we have to mention that:

- Opening a firm in Spain costs around 2160€. [57]
- We estimate a total expense on salaries per person of 1500€.
- The internet and telephone connection will cost us 100€ per month.

[58]

- We estimate that, with our marketing campaigns, like meetings, we will spend 500€ per month.

- As transport costs for offering our services, we estimate 60€ per month. We don't think traveling to China will be necessary.

So, these are the expected expenses during our first year of activity.

Table 6.3.3. Forecast of expenses during the first year of activity at the positive scenario. Source: own elaboration. 2019

Month	1	2	3	4	5	6	7	8	9	10	11	12	Total
Creation of the firm	2.160,00 €												2.160,00 €
Salaries	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	108.000,00 €
Informatic material	4.859,38 €												4.859,38 €
Office material	1.308,48 €												1.308,48 €
Internet	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	1.200,00 €
Marketing	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	6.000,00 €
Transport	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	720,00 €
Loan return	750,71 €	755,95 €	758,58 €	761,22 €	763,88 €	766,54 €	769,21 €	771,89 €	774,58 €	777,28 €	779,99 €	782,71 €	9.183,14 €
Interest on debts	174,21 €	171,59 €	168,97 €	166,33 €	163,69 €	161,04 €	158,38 €	155,71 €	153,03 €	150,34 €	147,64 €	144,93 €	1.915,85 €
Total	18.913,28 €	10.584,92 €	135.347,35 €										

For next years, we should increase our salaries because, apart from hiring new people, we should increase our salaries (are low at the start). We estimate an increase of 20% of salaries. That would mean hiring a new employee. This will also affect to new material we should buy if we increase our personal. We estimate an extra expense of 15% on informatics and office material. So, this is the estimation of our expenses for the second year.

Table 6.3.4. Forecast of expenses during the second year of activity at the positive scenario. Source: own elaboration. 2019

Month	13	14	15	16	17	18	19	20	21	22	23	24 Total
Creation of the firm												
Salaries	10.800,00 €	10.800,00 €	10.800,00 €	10.800,00 €	10.800,00 €	10.800,00 €	10.800,00 €	10.800,00 €	10.800,00 €	10.800,00 €	10.800,00 €	129.600,00 €
Informatic material	728,98 €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	728,98 €
Office material	196,27 €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	196,27 €
Internet	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	1.200,00 €
Marketing	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	6.000,00 €
Transport	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	720,00 €
Loan return	782,70 €	785,43 €	788,17 €	790,91 €	793,67 €	796,43 €	799,21 €	801,99 €	804,79 €	807,59 €	810,41 €	813,23 €
Interest on debts	142,21 €	139,49 €	136,75 €	134,00 €	131,25 €	128,48 €	125,71 €	122,92 €	120,13 €	117,32 €	114,51 €	111,69 €
Total	13.310,17 €	12.384,92 €	149.544,24 €									

Finally, with another increase of 20% on salaries and 15% on informatics and office material.

Table 6.3.5. Forecast of expenses during the third year of activity at the positive scenario. Source: own elaboration. 2019

Month	25	26	27	28	29	30	31	32	33	34	35	36 Total
Creation of the firm												
Salaries	12.960,00 €	12.960,00 €	12.960,00 €	12.960,00 €	12.960,00 €	12.960,00 €	12.960,00 €	12.960,00 €	12.960,00 €	12.960,00 €	12.960,00 €	155.520,00 €
Informatic material	728,98 €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	728,98 €
Office material	196,27 €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	196,27 €
Internet	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	1.200,00 €
Marketing	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	6.000,00 €
Transport	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	720,00 €
Loan return	816,06 €	818,91 €	821,76 €	824,62 €	827,50 €	830,38 €	833,27 €	836,17 €	839,09 €	842,01 €	844,95 €	847,89 €
Interest on debts	108,85 €	106,01 €	103,16 €	100,29 €	97,42 €	94,54 €	91,64 €	88,74 €	85,83 €	82,90 €	79,97 €	77,03 €
Total	15.470,17 €	14.544,92 €	175.464,24 €									

3. Realistic scenario

This scenario is the one with a realistic, accurate work load, and realistic incomes. This would mean that we fulfill our objectives. At the next table, we show our forecasts for the incomes of the first year of activity.

We are forecasting that the average quantity of workers hired by our clients are 150 people.

Table 6.3.6. Forecast of our incomes during the first year of activity at the realistic scenario. Source: own elaboration. 2019

Month	1	2	3	4	5	6	7	8	9	10	11	12	Unitary price	Total Income
Quantity of Improv	0	0	1	1	1	1	1	1	1	1	1	1	75,00 €	45.000,00 €
Quantity of Improvements service (months 7-12)							0	0	1	1	1	0	100,00 €	45.000,00 €
Quantity of hours	30	37,5	37,5	45	37	45	30	30	45	56	75	75	100,00 €	31.100,00 €
Quantity of hours for developing Dapps (months 7-12)							30	30	45	56	75	75	100,00 €	31.100,00 €
TOTAL	2.250,00 €	2.812,50 €	14.062,50 €	14.925,00 €	14.925,00 €	14.925,00 €	3.000,00 €	3.000,00 €	19.500,00 €	20.400,00 €	22.500,00 €	7.500,00 €		138.200,00 €

For the next two years, we estimate a 15% increase of our incomes per sales.

Table 6.3.7. Forecast of our incomes for the realistic scenario during the second/third year of activity. Source: own elaboration. 2019

Year	N+1	N+2
Total	159.275,00 €	183.166,25 €

Regarding our expenses, we have to mention that:

- Opening a firm in Spain costs around 2160€. [57]
- We estimate a total expense on salaries per person of 1500€.
- The internet and telephone connection will cost us 100€ per month. [58]
- We estimate that, with our marketing campaigns, like meetings, we will spend 500€ per month.
- As transport costs for offering our services, we estimate 60€ per month. We don’ t think traveling to China will be necessary.

So, these are the expected expenses during our first year of activity.

Table 6.3.8. Forecast of expenses during the first year of activity at the realistic scenario. Source: own elaboration. 2019

Month	1	2	3	4	5	6	7	8	9	10	11	12	Total
Creation of the fi	2160												2.160,00 €
Salaries	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	108.000,00 €
Informatic materia	4.859,88 €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	4.859,88 €
Office material	1.308,48 €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	1.308,48 €
Internet	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	1.200,00 €
Marketing	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	6.000,00 €
Transport	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	720,00 €
Loan return	750,71 €	753,32 €	755,93 €	758,54 €	761,15 €	763,76 €	766,37 €	768,98 €	771,59 €	774,20 €	776,81 €	779,42 €	9.183,14 €
Interest on debts	174,21 €	171,59 €	168,97 €	166,35 €	163,73 €	161,11 €	158,49 €	155,87 €	153,25 €	150,63 €	148,01 €	145,39 €	1.915,85 €
Total	18.913,28 €	10.884,92 €	135.347,95 €										

Note that, in the first year, we have the same forecast for expenses in the tree scenarios.

In our realistic estimations, we would hire the same amount of people, and also increase salaries and buy new material similarly to our positive forecast. So, our expenses forecast would be the same for both scenarios.

So, this is the estimation of our expenses for the second year.

Table 6.3.9. Forecast of expenses during the second year of activity at the realistic scenario. Source: own elaboration. 2019

Month	13	14	15	16	17	18	19	20	21	22	23	24 Total	- €
Creation of the firm	10.800,00 €	10.800,00 €	10.800,00 €	10.800,00 €	10.800,00 €	10.800,00 €	10.800,00 €	10.800,00 €	10.800,00 €	10.800,00 €	10.800,00 €	10.800,00 €	129.600,00 €
Salaries	728,98 €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	728,98 €
Informatic materia	196,27 €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	196,27 €
Office material	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	1.200,00 €
Internet	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	6.000,00 €
Marketing	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	720,00 €
Transport	782,70 €	785,43 €	788,17 €	790,91 €	793,67 €	796,43 €	799,21 €	801,99 €	804,79 €	807,59 €	810,41 €	813,23 €	9.574,53 €
Loan return	142,21 €	139,49 €	136,75 €	134,00 €	131,25 €	128,48 €	125,71 €	122,92 €	120,13 €	117,32 €	114,51 €	111,69 €	1.524,46 €
Interest on debts	19.310,17 €	12.384,92 €	12.384,92 €	12.384,92 €	12.384,92 €	12.384,92 €	12.384,92 €	12.384,92 €	12.384,92 €	12.384,92 €	12.384,92 €	12.384,92 €	149.544,24 €
Total													

Finally, with another increase of 20% on salaries and 15% on informatics and office material.

Table 6.3.10. Forecast of expenses during the third year of activity at the realistic scenario. Source: own elaboration. 2019

Month	25	26	27	28	29	30	31	32	33	34	35	36 Total	- €
Creation of the firm	12.960,00 €	12.960,00 €	12.960,00 €	12.960,00 €	12.960,00 €	12.960,00 €	12.960,00 €	12.960,00 €	12.960,00 €	12.960,00 €	12.960,00 €	12.960,00 €	155.520,00 €
Salaries	728,98 €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	728,98 €
Informatic materia	196,27 €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	196,27 €
Office material	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	1.200,00 €
Internet	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	6.000,00 €
Marketing	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	720,00 €
Transport	816,06 €	818,91 €	821,76 €	824,62 €	827,50 €	830,38 €	833,27 €	836,17 €	839,09 €	842,01 €	844,95 €	847,89 €	9.962,49 €
Loan return	108,85 €	106,01 €	103,16 €	100,29 €	97,42 €	94,54 €	91,64 €	88,74 €	85,83 €	82,90 €	79,97 €	77,03 €	1.116,39 €
Interest on debts	18.470,17 €	14.544,92 €	14.544,92 €	14.544,92 €	14.544,92 €	14.544,92 €	14.544,92 €	14.544,92 €	14.544,92 €	14.544,92 €	14.544,92 €	14.544,92 €	176.464,24 €
Total													

4. Negative scenario

This scenario is the one with a pessimistic forecast, with low workload and low incomes. This would mean that we don't fulfill our objectives. At the next table, we show our forecasts for the incomes of the first year of activity.

We are forecasting that the average quantity of workers hired by our clients are 100 people.

Table 6.3.11. Forecast of our incomes during the first year of activity at the negative scenario. Source: own elaboration. 2019

Month	1	2	3	4	5	6	7	8	9	10	11	12 Unitary price	Total income
Quantity of Impr	0	0	0	0	0	1	0	0	0	0	1	75,00 €	7.500,00 €
Quantity of Improvements service (months 7-12)	20	25	30	30	30	30	0	0	0	0	0	100,00 €	10.000,00 €
Quantity of hours	20	25	30	30	30	30	20	10	15	20	25	100,00 €	12.000,00 €
Quantity of hours for developing Dapps (months 7-12)	10	15	20	25	30	30	20	10	15	20	25	100,00 €	11.500,00 €
TOTAL	1.500,00 €	1.875,00 €	1.875,00 €	2.250,00 €	2.250,00 €	9.750,00 €	2.000,00 €	1.000,00 €	1.500,00 €	2.000,00 €	12.500,00 €	2.500,00 €	41.000,00 €

For the next two years, we estimate a 15% increase of our incomes per sales.

Table 6.3.12. Forecast of our incomes for the negative scenario during the second/third year of activity. Source: own elaboration. 2019

Year	N+1	N+2
Total	47.150,00 €	54.222,50 €

Regarding our expenses, we have to mention that:

- Opening a firm in Spain costs around 2160€. [57]

- We estimate a total expense on salaries per person of 1500€.
 - The internet and telephone connection will cost us 100€ per month.
- [58]
- We estimate that, with our marketing campaigns, like meetings, we will spend 500€ per month.
 - As transport costs for offering our services, we estimate 60€ per month. We don't think traveling to China will be necessary.

So, these are the expected expenses during our first year of activity.

Table 6.3.13. Forecast of expenses during the first year of activity at the negative scenario. Source: own elaboration. 2019

Month	1	2	3	4	5	6	7	8	9	10	11	12 Total	
Creation of the firm	2160											2.160,00 €	
Salaries	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	9.000,00 €	108.000,00 €	
Informatic mater	4.859,88 €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	4.859,88 €	
Office material	1.308,48 €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	1.308,48 €	
Internet	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	1.200,00 €	
Marketing	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	6.000,00 €	
Transport	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	720,00 €	
Loan return	750,71 €	753,32 €	755,95 €	758,58 €	761,22 €	763,88 €	766,54 €	769,21 €	771,89 €	774,58 €	777,28 €	779,99 €	9.183,14 €
Interest on debt	174,21 €	171,59 €	168,97 €	166,33 €	163,69 €	161,04 €	158,38 €	155,71 €	153,03 €	150,34 €	147,64 €	144,93 €	1.915,85 €
Total	18.913,28 €	10.584,92 €	105.84,91578	135.347,35 €									

Note that, in the first year, we have the same forecast for expenses in the tree scenarios.

At the worst scenario, we should decrease (estimation) our salaries by the 50%, at the second year, because of firing people and decreasing salaries.

So, this would be the forecast for the second year.

Table 6.3.14. Forecast of expenses during the second year of activity at the negative scenario. Source: own elaboration. 2019

Month	13	14	15	16	17	18	19	20	21	22	23	24 Total	
Creation of the firm												- €	
Salaries	4.500,00 €	4.500,00 €	4.500,00 €	4.500,00 €	4.500,00 €	4.500,00 €	4.500,00 €	4.500,00 €	4.500,00 €	4.500,00 €	4.500,00 €	54.000,00 €	
Informatic mater	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	
Office material	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	
Internet	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	1.200,00 €	
Marketing	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	6.000,00 €	
Transport	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	720,00 €	
Loan return	782,70 €	785,43 €	788,17 €	790,91 €	793,67 €	796,43 €	799,21 €	801,99 €	804,79 €	807,59 €	810,41 €	9.574,53 €	
Interest on debt	142,21 €	139,49 €	136,75 €	134,00 €	131,25 €	128,48 €	125,71 €	122,92 €	120,13 €	117,33 €	114,51 €	1.524,46 €	
Total	6.084,92 €	6.084,92 €	6.084,915777	6.084,92 €	6.084,92 €	6.084,915777	6.084,92 €	6.084,915777	6.084,92 €	6.084,92 €	6.084,915777	6.084,92 €	73.018,99 €

At the third year, we would also decrease our salaries by a 50%. This would be the forecast for the third year.

Table 6.3.15. Forecast of expenses during the third year of activity at the negative scenario. Source: own elaboration. 2019

Month	25	26	27	28	29	30	31	32	33	34	35	36 Total	
Creation of the firm												- €	
Salaries	2.250,00 €	2.250,00 €	2.250,00 €	2.250,00 €	2.250,00 €	2.250,00 €	2.250,00 €	2.250,00 €	2.250,00 €	2.250,00 €	2.250,00 €	27.000,00 €	
Informatic mater	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	
Office material	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	- €	
Internet	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	100,00 €	1.200,00 €	
Marketing	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	500,00 €	6.000,00 €	
Transport	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	60,00 €	720,00 €	
Loan return	818,06 €	818,91 €	821,76 €	824,62 €	827,50 €	830,38 €	833,27 €	836,17 €	839,09 €	842,01 €	844,95 €	9.982,60 €	
Interest on debt	108,85 €	106,01 €	103,16 €	100,29 €	97,42 €	94,54 €	91,64 €	88,74 €	85,83 €	82,90 €	79,97 €	1.116,39 €	
Total	3.834,92 €	3.834,92 €	3.834,915777	46.018,99 €									

6.4. Threshold of profitability

The threshold of probability is the level of sales needed for reaching an equilibrium between incomes and costs. It's the level of sales where the company doesn't get any benefit or loss.

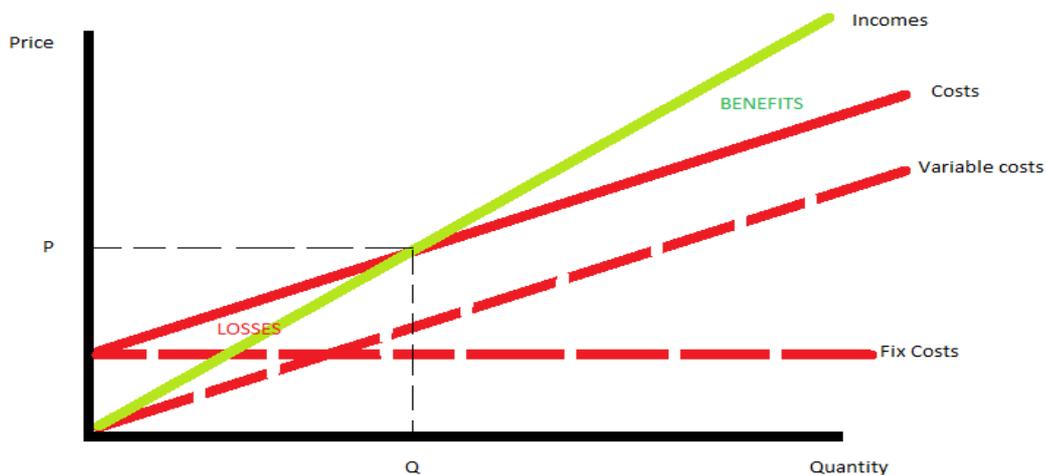


Figure 6.4.1. Graphical explanation of the threshold of profitability. Source: own elaboration. 2019

At our graph, our equilibrium point would be Q, P , where Q is the quantity of sales at the equilibrium, and P is the price we put in order to sell this quantity Q . In this case, our incomes cover our fix and variable costs, so our company wouldn't get any benefit or loss with its activity.

So, we are going to calculate our equilibrium point. In our case, we have a problem. The problem is that we offer different services, with different ways of value them. Also, one service can report us a great income while some others not.

So, what we can do is an approximation. The result of this approximation will tell us how many services (of each kind) do we have to deliver with an average price of all the services we provide.

Using our forecast (realistic scenario), during the first year of activity, we will have expenses for the value of 135.347,35€. This will be our threshold of profitability. So, the incomes must be the same quantity.

We have some possible estimated solutions, because with this information, we have a straight, and not a point. In order to calculate an approximate equilibrium point, we will add some constraints:

- We have to deliver more Decentralised Apps (quantity) than studies about improvements in production processes.

- The average price of the studies about improvements will be higher than the average price per developed Decentralised App. We do it that way because we expect that these services will require more resources.

- Let' s set an average price of 10.000€ per service for the studies about improvements

- Let' s set an average price of 1.000€ per developed DApp.

- In order to simplify things, let' s say that we will have the same amount of orders during both periods of time. That means, we deliver the same quantity of studies regarding improvements during the first 6 months and during the second part of the year, similarly to DApps development.

So, applying all these constraints, we have that:

$$\text{Quantity of developed DApps} = \frac{135.347,35 - 17.500 \times \text{Number of Improvement service delivered}}{1.750}$$

Because we cannot deliver fractured services, we get this estimation:

Table 6.4.1. Example of solution of the threshold of profitability. Source: own elaboration. 2019

Year	1	Unitary price	Total income
Quantity of improvements service delivered (months 1-6)	7	7.500,00 €	52.500,00 €
Quantity of improvements service delivered (months 7-12)	7	10.000,00 €	70.000,00 €
Quantity of Dapps delivered (months 1-6)	8	750,00 €	6.000,00 €
Quantity of Dapps delivered (months 7-12)	8	1.000,00 €	8.000,00 €
TOTAL		136.500,00 €	136.500,00 €

In this way, by invoicing the amounts of each service indicated in the previous table, we would reach a figure close to the profitability threshold of our company for the first year of our company.

Of course, there are many other possibilities, by changing our constraints. This is just one of them.

6.5. Treasury forecast

At this part, we will make a forecast of our treasury for the first three years of life of the company, for the three scenarios we defined.

In order to get that, we will reflect all the charges and payments generated by the company, so we can see the monetary flows generated by our economic activity.

The full charges come from the income derived from the provision of the services of our company, and the payments of tangible fixed assets and intangible assets are paid only in the first year of activity of the company.

1. Positive scenario

First, we show our forecast of the treasury for the positive scenario.

Table 6.5.1. Treasury forecast for the positive scenario. Source: own elaboration

Year	1	2	3
Charges	200.500,00 €	230.575,00 €	265.161,25 €
Provision of servic	200.500,00 €	230.575,00 €	265.161,25 €
Payments	131.878,87 €	149.544,24 €	175.464,24 €
Intangible assets	1.308,48 €	- €	- €
Material restraints	3.551,40 €	925,25 €	925,25 €
Operating expenses	7.920,00 €	7.920,00 €	7.920,00 €
Personal expenses	108.000,00 €	129.600,00 €	155.520,00 €
Finance expenses	1.915,85 €	1.524,46 €	1.116,39 €
Loan quotes	9.183,14 €	9.574,53 €	9.982,60 €
Charges - Payments	68.621,13 €	81.030,76 €	89.697,01 €

As we can see, in our positive scenario, our forecast for the first year is positive (68.621,13€). Also, the trend during the next years is also positive. But, we can appreciate a little slowdown at the third year. The reason is the great increase of the personal expenses.

2. Realistic scenario

Now, we show our forecast for the realistic scenario.

Table 6.5.2. Treasury forecast for the realistic scenario. Source: own elaboration

Year	1	2	3
Charges	138.500,00 €	159.275,00 €	183.166,25 €
Provision of servic	138.500,00 €	159.275,00 €	183.166,25 €
Payments	131.878,87 €	149.544,24 €	175.464,24 €
Intangible assets	1.308,48 €	- €	- €
Material restraints	3.551,40 €	925,25 €	925,25 €
Operating expenses	7.920,00 €	7.920,00 €	7.920,00 €
Personal expenses	108.000,00 €	129.600,00 €	155.520,00 €
Finance expenses	1.915,85 €	1.524,46 €	1.116,39 €
Loan quotes	9.183,14 €	9.574,53 €	9.982,60 €
Charges - Payments	6.621,13 €	9.730,76 €	7.702,01 €

As we can see, during the three years, forecasts are positive. But, as we said with the positive scenario, we have a slow down at the third year. This is because of the increase of personal expenses (expenses are the same for both scenarios).

3. Negative scenario

Finally, we show our forecast for the negative scenario.

Table 6.5.3. Treasury forecast for the negative scenario. Source: own elaboration

Year	1	2	3
Charges	41.000,00 €	47.150,00 €	54.222,50 €
Provision of servic	41.000,00 €	47.150,00 €	54.222,50 €
Payments	131.878,87 €	73.018,99 €	46.018,99 €
Intangible assets	1.308,48 €	- €	- €
Material restraints	3.551,40 €	- €	- €
Operating expenses	7.920,00 €	7.920,00 €	7.920,00 €
Personal expenses	108.000,00 €	54.000,00 €	27.000,00 €
Finance expenses	1.915,85 €	1.524,46 €	1.116,39 €
Loan quotes	9.183,14 €	9.574,53 €	9.982,60 €
Charges - Payments	- 90.878,87 €	- 25.868,99 €	8.203,51 €

As we can see, the forecasts are highly negative, but with a positive trend (giving us benefit at the third year). This is because, for a negative scenario, we have too many hired people for the quantity of work load we

estimate. Decreasing the quantity of workers reduces our payments, reducing the losses.

6.6. Profit and loss account

According to the Spanish General Accounting Plan in force, approved by Royal Decree 1514/2007, of November 16, which approves the General Accounting Plan (PGC 07), the income statement or profit and loss account "includes the accounting result of the year, separating the income and expenses attributable to it that are classified by nature; in particular, the derivatives of changes in value originated by the fair value rule, in accordance with the provisions of the Commercial Code and in this General Accounting Plan".

So, what we are doing in this point is an estimation of our profit and loss account for the three scenario during the first three years of life of our company.

Before calculating our estimations, we have to calculate the amortization of our computer material and office material. According the the Spanish tax agency [59]:

- Our computers can be amortized by a 25% yearly in a maximum of 8 years.
- Our computer programs can be amortized by a 33% yearly with a maximum of 6 years.
 - We will do it in 6 years for simplifying. That means a 16,67% yearly.
 - We assume our residual value is 0.
 - We use the linear method.
 - Bought on 01/01/01.
 - We don' t renovate products, for simplicity.
 - No impairment.

- Our material office can be amortized by a 10% yearly in a maximum of 20 years.

- We will do it in 10 years. That means a 10% yearly.
- We assume our residual value is 0.
- We use the linear method.
- We don' t renovate products, for simplicity.
- Bought on 01/01/01.
- No impairment.

The result of our amortization is shown at the Annexed I.

Also, we mention, as we did previously, that our tax over benefits (society tax) is a 25% over our benefits before taxes. But, the new creation entities can tribute by a 15% on their first year with a positive tas base and the next one.

1. Positive scenario

First, we show our forecast for the positive scenario.

Table 6.6.1. Profit and loss account forecast for the positive scenario.

Year	1	2	3
A) Continued operations			
1. Net amount of the turnover	200.500,00 €	230.575,00 €	265.161,25 €
2. Variation of stocks of finished products	- €	- €	- €
3. Work done by the company for its customers	- €	- €	- €
4. Supplies	- €	- €	- €
5. Other operating income	- €	- €	- €
6. Personal expenses	- 108.000,00 €	- 129.600,00 €	- 155.520,00 €
7. Other operating expenses	- 14.088,38 €	- 8.845,25 €	- 8.845,25 €
8. Amortization of the fixed assets	- 940,83 €	- 1.081,95 €	- 1.223,08 €
9. Imputation of subsidies for non-current assets	- €	- €	- €
10. Excess of provisions	- €	- €	- €
11. Impairment	- €	- €	- €
A.1) Operating result	77.470,81 €	91.047,79 €	99.572,92 €
12. Financial incomes	- €	- €	- €
13. Financial expenses	- 1.915,85 €	- 1.524,46 €	- 1.116,39 €
14. Variation in fair value in financial assets	- €	- €	- €
15. Exchange differences	- €	- €	- €
16. Impairment and result from discontinued operations	- €	- €	- €
A.1) Financial result	1.915,85 €	1.524,46 €	1.116,39 €
A.3) Result before taxes	75.554,96 €	89.523,33 €	98.456,53 €
17. Tax over benefits	- 11.333,24 €	- 13.428,50 €	- 24.614,13 €
A.4) Result of the exercise coming from continued operations	64.221,72 €	76.094,83 €	73.842,40 €
B) Interrupted operations			
18. Result of the exercise coming from discontinued operations	- €	- €	- €
A.5) Exercise result	64.221,72 €	76.094,83 €	73.842,40 €

2. Realistic scenario

Now, we show our forecast for the realistic scenario.

Table 6.6.2. Profit and loss account forecast for the realistic scenario.

Year	1	2	3
A) Continued operations			
1. Net amount of the turnover	138.500,00 €	159.275,00 €	183.166,25 €
2. Variation of stocks of finished products	- €	- €	- €
3. Work done by the company for its assets	- €	- €	- €
4. Supplies	- €	- €	- €
5. Other operating income	- €	- €	- €
6. Personal expenses	- 108.000,00 €	- 129.600,00 €	- 155.520,00 €
7. Other operating expenses	- 14.088,36 €	- 8.845,25 €	- 8.845,25 €
8. Amortization of the fixed assets	940,83 €	1.081,95 €	1.223,08 €
9. Imputation of subsidies for non-financial assets	- €	- €	- €
10. Excess of provisions	- €	- €	- €
11. Impairment	- €	- €	- €
A.1) Operating result	17.352,47 €	21.911,70 €	20.024,07 €
12. Financial incomes	- €	- €	- €
13. Financial expenses	- 1.915,85 €	- 1.524,46 €	- 1.116,39 €
14. Variation in fair value in financial instruments	- €	- €	- €
15. Exchange differences	- €	- €	- €
16. Impairment and result from disposals of financial instruments	- €	- €	- €
A.1) Financial result	- 1.915,85 €	- 1.524,46 €	- 1.116,39 €
A.3) Result before taxes	15.436,62 €	20.387,24 €	18.907,68 €
17. Tax over benefits	- 2.315,49 €	- 3.058,09 €	- 4.726,92 €
A.4) Result of the exercise coming from continued operations	13.121,12 €	17.329,15 €	14.180,76 €
B) Interrupted operations			
18. Result of the exercise coming from interrupted operations net of taxes	- €	- €	- €
A.5) Exercise result	13.121,12 €	17.329,15 €	14.180,76 €

3. Negative scenario

Now, we show our forecast for the negative scenario.

Table 6.6.3. Profit and loss account forecast for the negative scenario.

Year	1	2	3
A) Continued operations			
1. Net amount of the turnover	41.000,00 €	47.150,00 €	54.222,50 €
2. Variation of stocks of finished products	- €	- €	- €
3. Work done by the company for its assets	- €	- €	- €
4. Supplies	- €	- €	- €
5. Other operating income	- €	- €	- €
6. Personal expenses	- 108.000,00 €	- 54.000,00 €	- 27.000,00 €
7. Other operating expenses	- 14.088,36 €	- 7.920,00 €	- 7.920,00 €
8. Amortization of the fixed assets	- 940,83 €	- 940,83 €	- 940,83 €
9. Imputation of subsidies for non-financial assets	- €	- €	- €
10. Excess of provisions	- €	- €	- €
11. Impairment	- €	- €	- €
A.1) Operating result	- 82.029,19 €	- 15.710,83 €	18.361,67 €
12. Financial incomes	- €	- €	- €
13. Financial expenses	- 1.915,85 €	- 1.524,46 €	- 1.116,39 €
14. Variation in fair value in financial instruments	- €	- €	- €
15. Exchange differences	- €	- €	- €
16. Impairment and result from disposals of financial instruments	- €	- €	- €
A.1) Financial result	- 1.915,85 €	- 1.524,46 €	- 1.116,39 €
A.3) Result before taxes	- 83.945,04 €	- 17.235,29 €	17.245,28 €
17. Tax over benefits	- €	- €	- 2.586,79 €
A.4) Result of the exercise coming from continued operations	- 83.945,04 €	- 17.235,29 €	14.658,49 €
B) Interrupted operations			
18. Result of the exercise coming from interrupted operations net of taxes	- €	- €	- €
A.5) Exercise result	- 83.945,04 €	- 17.235,29 €	14.658,49 €

From all this data, we can say that we would obtain benefits in the long term. But, we can see a curious situation at the third year of activity.

Because of the forecasted increase in salaries, in the positive and optimistic scenario, our growth slows down at the third year.

But, because of the opposite reason, the first year with benefits in our negative scenario is the third year. Also, losses for the company during the first two years of the company in this scenario are unaffordable for the company.

6.7. Balance of previsional situation

The balance sheet is the summary of all the possessions and all debts and the capital of an organization in a given period of time.

The balance is divided into assets, liabilities and equity. The asset includes all the assets and rights held by the company, while liabilities and equity include own funds, those payable in the long term and payable in the short term.

After the first year of activity, based on the realistic scenario, our balance sheet would look like as it follows.

Table 6.7.1. Balance of the previsional situation at the end of the first year of economical activity. Source: own elaboration.

Non-current active	4.859,88 €	A) Net worth	16.131,12 €
1. Intangible assets	1.308,48 €	A.1) Own funds	16.131,12 €
2. Material assets or restraint	3.551,40 €	1. Capital	3.010,00 €
3. Investments in property	- €	2. Issuance premium	- €
4. Investments in group company	- €	3. Reserves	- €
5. Financial investments l/t	- €	4. Own participations	- €
6. Assets for deferred tax	- €	5. Results from previous exercises	- €
B) Active current	66.766,19 €	6. Other partners contributions	- €
1. Non-current assets held for	- €	7. Result from exercise	13.121,12 €
2. Existences	- €	8. Dividends	- €
3. Commercial debts and others	- €	9. Instruments of own funds	- €
4. Investments in group company	- €	A.2) Adjustments for changes in value	- €
5. Financial investments s/t	- €	1. Financial assets available to sell	- €
6. Short term accruals	- €	2. Hedging	- €
7. Effective and other liquid as	66.766,19 €	3. Others	- €
		A.3) Subsidies	- €
		B) Non-current liabilities	44.395,96 €
		1. Provisions l/t	- €
		2. L/t debts	44.395,96 €
		3. Debts with group companies l/t	- €
		4. Pasive for deferred tax	- €
		5. Long term accruals	- €
		C) Current liabilities	11.098,99 €
		1. Non-current assets available to sell	- €
		2. Provisions s/t	- €
		3. Debts s/t	11.098,99 €
		4. Debts with group companies s/t	- €
		5. Trade creditors	- €
		5. Short term accruals	- €
TOTAL ACTIVE	71.626,07 €	TOTAL NET WORTH + LIABILITIES	71.626,07 €

6.8. Ratios analysis

In order to finish our economic-financial planning, we are going to analyse some ratios for the financial analysis of our first year of activity.

A ratio is defined as "the relation or proportion that is established between two quantities or measures and whose value is considered more significant than that of each of them separately, or provides information complementary to that of the previous ones".

1. Liquidity

In order to analyse the liquidity of our company, we are going to analyse the next ratios:

- Liquidity
- Treasury
- Disponibility

The liquidity ratio compares the current assets with the short-term liability. The purpose is to diagnose the capacity of the company for facing its payments in the short term.

$$\text{Liquidity ratio} = \frac{\text{Current active}}{\text{Current liability}} = 6.02$$

The optimal value of this ratio is between 1.5 and 3. Our value is 602, which is higher than desired. The reason behind is the great entry of money from the own and foreign financing, generating a huge treasury level.

The treasury ratio allows us to certify that, with our current treasury and realizable assets, we can face payments, eliminating the uncertainty associated with inventories.

Due to we don't have any current assets but effective, our treasury ratio must be the same of our liquidity ratio.

$$\text{Treasury ratio} = \frac{\text{Treasury} + \text{Realizable}}{\text{Current liability}} = 6.02$$

The availability ratio compares the company's effective with the payments. As we have said before, this value must be also the same, due to our current assets are only effective.

$$\text{Availability ratio} = \frac{\text{Treasury}}{\text{Current liability}} = 6.02$$

So, we have a huge treasury level because of the great entrance of financing from own and foreign sources, and with this huge treasury, the company can easily face its payments in the short term. It's possible that we have ocious treasury.

2. Indebtedness

The debt situation informs us about the quantity and quality of the debt, and if the benefit is sufficient to support the financial charge of it.

In order to analyse the indebtedness, we are going to analyze the next ratios:

- Debt
- Solvency
- Quality of the debt
- Cost of debt

The debt ratio indicates the degree of indebtedness of the company in relation to the total liability of the same.

$$\text{Debt ratio} = \frac{\text{Liabilities}}{\text{Net worth} + \text{Liabilities}} = 0.77$$

The desired values of this ratio are between 0,4 and 0,6. As we can see, our ratio is over these values, so we have an excessive debt (77% of our balance are debts).

The solvency ratio measures the ability of the company to deal with all of its debts, facing the set of rights with all obligations.

$$\text{Solvency ratio} = \frac{\text{Assets}}{\text{Liabilities}} = 1.29$$

The result of this ratio must be greater than 1, and a high value is better than a low value.

Per every monetary unit that we owe, we have accounted 1.29 monetary units. In our case, this ratio shows us that the company can face liabilities with its assets.

The debt quality ratio indicates the percentage of the liabilities that are short-term.

$$\text{Debt quality ratio} = \frac{\text{Current liabilities}}{\text{Liabilities}} = 0.2$$

This ratio must be as lower as possible. This means that, for our financial situation, long-term liabilities are better than short-term liabilities. So, the lowest, better debt quality.

In our case, only a 20% of our debt is short term. So, we have time for paying the most part of the debts.

The debt cost ratio calculates the financial cost associated with the debt of the company. This means that, with a low ratio, we have cheap debts.

$$\text{Debt cost ratio} = \frac{\text{Financial expenses}}{\text{Liabilities with cost}} = 0.03$$

Our debt cost ratio is acceptable, because it's a low value. We are paying as a debt cost a 3% of the debt.

3. Economic profitability

The analysis of economic profitability relates the benefit before interest and taxes (BBIT) with the total assets of the company and allows us to evaluate the factors that affect the productivity of the asset and its evolution.

The BBIT is taken to evaluate the benefit generated by the asset regardless of how it is financed since it does not take into account financial results or taxes.

Talking about economic rentability, the ratios we have to analyse are:

- Assets turnover
- Sales margin

The asset turnover is defined as the number of times the sales of the period reach the value of the asset.

$$\text{Asset turnover} = \frac{\text{Net amount of the turnover}}{\text{Assets}} = 1.93$$

Our turnover ratio tells us that we sell services with a value of 1.93 times the value of our assets. The sales margin is the wealth generated by each unit of money sold.

$$\text{Sales margin} = \frac{\text{BBIT}}{\text{Net amount of the turnover}} = 0.11$$

So, per monetary unit sold, we obtain a benefit of 0.11 monetary units.

If we analyze the margin and the rotation together, we are analyzing the economic profitability. The greater the ratio, the more productive the asset.

At a general level, there is no optimal value for this profitability, since it will vary depending on the activity of the company.

$$\text{Economic profitability} = \text{Asset turnover} \times \text{Sales margin} = 0.22$$

Our economic profitability is positive but, also, greater than the cost of debt. This data is positive for our company.

4. Financial profitability

The financial profitability measures the net profit obtained by the owners for each monetary unit of capital invested in the company.

A correct financial return must submit two constraints:

- It must be positive.
- It must be equal or greater than the expectations of shareholders.

$$\text{Financial profitability} = \text{Economic profitability} \times \frac{\text{Assets}}{\text{Net worth}} \times \frac{\text{Result}}{\text{Benefit before Taxes}} = 0.81$$

The higher the value of this ratio, the better the company's profitability will be. In our case, we have that, per each unit of net worth we have, we obtain 0,81 monetary units of profit.

5. Investment analysis

In order to finish calculating all the ratios, we are going to calculate our Net Present Value and our Internal Rate of Return.

These parameters are very useful for calculating a project viability, both are estimated on the cash flows of the company.

5.1. Net Present Value

The Net Present Value or Net Present Value - NPV - is a financial indicator that represents the estimated net cash flows that the company will have in the future. The formula for calculating the NPV is:

$$NPV = -I + \sum_{n=1}^N \frac{Q_n}{(1+r)^n}$$

Where

- I = investment.
- Q_n = cash flow of the year n.
- r = interest rate we are comparing with.

- N = number of years of the investment.

As we said in our investment plan, our investment is minimal (4.859,88€+3.010€). So, without any calculation, we can assure that we can get back our investment (except from the pessimistic case).

So, in our realistic and positive scenarios, we will have a positive NPV.

5.2. Internal Rate of Return

The Internal Rate of Return determines the discount rate that makes the NPV of a project equal to zero.

In our case, without the need to perform the calculation due to the minimum investment and high profitability observed, we can say that the IRR will be high, and if the IRR is high we are facing a profitable business project (except from the pessimistic scenario).

6.9. Epilogue

From our economic-financial analysis and study of the economic viability, we can assure that:

- Our company needs a low investment from the entrepreneur, 4.859,88€.
- With the financing plan, we have determined both the own financing and foreign, that we will use in the project, 3.010€ and 50,000€ respectively.
- We have studied several financing options for others, inclining us finally for an ICO loan with the following conditions:
 - Nominal interest rate = 4,18%
 - Effective Annual Rate = 4,57%
 - Without commissions.
 - Amortization in 5 years without lack.
 - We have determined a threshold of profitability of 135.347,35€.

- We have made a treasury forecast for the first three years and, we can conclude that, only the negative scenario shows us a risk of economic problems. It would be a not-convenient situation in its case, but we think our negative scenario is very ominous.

- We have created a balance sheet and a profit and losses account. Only in the first two years of the negative scenario, we would have negative results. But these results could be hardly recoverable. Apart from that, our forecasts are very positive in the other two scenarios, with benefits from the first year of economic activity.

- The analysis of the ratios shows a situation of liquidity and positive indebtedness for society. There are no problems of liquidity or excessive indebtedness, in addition, the cost of the debt according to the analysis is very low.

- Also, we concluded that both the economic and financial profitability are very positive for the company (in the realistic scenario).

- Finally, we haven' t calculated the NPV and IRR because we think both will be positive due to our forecasts.

- We assume that our project has a high viability.

7. CONCLUSION OF THE PROJECT (DECISION TAKING)

First, as a summary of our project, we will collect some conclusions of each point of the project.

Finally, with the whole project finish, we will expose the final decision regarding opening or not the company.

1. Summary

- From our spanish market research, we can say that:
- Consulting services are growing in Spain.
- Economy is in the middle of a recovery process, with a positive but not firm trend.
- Spain is not a stable country politically.
- Blockchain technology is growing in the country, and has a lot of interest from our potential clients.
- From our chinese market research, we can say that:
- Consulting sector is growing faster than the national economy.
- New technologies will have a huge importance in the country' s future. It' s in the middle of an innovation process.
- China has a strong national economy.
- It' s necessary to put a firewall with cryptocurrencies.
- Great interest and investment in blockchain.
- From our designed marketing plan, we can say that:
- In Spain, our plan will be based on three steps.
- Public relations campaign, in order to create links and recruiting clients.
- Spreading knowledge campaign, in order to create a better environment for blockchain technology in the country.

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- Researching campaign: to stay up to the news regarding blockchain.
 - In China, our plan will be based on signing with a chinese consulting company a collaboration agreement.
 - With this agreement, we will be able to catch chinese clients. - Regarding our legal structure, our company will be a Limited Society, due to:
 - It' s low needs of required capital.
 - Limitation of responding of company' s debts.
 - Deductions in some expenses.
 - Benefits regarding taxes during our first years of activity.
 - Could be interesting to apply for spanish/chinese government subsidies.
 - From our economic-financial plan, we can say that:
 - We need a low initial investment in non-current assets.
 - We will ask to the Spanish Official Credit Institute (ICO) for a credit.
 - We will put a price for each project depending on some facts, like the quantity of employees of our clients or the estimated quantity of hours spent on a project.
 - We have forecasted three scenarios.
 - Positive scenario: great benefits, very convenient to open the company.
 - Positive treasury forecast.
 - Positive profit and loss account.
 - Realistic scenario: we have benefits, very convenient to open the company.
 - Positive treasury forecast.
 - Positive profit and loss account.

-
- Negative scenario: we loose money, don' t open the company. Itps a really low workload scenario.
 - Negative treasury forecast.
 - Negative profit and loss account.
 - Our threshold of profitability is 136.500€.
 - Finally, from our ratios analysis, we can say that:
 - We forecasted a situation with high liquidity levels, having ocious treasury.
 - We forecasted a globally positive situation of indebtedness.
 - We have an excess of debts.
 - We are solvent during our first year of activity.
 - We have a good debt quality, mainly long-term debt.
 - Our debt cost is very acceptable.
 - Economically, our realistic scenario is profitable for the company.
 - Good values of asset turnover and sales margin.
 - Our economic profitability is much higher than our debt cost.
 - Financially, our realistic scenario is profitable for the company.
 - Great value of financial profitability.
 - We assure that our NPV and our IRR are positive and high, due to our data.

2. Decision making

According to the project and our forecasts, we have two scenarios where it' s convenient to open the company, and another one where' s not.

We think the negative scenario is a really outrage scenario, and we see difficult that it happens. We see more chances of happening to a realistic scenario.

Another point to take into account is that our ratios and profitabilities, in the realistic scenario, are very high.

We think that the project is viable economic-financially. So, we have decided to open the company, by the way we have described during the project.

8. Annexed

Table 8.1. Amortization of the loan asked to the Spanish Official Credit Institute.

Month	Interest	Financial Amortizatio	Quota	Accumulated Financiatio	Pending capita
1	174,21 €	750,71 €	924,92 €	750,71 €	49.249,29 €
2	171,59 €	753,32 €	924,92 €	1.504,03 €	48.495,97 €
3	168,97 €	755,95 €	924,92 €	2.259,98 €	47.740,02 €
4	166,33 €	758,58 €	924,92 €	3.018,56 €	46.981,44 €
5	163,69 €	761,22 €	924,92 €	3.779,78 €	46.220,22 €
6	161,04 €	763,88 €	924,92 €	4.543,66 €	45.456,34 €
7	158,38 €	766,54 €	924,92 €	5.310,20 €	44.689,80 €
8	155,71 €	769,21 €	924,92 €	6.079,41 €	43.920,59 €
9	153,03 €	771,89 €	924,92 €	6.851,30 €	43.148,70 €
10	150,34 €	774,58 €	924,92 €	7.625,88 €	42.374,12 €
11	147,64 €	777,28 €	924,92 €	8.403,15 €	41.596,85 €
12	144,93 €	779,99 €	924,92 €	9.183,14 €	40.816,86 €
13	142,21 €	782,70 €	924,92 €	9.965,84 €	40.034,16 €
14	139,49 €	785,43 €	924,92 €	10.751,27 €	39.248,73 €
15	136,75 €	788,17 €	924,92 €	11.539,44 €	38.460,56 €
16	134,00 €	790,91 €	924,92 €	12.330,35 €	37.669,65 €
17	131,25 €	793,67 €	924,92 €	13.124,02 €	36.875,98 €
18	128,48 €	796,43 €	924,92 €	13.920,45 €	36.079,55 €
19	125,71 €	799,21 €	924,92 €	14.719,66 €	35.280,34 €
20	122,92 €	801,99 €	924,92 €	15.521,66 €	34.478,34 €
21	120,13 €	804,79 €	924,92 €	16.326,44 €	33.673,56 €
22	117,32 €	807,59 €	924,92 €	17.134,03 €	32.865,97 €
23	114,51 €	810,41 €	924,92 €	17.944,44 €	32.055,56 €
24	111,69 €	813,23 €	924,92 €	18.757,67 €	31.242,33 €
25	108,85 €	816,06 €	924,92 €	19.573,73 €	30.426,27 €
26	106,01 €	818,91 €	924,92 €	20.392,64 €	29.607,36 €
27	103,16 €	821,76 €	924,92 €	21.214,40 €	28.785,60 €
28	100,29 €	824,62 €	924,92 €	22.039,02 €	27.960,98 €
29	97,42 €	827,50 €	924,92 €	22.866,51 €	27.133,49 €
30	94,54 €	830,38 €	924,92 €	23.696,89 €	26.303,11 €
31	91,64 €	833,27 €	924,92 €	24.530,16 €	25.469,84 €
32	88,74 €	836,17 €	924,92 €	25.366,34 €	24.633,66 €
33	85,83 €	839,09 €	924,92 €	26.205,42 €	23.794,58 €
34	82,90 €	842,01 €	924,92 €	27.047,44 €	22.952,56 €
35	79,97 €	844,95 €	924,92 €	27.892,38 €	22.107,62 €
36	77,03 €	847,89 €	924,92 €	28.740,27 €	21.259,73 €
37	74,07 €	850,84 €	924,92 €	29.591,11 €	20.408,89 €
38	71,11 €	853,81 €	924,92 €	30.444,92 €	19.555,08 €
39	68,13 €	856,78 €	924,92 €	31.301,70 €	18.698,30 €

40	65,15 €	859,77 €	924,92 €	32.161,47 €	17.838,53 €
41	62,15 €	862,76 €	924,92 €	33.024,24 €	16.975,76 €
42	59,15 €	865,77 €	924,92 €	33.890,00 €	16.110,00 €
43	56,13 €	868,79 €	924,92 €	34.758,79 €	15.241,21 €
44	53,10 €	871,81 €	924,92 €	35.630,60 €	14.369,40 €
45	50,07 €	874,85 €	924,92 €	36.505,45 €	13.494,55 €
46	47,02 €	877,90 €	924,92 €	37.383,35 €	12.616,65 €
47	43,96 €	880,96 €	924,92 €	38.264,31 €	11.735,69 €
48	40,89 €	884,03 €	924,92 €	39.148,34 €	10.851,66 €
49	37,81 €	887,11 €	924,92 €	40.035,44 €	9.964,56 €
50	34,72 €	890,20 €	924,92 €	40.925,64 €	9.074,36 €
51	31,62 €	893,30 €	924,92 €	41.818,94 €	8.181,06 €
52	28,50 €	896,41 €	924,92 €	42.715,35 €	7.284,65 €
53	25,38 €	899,53 €	924,92 €	43.614,89 €	6.385,11 €
54	22,25 €	902,67 €	924,92 €	44.517,56 €	5.482,44 €
55	19,10 €	905,81 €	924,92 €	45.423,37 €	4.576,63 €
56	15,95 €	908,97 €	924,92 €	46.332,34 €	3.667,66 €
57	12,78 €	912,14 €	924,92 €	47.244,48 €	2.755,52 €
58	9,60 €	915,32 €	924,92 €	48.159,79 €	1.840,21 €
59	6,41 €	918,50 €	924,92 €	49.078,30 €	921,70 €
60	3,21 €	921,70 €	924,92 €	50.000,00 €	0,00 €

Table 8.2. Amortization of our material for the optimistic and realistic scenario.

Year	Amortization	Value
		6.168,36 €
1	940,83 €	6.152,79 €
2	1.081,95 €	5.996,09 €
3	1.223,08 €	4.773,01 €
4	1.223,08 €	3.549,94 €
5	1.223,08 €	2.326,86 €
6	1.223,08 €	1.103,78 €
7	413,10 €	690,69 €
8	291,60 €	399,09 €
9	170,10 €	228,98 €
10	170,10 €	58,88 €
11	39,25 €	19,63 €
12	19,63 €	0,00 €

Table 8.3. Amortization of our material in the negative scenario

Year	Amortization	Value
		6.168,36 €
1	940,83 €	5.227,53 €
2	940,83 €	4.286,70 €
3	940,83 €	3.345,88 €
4	940,83 €	2.405,05 €
5	940,83 €	1.464,22 €
6	940,83 €	523,39 €
7	130,85 €	392,54 €
8	130,85 €	261,70 €
9	130,85 €	130,85 €
10	130,85 €	0,00 €

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