BUSINESS PLAN

XYZ LLC

June 2017

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EXECUTIVE SUMMARY

This business plan made for XYZ LLC, provides analysis and insight on the external and internal factors of the business. There is an overview of the current market, future trends, industry expectations, competitors, all the plans and opportunities for a successful business startup in the aerial drone videography and imagery industry in Philadelphia, Pennsylvania, U.S.A.

In the making of this business plan, we used information from various sources, articles, and reports, some governmental, some from the potential competitors and others from third-party websites. We singled out and processed the aerial photography and videography companies in and around the vicinity of Philadelphia that are currently shaping and influencing the aerial imagery market in Pennsylvania.

Our business idea is analyzed by the main external factors, Political, Economic, Social and Technology aspect. As a conclusion from this analysis, we can say that there are legal regulations enforced by the FAA that limit the use of commercial drones over some areas. The mass consumer market for drones is really taking off in 2016, alongside with developing technologies, the number of drone users and manufacturers is expected to grow. Despite the significant growth, some people are not totally comfortable with regular or commercial drones flying around them at all. They are aggravated and concerned about their privacy being invaded and feel like they are being spied on or under surveillance at times.

From the beginning till now most of the drones available nowadays are highly customizable and come with a bunch of accessories, some of them have digital cameras that capture images and take videos. After analyzing the market and industry we came up with the following key findings:

- The largest concentration of commercial drones is in the state of California with 70 permits, followed by Texas and Florida.
- The Real Estate industry is the leader in number of drone permits, with a total of 153 permits issued. After that is the aerial surveillance sector with 128 issued permits, followed by aerial photography with 125 permits.
- The sales are estimated to grow for 2.5 million in 2016, to 7 million in 2020.
- Top Five UAS Markets are:

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    - Industrial Inspection industry - 42%
    - Real Estate and the Aerial Photography - 22%
    - Agriculture - 19%
    - Insurance - 15%
    - Government - 2%
- Regulation body is the Federal Aviation Administration (FAA) and anyone who wishes to use the aerial drones for commercial purposes will have to follow the regulations. There are some guidelines that should be followed, like: Drones should weight less than 55 pounds, fly lower than 400 feet; Evening operations will be allowed if the aircraft carries lights visible for 3 miles; Operation could be approved by a Certificate of Authorization or Waiver issued by the FAA or Traffic Organization; Operators must be at least 16 years old and must pass an aeronautics test every 24 months for a certificate, etc.
- There are some location-based restrictions that limit the airspace of the drones used in the commercial industry, as: Independence National Historical Park, Edgar Allan Poe National Historic Site, Naval Base Philadelphia and more.

The competition was thoroughly analyzed and a total of 15 companies were identified, located in Philadelphia and the surrounding area that deal in commercial aerial photography and video making. Some of them are big and well-established and other are smaller and owned by a single person and operating locally. XYZ LLC will differ from other competitors by providing genuine care for its clients and using only the latest available technology for conducting its activities. The services the company will provide are:

• Aerial imagery and videos - we will be using a DJI Phantom 4 PRO PLUS accompanied with all corresponding accessories and the worldwide renowned skyward drone flight software.

• Processing the aerial videos and photographs - we will use an Apple MacBook Pro with the best picture and video editing software.

For the marketing strategy, XYZ will target each demographic separately, which will allow for more thorough approach that will produce the largest number of potential customers. The first way will be via the traditional Word of Mouth, and the second approach will be using the company's website which will have a SEO that will increase the number of visitors to the site and eventually the number of clients.

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After the SWOT analysis, we included a financial projection based on realistic and objective assumptions for the next 3 years that showcase the company's profitability. XYZ LLC will begin as a small company, owned by the founder, XY. The cash for the beginning of the period will be $10,000. Our projections estimate that the business will have a positive balance throughout the years:

- Revenue of $57,150 within the first year of operations, with $43,698 earnings before tax.
- The second year the revenue will be $76,200, with $59,131 earnings before tax.
- The same revenue applies for the third year as well, but the earnings are a little higher.

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INTRODUCTION

This document is a business plan for the company XYZ LLC.

With the base of operations in Philadelphia, Pennsylvania, XYZ LLC is a company which will approach the aerial video and photography industry with a focus on the customer needs and exceeding their expectations. This will be done by using only the utmost technologically advanced UAVs (unmanned aerial vehicle) also known as drones, for the field operations, and the best cameras and accessories that can be added to the drones. The company will spare no expense in using the very best and most versatile photography and video editing software available on the market for processing the footage taken from the drones. XYZ's service price range will be competitive and adjustable, depending on the client's needs, while providing the highest quality aerial video and imagery to clients looking for personalized photos or videos, for private functions or to create content for their businesses. XYZ's highly experienced and knowledgeable workforce will provide a brand new set of eyes to the aerial video and imagery industry that will allow taking photographs and videos in new, fresh and more exciting ways, which will guarantee to deliver on the client's wishes.

EXTERNAL ANALYSIS

The external analysis will help in identifying external factors that can influence its operations. Industry growth, market trends and the competitive landscape will be identified. Identifiying the external factors will help in minimizing the outside threats and maximizing the chance for success by exploiting new emerging trends in the industry.

PEST ANALYSIS

POLITICAL ANALYSIS

The industry is primarily being held back by continuous rulemaking delays, which makes it difficult to innovate without standards and other parameters. There are legal regulations enforced by the FAA, that limit the use of commercial drones over some areas: the drones must be used during daylight, the drones mustn't be flying over 400 feet in height and the operator must pass tests every two years in order to receive a license for operating the drone. Additionally, the operator must be 16 years old or older, and must not operate the drone over groups of people that

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are not included in flying the drone and must avoid flying the drone over stadiums or sports events.

ECONOMIC ANALYSIS

Philadelphia is the city that is the core of economic activity in Pennsylvania. According to an analysis conducted by the Bureau of Economic Analysis, the city had a total gross metropolitan product of $347 billion back in 2010. It was proclaimed that Philadelphia was the 7th largest metropolitan economy in the United States. As of late, the city has shifted into an information technology and service based economy.

SOCIAL ANALYSIS

With the mass consumer market for drones really taking off in 2016, alongside with developing technologies, the number of drone users and manufacturers is expected to grow. The drawback is that the tension between drone operation and public safety is bound to grow. The drone-related accidents and injuries are unfortunately going to happen.

Some people are not 100% comfortable with regular or commercial drones flying around them at all. They are aggravated and concerned about their privacy being invaded and feel like they are being spied on or under surveillance at times.

TECHNOLOGICAL ANALYSIS

According to Tom's Guide, the drone's performance is closely tied to its power source, the battery. Most drones are able to stay in the air for 20 minutes before they need to recharge. That may limit the amount of time spent airborne which may hinder the business operations. Until new technologies invent a more sustainable battery, the only alternative besides recharging the battery is buying a spare, which sometimes can cost quite a lot.

INDUSTRY AND MARKET OVERVIEW

The origins of the drones can be found in 2001, where the U.S. military for the first time used a drone unit on one of their missions in Afghanistan. Ever since then, the drone has been undergoing a lot of modifications and changes in order to reach its shape that we know today. For a long time, drones have been used by hobbyists' and people around the globe for recreational purposes.

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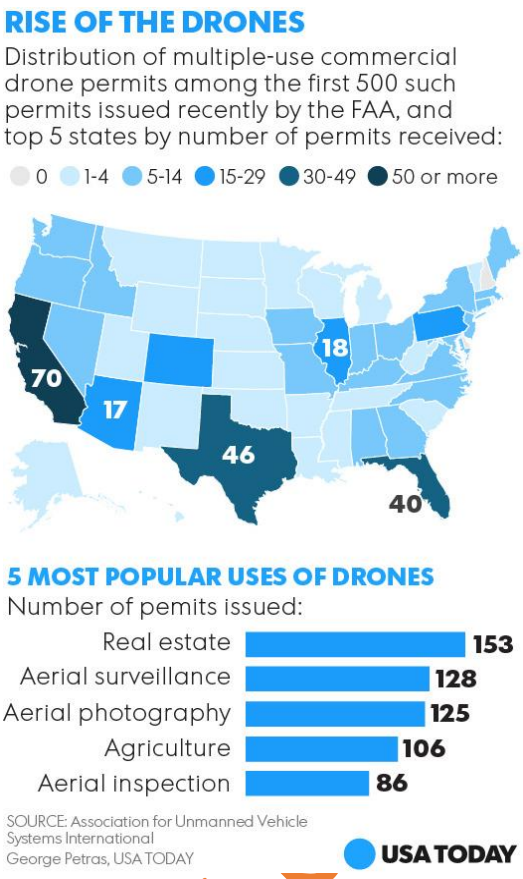
An unmanned aircraft system (UAS), commonly referred to as a drone, is an aircraft without a human pilot onboard – instead, the UAS is controlled by an operator on the ground and it was massively used in U.S. military reconnaissance and weapons delivery in overseas warring areas. Those drones had well over 100 feet wingspans and weigh over 16 tons. The drones we see above our heads in our everyday lives are made from composite materials which reduce their weight and are a fraction of the size of the ones found in the military. Most common are the drones known as quadcopters (helicopters with four propellers) that are used by hobbyists' and people who have fun flying them around. After the FAA ruled out the restrictions on commercial drone use in September 2015, the first 500 licensed commercial drones were used in the states and industries displayed on the infographic below, found on this website:



The Federal Aviation Administration made arrangements that everyone who wants to pilot a drone for a commercial use, must receive a permit to do so. This infographic on the left displays two things:

- In which states the commercial drones are most used (we can judge that by the volume of permits each state has requested and received)
- Which purposes are the commercial drones serving (of the first 500 permits issued, we can see in which sectors are they distributed)

We can see that the largest concentration of commercial drones is in the state of California with 70 permits, followed by Texas and Florida with 46 and 40 permits respectively.18 permits are distributed around the state of Illinois and 17 permits have registered in the state of Arizona.

The leading business or sector that makes use of commercial drones, is the Real Estate industry, with a total of 153 permits issued. After that is the aerial surveillance sector with 128 issued permits, followed by aerial photography with 125 permits. The agriculture and aerial inspection

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are the last two most notable industries for employing commercial drones, with 106 permits in the agriculture sector and 86 in the aerial inspection.

The drone operating enthusiasts that realize that the age of traditional photography is long gone and the age of technology and software is upon us, present an important growth factor for the aerial drone imagery industry. Most of the drones available nowadays are highly customizable and come with a bunch of accessories, some of them have digital cameras that capture images and take videos. With that kind of drones, provided the necessary legal paperwork, a person, a team, or a company can enhance their businesses or marketing strategies in new ways, that were never possible with the old cameras and photography devices. The pioneers of the commercial drone technology without a doubt are Amazon and Google, but following in their wake are a number of companies small and big, who see the potential in using drones as a part of their commercial activities, or as a cornerstone of their business. The commercial aerial photography and video industry is quite new and it's on the rise. It's rising because of the ease-of-access solutions it provides and how cost-efficient it is. Every owner of a drone of any kind back in 2015 had to register it, and the number of registered drones on the 18th of May, 2016 showed that 616,000 owners in the USA registered their drone according to the FAA.

The FAA is estimating the total count of drones to be over 7 million by 2020, of which 2.7 million would be drones for commercial use. The whole report can be browsed on FAA's domain, available here.

Sales Forecast Summary
Million sUAS Units

	2016	2017	2018	2019	2020
Hobbyist (model aircraft)	1.9	2.3	2.9	3.5	4.3
Commercial (non-model aircraft)	0.6	2.5	2.6	2.6	2.7
	2.5	4.8	5.5	6.1	7.0

Note: Numbers may not add due to rounding

The data found on other websites like Expanded Ramblings, shows that the number of drones for commercial purposes will be around 600,000 by 2018. At this present moment, the number of drones registered for commercial use is 20,000 and rising. We also learn that the primary industry for these commercial drones is the imagery and video making industry, followed by the real-estate industry.

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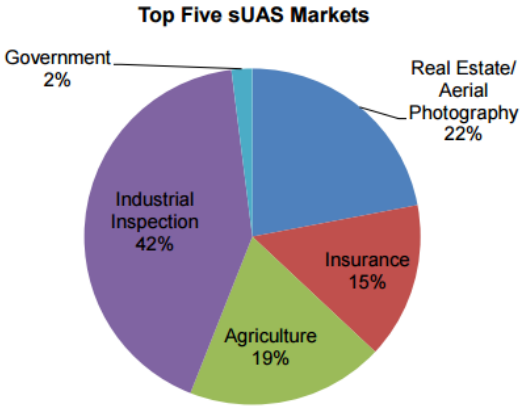
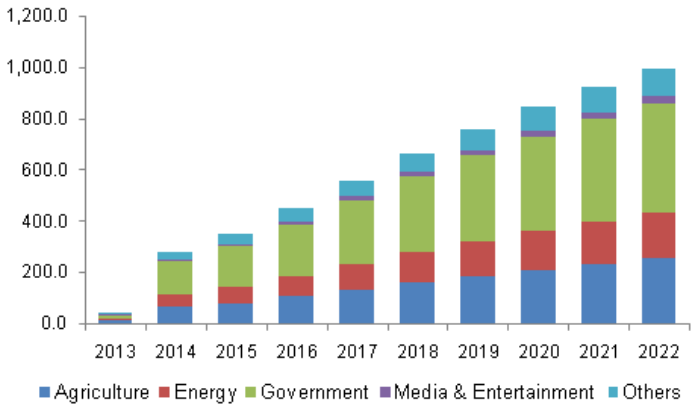
Using FAA report, we can graphically display the market share of the commercial drone users in the U.S



The Industrial Inspection industry is contesting 42% of the UAS market. Here the drones are used for regular checkups on various installations, namely electricity, gas, and oil. The next two industries that are going toe to toe with each other are the Real Estate and the Aerial Photography industries, both thriving with the use of aerial drones for conducting their businesses, both present on the market with 22%. Following in their wake are the Agriculture and Insurance industries with 19% and 15 % presence on the market respectively. The way these industries use their drones is very similar to the Industrial Inspection one, doing regular checkups and observations. Last is the Government with 2%.

U.S. commercial drone market, by application, 2012 - 2022 (USD Million)

This chart that was found on GrandViewResearch's website, allows drawing a conclusion that the military is still, in fact, the ones who are most involved with the drone technology now, and in the foreseeable future. Following are the Energy sector and the Agriculture Industry. Now, we can see a rising trend in the Media & Entertainment segment, which means with each year passing, the number of people using drones for taking pictures and/or video making is slowly but surely rising. That claim is backed up by the chart, found on the same website.



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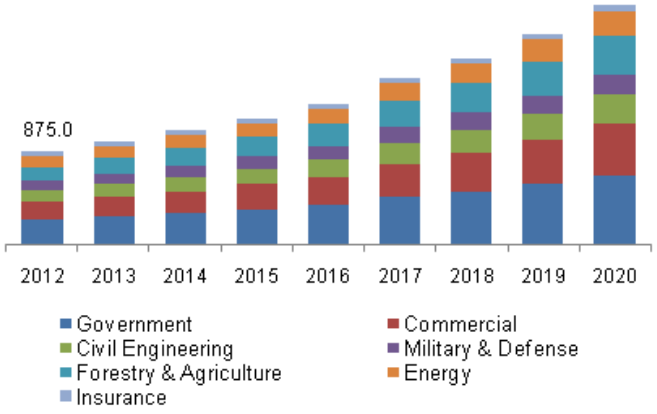
Global aerial imaging market by application, 2012 - 2020 (USD Million)



We see that the drones as massively used by the government, followed by the civil engineering sector which uses the drones to get a better perspective on the construction they are working on. A rise in the commercial use can be seen, just like in the previous chart, which states that the market for commercial use of drones hasn't been saturated yet and there are profits to be made.

According to USA Today, businesses that are using drones are growing more and more, and geographically are popular in every region in the country, with 70 in California, 46 in Texas, 40 in Florida, 18 in Illinois and 17 in Arizona.

A conclusion can be made that the market for drones in general, and drones used for taking pictures and videos in America is on the rising tide, and it's not showing any signs of slowing down anytime soon.

TARGET MARKET

For the moment, XYZ LLC will focus its activities in the city of Philadelphia only, with the potential to expand its operations in the surrounding areas in the future.

GOVERNMENT

Since the 21 of June 2016, the Federal Aviation Administration (FAA) declared a set of rules that anyone who wishes to use the aerial drones for commercial purposes will have to abide. Those rules were meant to "set a flexible framework of safety without impeding innovation". The main points of the FAA's guidelines will be cover in the section below, using visuals available on the USA Today's web portal.

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1. Commercial drones weighing less than 55 pounds are allowed to fly lower than 400 feet during daylight hours and must be within sight of the operator or an observer who is in a communication with the operator.

2. Evening operations will be allowed if the aircraft carries lights visible for 3 miles. Night-time flights, flights beyond what the operator can see or flights over people not associated with the operation could be approved by a Certificate of Authorization or Waiver issued by the FAA or Traffic Organization.

3. Few other requirements for commercial use of drones:

There are also some location-based restrictions that limit the airspace of the drones used in the commercial industry. Most areas prohibited for drone traffic are the ones that are near airports, heliports, national parks or some other areas that are prohibited or restricted. A map found on the blog.hivemapper.com displays some areas where flying drones is penalized by the FAA.

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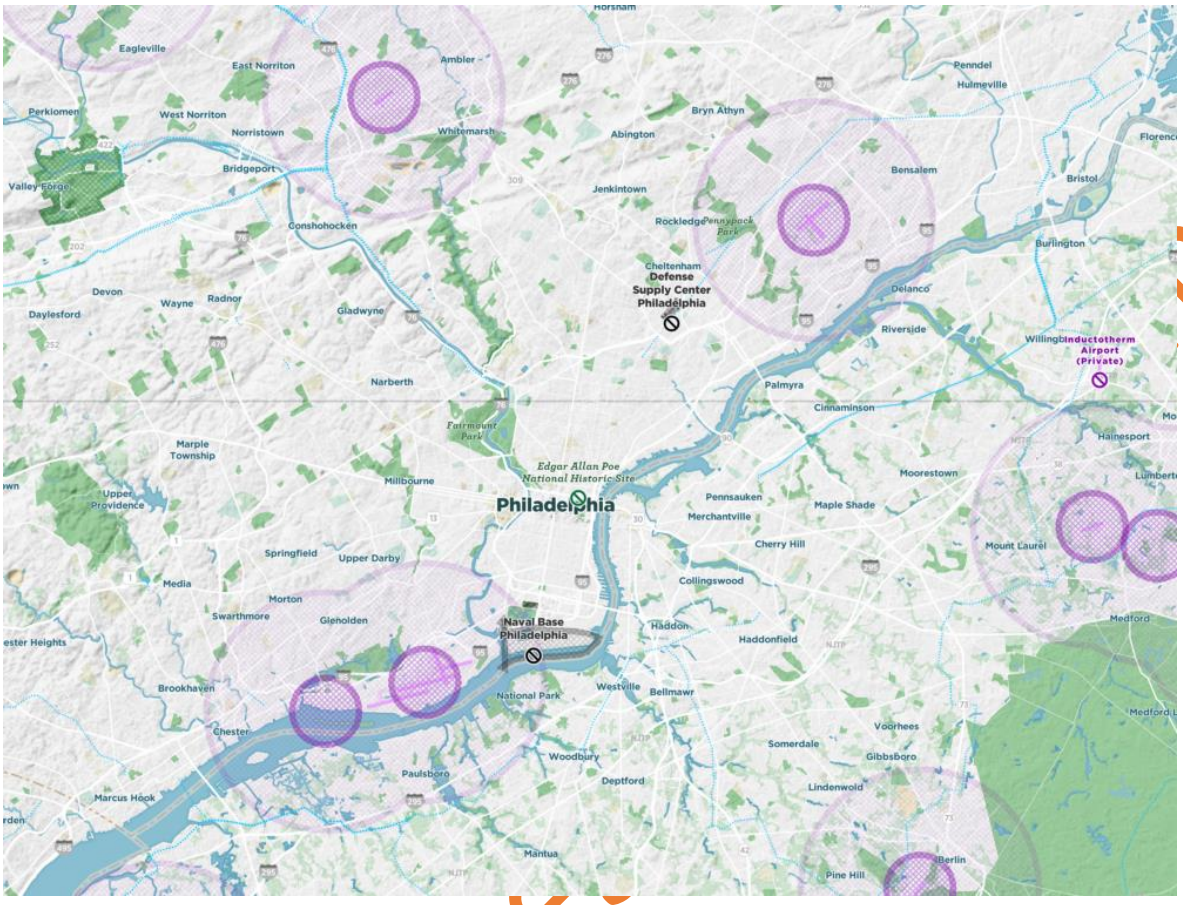

COMPETITION

DISCLAIMER: The competitors we found and the information included was based on its availability. We followed this structure while researching the competition

1. Who are they? – short description of the company (how long it exists, the number of employees, etc.)
2. What do they do? (list of services, commercial, personal or both)
3. Pricing.
4. Which technology are they using?
5. Territory served.
6. Strengths and weaknesses (we will focus on the strengths of the competition since thorough and good weakness analysis requires more time and some criteria to follow).

Using the Google search engine, we were able to produce 6 competitors that deal in commercial aerial photography and video making in Philadelphia:

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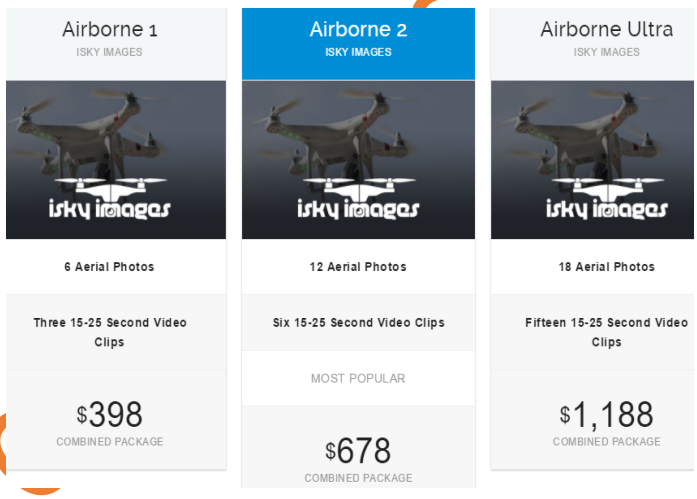
iSky Images

According to their LinkedIn profile, iSky Images is founded in 2017, with 2-10 workers in employment and operating in the area of the city of Philadelphia. The company provides high quality digital aerial photography and 4k videos for a variety of industries and applications in Philadelphia and the surrounding areas. They also provide clients with professional editing and production of the videos and pictures taken. Their pricing is done via packages, as it's seen on the right:



A potential weakness is the fact that the company's service packages prices are fixed, and the service is unable to be customized according to the client's wish.

Their strengths are seen in their well-established renown, as customers already trust in their brand and services. Additionally, they offer some specials and discounts on their service package prices.

Philly by Air

Established in 2014 by Matt Satell in Philadelphia, Pennsylvania, USA the Philly by Air employs somewhere between 2-10 workers according to their Linkedin profile. They provide aerial photography and video recording services, as well as interactive 3d Maps & Visualizations. The company also provides professional editing and production of the photographs and video materials. They work in Philadelphia for the time being. Philly by Air has the same strengths as all bigger and well-established companies in an industry have: brand recognition and trust, clients are familiar with the services they company offers, and they already have serviced and established couple of professional clients (Colleges/Universities, Construction Companies, Healthcare Facilities and a Real Estate Agency), they are also present on every major social media (Facebook, Twitter, Instagram, and Vimeo).

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SkyCamUSA

With their main office in New York, SkyCamUSA is the east coast leader in Drone based UAV aerial media. They have been flying drones professionally for more than 10 years. They specialize in aerial imagery and video making. The currently service New York City, New Jersey, Connecticut, Miami Florida and Philadelphia with some neighboring cities, as well as The Poconos. SkyCamUSA is using quite a few types of drones and cameras for their business:

For their aerial drones they use:

FreeFly Alta

SkyJib Titanium X8 Octocopter

DJI S900 Hexacopter

DJI Inspire 1 Quadcopter

DJI Phantom 4 Professional

This company's strengths are found in the variety and number of UAVs they have on disposal, as well as the gadgets they come with. Another thing regarding their equipment is that they provide up to 5k and 6k video quality on their flying drones. Their services have been used by a lot of different industries/clients (Television, Filmmaking, Media & Entertainment, Oil companies, Universities). Aside from Philadelphia, the company offers its services in the New York, New Jersey Area Locally, from coast to coast in the U.S. and around the whole world, also it's present on every major social media online.

Edfworkshop

Founded in 2014 the Edfworkshop is a partnership company that employs 2-10 workers as it is stated on their LinkedIn profile. The company specializes in the web and graphic design also takes part in designing marketing campaigns as well as search engine optimization. On top of that, they provide video and

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photography, taken from the air via drones. They use the dual pilot aerial system, where one pilot navigates the drone, and the second pilot operates the camera. They operate in the city of Philadelphia. This company excels in web and graphic design, marketing and video production, so it is expected that their aerial imagery and video processing to be superior in comparison to others. This can also be viewed as a potential weakness. Being involved in graphic and web design for clients, marketing, and video productions, Edfworkshop might be more popular and renowned for providing this types of services instead of aerial imagery and video-making.

PennByAir

Founded in 2014, Penn by Air is a company located in Philadelphia but operate nationwide and internationally. They also have a sister company in Baltimore, Maryland SkyeCam Productions. Penn by Air has recently expanded to the state of New Mexico. They offer low-cost aerial cinematography and photography. Also, they do 3d printed representations of the aerial photographs taken, if the client wishes it. Despite its services in the aerial photography and videography, a strong point for this company is that it offers courses and training to its clients on the proper use of drones and how to maintain and repair them as well. This strategy could attract more clients, as PennByAir could be perceived as more client-oriented and client-friendly.

K2 Productions

Founded in 2004, K2 Productions is a provider of professional film and video crew, gear, studios, locations and other industry services to major cities in North Carolina along with 24 cities on the East Coast in which Philadelphia is included. They provide aerial video and photography using skilled staff members, pilots, director, and producers. K2 also uses innovative technology like Gyro Stabilizer Mounts and the versatile Radio-Controlled Octocopter. Their biggest weakness as a huge company with a lot of branches is that they are not heavily dedicated to aerial photography and video-making since their general focus lies in TV Broadcast, Commercial sports production, and some Promo & Marketing.

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Using Yelp's website, we found 9 competitors that operate near Philadelphia or are perhaps stationed a bit further, but they still affect the Philadelphia market for commercial aerial imagery and video making.

Overall Aerial Imaging

Located in Broomall Pennsylvania, this company specializes in aerial photography and videography services. They use 6 DJI drones equipped with ultra-high resolution cameras as well state of the art software from DroneDeploy. Overall Aerial Imaging does 3d imaging too. Even though they are not located in Philadelphia they provide their services to anyone that's in the range of 45 miles radius. The major strength of the company can be seen in them operating 6 units of aerial drones. This means they can cover more ground video recording or taking photos, or they can be at more locations and dealing with more clients at the same time

Their service area of 45 miles does include the Philadelphia market but it also holds opportunities for clients outside of Philadelphia and near other cities in Pennsylvania.

DiFranco Aerial Consulting

DiFranco Aerial Consulting was founded in 2014 with sole proprietorship of Neil DiFranco. The company offers aerial surveys and low-level aerial photography and videography in the greater Philadelphia Region. Weakness worthy of pointing out is that the company is more focused on providing consulting services and surveys than commercial aerial photography and videography. Also, the couple of commercial aerial photography and video services the business does provide, are very plain and simplistic and may dissuade clients from using their services.

Eskin Drones

Founded in 2016 by Miles Abrams, Eskin Drones provides photography, videography and aerial inspections to the greater NY / NJ region. The price list of their services is displayed below:

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The weakness of this company is that this company too steps away from aerial photography and videography being their primary commercial product. Also, Eskin drone services' main focus is delivering drone inspection services to New Jersey and the surrounding area, leaving a potential opening for the competition to sway away potential clients from them near the Philadelphia area.

Services	Prices
Daily Rate, Raw footage of any type	$800
Hourly Rate, Raw footage of any type	$125
Exterior thermal analysis & reporting	$250 per 1000 square feet
Solar panel inspection & reporting	$250 per 2500 square feet

Ratchford Photography

Located in Bryn Mawr, PA and founded by Jay Ratchford, Ratchford Photography offers architectural, human and event photography and videography. For the drone coverage, they are charging $175 for 8 fully edited images, taken by a drone that has been flying for an hour in the air. Also, they charge $250 for 2-3 minute HD video of property and surroundings, edited with smooth transitions and or without music, taken by a drone that has been airborne for 1 hour. A strong point worth mentioning is that the company has listed the prices of all of its services, so the customer knows exactly what is getting for their money. As the previous two companies mentioned above, this company promotes traditional photography as its core commercial service and aerial photography and video-making as a secondary. We view that as a potential weakness, where competitors can take advantage of that and win over some of the clients with their own superior aerial videography and photography services.

Paradrone

Located in Langhorne, Pennsylvania and founded by Dan Pirchner in 2016 as a sole proprietor, Paradrone specializes in aerial photography and videography. For their business, they are using the DJI Phantom Pro quadcopter. Paradrone operates in the Greater Philadelphia Area. As a strong point, this company is present on all relevant online social media and uses one of the superior drones for providing their commercial videos and photos to their clients. As a weakness judging from their website, we find the lack of a good aerial imagery portfolio, as an indicator to the inexperience or inability of the business to capture high-quality aerial photographs and videos.

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3Detour

Founded in 2015, with headquarters in New Jersey 3Detour employs 2-10 workers according to their LinkedIn profile and it's owned by Ron Petty. The company offers a wide range of services, some include 3d showcasing of environments, Google street view for businesses, schematic floor plans, high-resolution photography and videography and of course, aerial drone video and photography. 3Detour has starting prices for their services, they may go higher according to the client's demands. For the aerial drone video and photography service, they are charging $199 (though the price may vary by a number of square feet). We can already establish a pattern with the weaknesses with some of these companies, they are all selling aerial video and photography services as a secondary product, 3Detour is no different. While they do specialize in 3D Staging and modeling, their focus is shifted away from the commercial aerial videography and photography, and from our point of view, it's a weakness waiting to be exploited. Another potential weak spot is that their service packages and prices are fixed, non-negotiable, and that may cost them valuable clients that want a specifically designed kind of aerial services 3Detour simply cannot offer.

AirViewFilms

Founded in 2013 by Michael Melloy, AirViewFilms edits and produces ground-level and aerial HD pictures and videos at affordable prices. The company uses a DJI Phantom Quadcopter for doing its commercial activities. The company regular service area is within a 15-mile radius from Montchanin's Post Office, though they can operate out of the radius, it will cost the client more. What we find as a strong point regarding AirViewFilms, is that the company displays genuine care for its potential customers, by providing the most information possible regarding the whole service acquiring process. From contacting the company and making service arrangements, to the client receiving their materials all of that and more, only so that the client can make an informative decision on whether to take up service with the company or not. On the downside, the company operates with a single drone unit, which may limit the amount of clientele served simultaneously, the number of clients the company can take up on at a time etc.

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inSight Aerial Photography

The company is South Jersey's leading aerial photography provider. They are using 4k drones to enhance the quality of each of their projects. They offer both ground and aerial photography, and their packages of a finished product include a free logo/text insert, free color correcting, and free Photoshop editing. The starting price for their service is $199. One weakness that stands out is the lack of information inSight Aerial Photography's website presents. The lack of transparency with the potential clients on what are the exact prices, services, available equipment etc. are some of the factors that may turn clients away.

Jack Ramsdale Photography

Located in Philadelphia, Pennsylvania, owned and founded by Jack Ramsdale is the company called "Jack Ramsdale Photography". Besides using still photography, they also operate drones for taking aerial imagery and videography. This company displays the same weaknesses as the company above, inSight Aerial Photography. Even though the company's major strength lies in its location, (close to the Philadelphia Art Museum neighborhood, near the center city district) one of the biggest flaws are the lack of information available and details on how the company conducts its business with the clients.

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INTERNAL ANALYSIS

In this section, we will introduce our services and showcase in great detail how the client can acquire them. We will also elaborate on the company's strengths, weaknesses, opportunities, and factors that limit our profitable functioning.

COMPANY BACKGROUND

With the aerial photography and videography industry on the rise, worldwide and especially in the USA, XYZ LLC saw the opportunity to contest a piece of the market and establish itself as a company that provides services of the highest qualities, while taking care of our customers and tending to their every need. Following the governmental regulations, the business will acquire the necessary licenses and permits to conduct our business via the UAVs. Alongside acquiring the necessary paperwork, the business will also obtain a UAV unit of the DJI brand, DJI Phantom 4 PRO PLUS to be more specific, accompanied with corresponding accessories. Furthermore, an Apple MacBook Pro will be also procured together with top notch video and photo editing software. The company will also have a website, where clients can browse through the aerial services, photos and videos the company has and offers and request the company's services. The website will then be backed up by an SEO (Search Engine Optimization) a set of strategies, methodologies, tactics, and techniques which will allow the company's website to have the number of visitors increased by obtaining a high-ranking placement in the search results page of a search engines including, Google, Bing, Yahoo etc. While providing up-close and carefully tailored services for each of our customers, and aiming to be one of the industry's best, driven by passion and a strong will to succeed, XY founder of the company also wants to give back to the community through future employment positions at his establishment. As the business gradually grows, so too will the client base and the workforce needed to service the clientele. This undertaking will begin its operations in Philadelphia, Pennsylvania, with the possibility of expanding its services to the neighboring areas in the future.

PRODUCT/SERVICE SPECIFICATION

The company will be offering personalized aerial photography and videography services for various events, the business will also provide carefully tailored packages the client can choose from, or adjust it according to their wishes. There will be personally designed packages for weddings that can capture plenty of memorable moments. Another event that is cherished in

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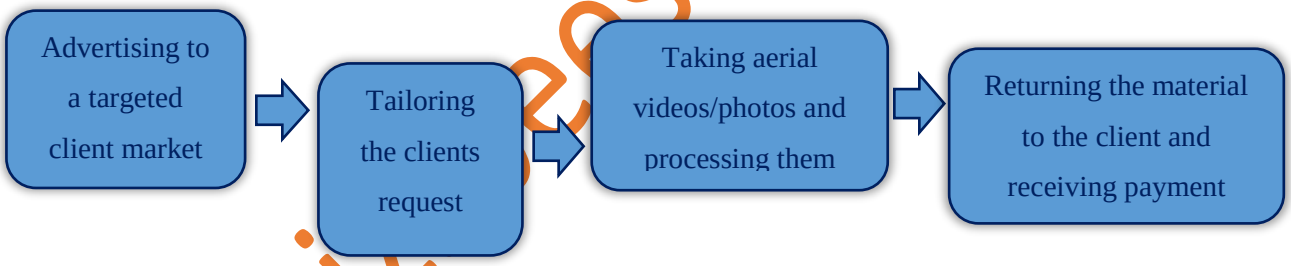
people's memories is graduation parties, where the company's drone is guaranteed to immortalize everything on that day. Of all available media coverage on sports events, no one offers a unique perspective as the aerial video and imagery do. Through photographs and video clips, fans and sports sympathizers can enjoy rewatching and experiencing their most favorite moments of a match for the second time. Also, XYZ will target clients that are looking for personalized photos or videos for their private functions or to create content for their websites. There will be standardized packages with the option for the client to personally tailor the service they wish to receive. As the company grows gradually in size and is able to firmly stand on its two feet, the company will extend its services to estate agencies, looking for aerial videos and pictures of a specific property they are willing to rent or sell. Following the real estate agencies, the business will also set its sights on the commercial construction companies, who are in need of monitoring a job site progress and surveying property lines for newly purchased lands.

PROCESS WORKFLOW

In this section, we will showcase in brief, the steps that we will take in order to engage with our potential clients, deliver our service and earn our revenue.



The process workflow is pretty straightforward, the company will focus its marketing endeavors on a specific clientele demographic and will attract their attention with the high-quality services the company provides. Then, the client will be able to personalize the service they want to receive either via calling the company or by using the company's website. After all arrangements have been made, the business will fly out its drone to take the aerial photographs and/or videos the client requested. Next stop after the material is gathered, will be processing and editing the photographs and videos to meet and exceed the client's needs by using the latest and best image and video editing software. With the finished product, the last step is to agree on how the client wants to receive their aerial photographs and/or videos (on a Compact Disk or a hard drive,

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delivered on email, shared via Dropbox or other file sharing software etc.) and pay the company for its outstanding services.

ORGANIZATIONAL STRUCTURE

XYZ LLC will begin as a small company, owned by the founder, XY. The workforce will be small at the beginning and the founder and CEO of the company XY and his team will take care of every aspect of the everyday operations and tasks. The business will have a traditional organizational hierarchy, with the owner at the top followed by managers and supervisors, down to video and photo editors and drone operators/pilots.

The company will also recruit workers as:

- Drone operators/pilots
- Video and photo editors

MARKETING STRATEGY

The company intends to single out the market for a specific demography of clients, then focus all of the marketing efforts onto them and make the clients interested in acquiring the company's services.

XYZ will promote its services to potential clients in two ways, the first one being word of mouth or viral marketing and the second one will be via the Internet. It's no secret that customers are always on the lookout for high-quality and fair-priced products and services. Using the WoM (word-of-mouth) marketing, the company will promote itself as exactly that kind of service provider, while also establishing a foundation of satisfaction, trust, and commitment to our potential clients.

The business will be present on all relevant social media and will make use of the services of an SEO (Search Engine Optimization) in order to increase the chances of clients learning about the company on the Internet, and engaging with us. On the website, visitors will learn about the business, the work, and services the business provides, as well as the cost of every available service.

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SWOT ANALYSIS

A summary of the potential and the threats, strengths, and weaknesses discussed in detail in upper sections of this document, will be presented now in the traditional SWOT format:

STRENGTHS	**WEAKNESSES**
• A new company with staff that can provide unique take on aerial photo/video shots • Client oriented business with high incentive to provide the best customer service • The company will be using the most competitive and technologically advanced drones for conducting their business • Business is starting with its own initial capital • The founder already has a team that will help in the company's future endeavors	• No previous professional experience in the industry • Business starting with a single UAV • No video graphic or photographic portfolio to showcase • Unknown brand & company, clients may not trust in the company's services
OPPORTUNITIES	**THREATS**
• The industry is still fairly young and the market is far from being saturated • Some aerial imagery and videography companies offer their services to a specific type of clientele • Some competitor businesses are operated by one person (the founder) and they are slower on the finished product delivery	• New governmental regulations regarding the aerial use of drones • New technologies that may render the use of drones obsolete • Bigger, already established companies may be the go-to companies when in need of aerial photo/video services • People still favoring traditional photography and videography • Inability to acquire a substantial number of customers

Our company strengths are what will allow us to enter the market with ease, stay ahead of the competition and acquire vast numbers of clients and profits:

1. **A new company with staff that can provide unique take on aerial photo/video shots** – we believe that in order to be proficient in the aerial imagery and video industry, one must have a "special kind of eyes" that will capture sceneries, moments and constructions in a new perspectives and ways, which will define us as a unique kind of aerial service provider and put us ahead of our competition.

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2. **Client oriented business with a high incentive to provide the best customer service –** we will dedicate our whole company existence to carefully attending, meeting and exceeding each and every one of our clientele demands and wishes.
3. **The company will be using the most competitive and technologically advanced drone for conducting their business** – in order to provide the best visual aerial material to our clients, we will spare no expense and use only the best drone available on the market, the DJI Phantom 4 Pro Plus.
4. **Business is starting with its own initial capital** – the company has already established the initial start-up funds, and instead of spending time looking for investors, we will focus on securing new clients and making our company brand renowned.
5. **The founder already has a team that will help in the company's future endeavors** – XY will do the majority of the work personally, but he also has a couple of teammates that will lessen his workload and make every operation run more efficiently and smoothly.

The opportunities in the industry come and go, at the current time being, these are the opportunities we believe that will maximize our chances of success and put us ahead of our competition:

1. **The industry is still fairly young and the market is far from being saturated –** we have the numbers and statistics provided in previous sections of this document that point that out, not only that, this industry has gained popularity only in recent years and is expected to grow exponentially, as more and more business and companies are discovering the extensive applications of aerial imagery and videography drones
2. **Some aerial imagery and videography companies offer their services to a specific type of clientele –** while some companies may specialize on one type of aerial photography and videography (providing services only for weddings or only renting out the drones for surveillance etc.), we offer our services to any client and for any kind of job
3. **Some competitor businesses are operated by one person (the founder) and they are slower on the finished product delivery**- we consider that having a team that can split

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the tasks and responsibilities, can produce far more results than a single person; efficiency, quality and timewise.

RISK MANAGEMENT

Here we will look more closely into the weaknesses of the company, and see and assess how the risk of failure because of them can be reduced, note that the level of impact and the possibility of it to occur is marked with numbers, 1 being the lowest and 5 the highest.

Risk	Probability	Impact	Total	Action
No previous professional experience in the industry	5	2	10	**Risk Mitigation** The company staff and founder will thoroughly look into various case studies and learn which practices work, and which courses of action might put the business in jeopardy and avoid them
Business starting with a single UAV	5	4	20	**Risk Mitigation** In case of drone malfunction, the need to be replaced or serviced, the company could lose potential clients, the business is going to obtain additional UAVs as soon as possible
No video graphic or photographic portfolio to showcase	3	3	9	**Risk Mitigation** As a new, unknown competitor, our business must demonstrate that is capable of capturing fresh, new and exciting perspectives on camera, thus XYZ is going to start working on their portfolio immediately and bulk up on reference material
Unknown brand & company, clients may not trust in the company's services	5	4	20	**Risk Mitigation** 1.Be present and active constantly on every major social media 2. Create Podcasts detailing the industry whereabouts, trends etc. 3.Get involved with local partnerships, for joined intro seminars or festivals 4.Sponsor local sports teams
New governmental regulations regarding the aerial use of drones	2	5	10	**Risk Mitigation** The company has no power to influence this matter so what we will do is pay close attention to any bills, resolutions or laws that may hinder the use of aerial drones
New technologies that may render the use of drones obsolete	1	5	5	**Risk Mitigation** With new technologies being discovered and refined with each passing day, we will be prepared to transition and adapt our business in accordance to whatever new aerial

				technologies may or may not come
Bigger, already established companies may be the go-to companies when in need of aerial photo/video services	4	3	12	**Risk Mitigation** We will make every customer 100% satisfied with our services, by doing so, the clients are bound to spread the word of our outstanding services to other potential clients. That's how we will prove and cement ourselves as a provider of the highest quality services and customer care
People still favoring traditional photography and videography	2	2	4	**Risk Mitigation** The company will promote the benefits of aerial imagery to all photography enthusiasts, if they are still reluctant to use aerial photography, we won't mind going the extra mile and fulfilling their wish and doing still photographs
Inability to acquire a substantial number of customers	2	5	10	**Risk Mitigation** Aggressive promotions and marketing campaigns, being present on all major social media, taking part in local events while promoting the company brand and services, do promotional service packages to attract clients

MISSION AND VISION

Mission: Our mission is to provide high-quality aerial photography and video services, by using the latest technology and software available.

Vision: We are devoted to providing the best care and services to each and every single one of our clients.

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FINANCIAL PLAN

We have prepared the following financial statements for a 3 year projected period: Income Statement and Cash Flow Statement. Included under the Financial Plan are projected direct and indirect costs. The financial projections are made in order to provide the reader with a clearer viewpoint on the profitability of the business. Our initial capital for this undertaking is $10,000.

ASSUMPTIONS

Every projected financial plan needs basic assumptions before it's done. In the case of XYZ LLC, the assumptions and key points are the following:

- The business offers aerial photography and video services. For filming and photographing personal events, $200 per hour of photographing/video recording will be charged;
- For clients that want a video advertisement produced for their own business, the company will charge $300 per minute of the finished and edited video clip;
- For clients that want still photographs (20 pictures in total), the price will be $50;
- Clients that want their photos or videos edited via software will be charged $40 per 1 hour of editing;
- The first year the company will have a total of 90 clients and 120 for the next two;
- The company will start acquiring clients in the 4th month.

FORECAST INCOME STATEMENT

The income statement is a financial statement of a company that displays the company's revenues and expenses during a particular period of time. Here, our income statement covers the period of 3 years, where we will project expected revenues, total costs (direct and indirect) and the earnings after tax. The income statement shows that XYZ LLC in the first year of operations is going to make $57,150 in profits and for the next 2 years $76,200 each. That's owned to the increase of clients for the years of 2018 and 2019.The total direct expenses follow the same pattern, $11,205 for the first year of operations and $14,940 for the next two.

The total indirect costs remain the same for all three years of operations since the subscription to the software we use and the insurance installments are fixed figures. The earnings after taxation

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for the first year are estimated to be $38,475 following the next two years with $52,444 and $52,556 respectively.

Forecast Income Statement Revenues	2017	2018	2019
Personal Events revenue (B2C)	$18,000	$24,000	$24,000
Commercial ads (B2B)	$27,000	$36,000	$36,000
Revenues from still images	$6,750	$9,000	$9,000
Revenues from software editing	$5,400	$7,200	$7,200
Total Revenue	**$57,150**	**$76,200**	**$76,200**
Direct Costs			
Operator for B2C service	$3,060	$4,080	$4,080
Operator for B2B service	$3,420	$4,560	$4,560
Operator for still images	$2,025	$2,700	$2,700
Operator for software editing	$2,700	$3,600	$3,600
Total Direct Costs	**$11,205**	**$14,940**	**$14,940**
Contribution Margin	**$45,945**	**$61,260**	**$61,260**
Indirect Costs			
Business Insurance	$1,440	$1,440	$1,440
Subscription Skyward drone flight software	$360	$360	$360
Total Indirect Costs	**$1,800**	**$1,800**	**$1,800**
Earnings Before Interest			
Interest	$447	$329	$204
Earnings Before tax (EBITDA)	**$43,698**	**$59,131**	**$59,256**
Depreciation	-$860	-$860	-$860
Earnings Before tax (EBIT)	$42,838	$58,271	$58,396
Tax	-$4,363	-$5,827	-$5,840
Earnings After tax	**$38,475**	**$52,444**	**$52,556**

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PROJECTED CASH FLOW STATEMENT

A projected cash flow statement is used to evaluate cash inflows and outflows to determine when, how much, and for how long cash deficits or surpluses will exist for a business during an upcoming period of time.

Cash Flow Statement	2017	2018	2019
Earnings after tax	$38,475	$52,444	$52,556
Depreciations	$860	$860	$860
Others	$0	$0	$0
Cash flow from operations	**$39,335**	**$53,304**	**$53,416**
Investments	-$4,300	$0	$0
Cash flow from investments	**-$4,300**	**$0**	**$0**
Financing Activities	$10,000	$0	$0
Monthy Principal Installments	$2,316	$2,435	$2,559
Interest	$447.40	$328.90	$204.34
Cash flow from financing activities	**$7,236**	-$2,764	-$2,764

For the first year of functioning, the business will have negative investments and cash flow from investments, the reason being the company will be paying monthly installments on the initial bank loan needed for starting up this company. Because of the payment of the monthly principal investment and the interest accompanying it, we can see that for the years 2018 and 2019 the cash flow from financing activities is a negative figure. That's why for the first year XYZ will have a total of $42,272 cash flow, which will be increased to $50,540 for the next year and up to 50,653 for the following year.

DIRECT COST AND CONTRIBUTION MARGIN

The direct costs are the price that can be completely attributed to the production of the core business goods or services. Below we will showcase what are the company's direct costs and the totals for each year.

Direct Costs	2017	2018	2019	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Operator for B2C service	$3,060	$4,080	$4,080	$0.00	$0.00	$0.00	$340.00	$340.00	$340.00	$340.00	$340.00	$340.00	$340.00	$340.00	$340.00
Operator for B2B service	$3,420	$4,560	$4,560	$0.00	$0.00	$0.00	$380.00	$380.00	$380.00	$380.00	$380.00	$380.00	$380.00	$380.00	$380.00
Operator for still images	$2,025	$2,700	$2,700	$0.00	$0.00	$0.00	$225.00	$225.00	$225.00	$225.00	$225.00	$225.00	$225.00	$225.00	$225.00
Operator for software editing	$2,700	$3,600	$3,600	$0.00	$0.00	$0.00	$300.00	$300.00	$300.00	$300.00	$300.00	$300.00	$300.00	$300.00	$300.00
Total Direct Costs	**$11,205**	**$14,940**	**$14,940**												
Contribution Margin	**$45,945**	**$61,260**	**$61,260**	$0.00	$0.00	$0.00	$5,105.00	$5,105.00	$5,105.00	$5,105.00	$5,105.00	$5,105.00	$5,105.00	$5,105.00	$5,105.00

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With the assumption that we won't have any clients for the first three months after starting our business, the total direct costs for 2017 will be $11,205 and for the next two years $14,940.

The contribution margin is the metric used for determination of the profitability of an individual service or product. The margin is calculated by subtracting the total direct costs from the revenue.

INDIRECT EXPENSES

Unlike direct, indirect expenses are not directly related or assigned to the core business operations. Indirect expenses are necessary to keep the business up and running, but they can't be directly related to the cost of the core revenue generating goods/services.

We can conclude that the total indirect costs for the 3 years projected are a constant figure. That is because the funds funneled into the insurance installment and the subscription to the software are remaining stationary through the years.

Indirect Costs	2017	2018	2019	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Business insurance	$1,440	$1,440	$1,440	$120.00	$120.00	$120.00	$120.00	$120.00	$120.00	$120.00	$120.00	$120.00	$120.00	$120.00	$120.00
Subscription Skyward drone flight software	$360	$360	$360	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00
Total Indirect Costs	**$1,800**	**$1,800**	**$1,800**	**$150.00**	**$150.00**	**$150.00**	**$150.00**	**$150.00**	**$150.00**	**$150.00**	**$150.00**	**$150.00**	**$150.00**	**$150.00**	**$150.00**

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