Business Plan

X

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Created by:

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Contents

Executive Summary 3
1. X – Mission, History, Past Activities, and Successes Summary 6
1.1. Service Range 9
1.2. Professional and Administrative Professional Capacity 14
1.3. Membership, Monetization, Financial Performances 15
2. Startup Ecosystem Landscape 18
2.1. The Startup Ecosystem in North Macedonia 20
2.1.1. Entrepreneurial Barriers and Challenges 21
2.1.2. Startup Service Providers in North Macedonia 23
2.2. Benchmark of Startup Organizations 24
3. SWOT Analysis 27
4. Growth Plan 30
5. Services 35
5.1. Membership 35
5.2. Soft landing Services 36
5.3. Website Promotion Options 37
6. Financial analysis 39
6.1 Revenues 39
6.2 Direct costs 43
6.3 Indirect Costs 44
6.4 Sustainability 45
Appendixes 47
Appendix 1: Financial model for X 47
Appendix 2. Benchmark of organizations supporting startups in Developing Countries 48

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Executive Summary

X is an organization established in 2016, supporting the startup ecosystem in North Macedonia. Within these four years, X has proven as a critical player in the startup community. It has organized plenty of international/national/regional/local events for the startup community. Also, it created several "how-to" guides that would help startups and mapped up the startup community in North Macedonia. It also created a platform matching startups with service providers.

Within this time range, X has proven its credibility by providing the community with a) research, reporting and analysis (few high-quality reports), b) organizing events, meetups and workshops (plenty of international and national events), c) mentoring services for startups, d) existing database of startups and service providers, e) aggregated information for news feeds, calendar events, and google digest containing all startup events in North Macedonia.

From an HR perspective, X has a strong leadership team of 5 founders, one full-time employee, as well as three interns.

To better understand the startup ecosystem, research was performed on a global level, to get insights on the latest startup trends. The study has shown that tech startups are growing and digital media are in decline. The result is confirmed within the EU, where SaaS and IT are Europe's sector where the newest companies are established.

Looking at North Macedonia, X's report on the startup landscape remains the main document for establishing the baseline for North Macedonia. There are several other facts, but X did a great job in summarizing the essential aspects when it comes to North Macedonia.

We benchmarked and analyzed 50+ startup associations from around the world, shortlisting 11 of them – five from developing countries and six from developed countries. Based on this analysis, seven key ideas and opportunities emerged: 1) Membership fees, 2) Organization of courses and training (online or physical), 3) Create premium research reports, 4) Startup magazine, 5) Annual summit, 6) Awareness raising events, and 7) Job board.

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A SWOT analysis was performed to summarize the finding from the external and internal analysis.

Based on the research, and few brainstorming sessions with X, ten potential services were identified that can be implemented on the short-medium-long term, and with different potential. Each of them can contribute to X sustainability. The ten possible services in order of priority are: 1) Introducing membership fee, 2) Soft-landing services, 3) Website promotion, 4) Project proposal submission, 5) Organize own startup summit, 6) Mentorship facilitation, 7) Report generation, 8) Affiliate (partner) promotion, 9) One-time events, and 10) Startup Magazine.

As X does not have the capacity to pursue all ten services, a prioritization of the top 3 made a clear focus for the short term:

Membership will be offered as the first service. Depending on the size of the organizations, it will have three tiers: 75€, 150€ and 300€.

Soft-landing services will be offered to foreigners that want to start a business/offices in North Macedonia. It also has three packages depending on the depth of the service: 150€, 500€ and custom.

The third focus will be on **website promotions**. X will offer three packages for advertising on their platform, and depending on the complexity, has three packages: 590€, 1,180€, and 2,100€.

Introducing these three services as early as June 2020 will significantly give focus for X toward its sustainability.

The financial analysis showed that X could expect to get 8,250€ (2020), 13,500€ (2021) and 20,250€ (2022) from membership, additional 1,250€ (2020), 3,250€ (2021) and 4,500€ (2022) from soft landing services, and 3,540€ (2020), 7,080€ (2021) and 11,800€ (2022) from the website promotion.

Based on these three revenue streams, for 2020, the organization is expected to have 13,040€ in revenues, 23,830€ for 2021 and growth to 36,550€ to 2022 year.

To achieve these revenue targets, X has some additional direct costs. These direct costs are estimated at 1.312€ (2020), 2,624€ (2021) and 4,290€ (2022).

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In addition to the direct costs, X also has general costs in terms of salaries, operational costs, etc. These costs have been calculated to 11,389€ (2020), and 19,524€ (2021) and 28,008€ (2022).

Based on all the numbers above, we can derive the sustainability of X. It will achieve sustainability by the end of 2020, covering X costs. For 2021, although there is an increase in services, the costs are also significantly higher. Higher costs are due to the fact that for 2020 the costs are calculated from June, while for 2021 it is a 12 month cycle period. Still, the organization is expecting to do a 1,482€ for 2021 and grew to 4,052€ for 2022.

From this business plan, we can see substantial growth opportunity and well-planned sustainability for X for the coming three years.

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1. X – Mission, History, Past Activities, and Successes Summary

The North Macedonian startup ecosystem has excellent potential, and yet, it has been lagging behind almost every other ecosystem in the region. Not for the absence of ambition, but because of the lack of research, cooperation, transparency and support between the participants in the startup ecosystem, including startups, accelerators, educational institutions and the government.

The North Macedonian startup ecosystem consists of numerous startups that are operating in attractive industries such as mobile apps, fashion, education, travel, SaaS etc. Despite being able to land some investments, draw talent in, and have some resources at disposal, the North Macedonian startups' growth is impaired. The problem is mainly by a) The startups' lack of experience in scaling and knowledge of advanced industries such as IoT, Fintech, Unmanned Aerial Vehicles, Smart Homes, etc.. b) Lack of experts in desired fields. c) A discrepancy in the ecosystems' networking. d) Slow legislative changes. e) Talent drain.

A crucial component to understanding and resolving these issues encompasses factual and standardized data, which was hard to come by before X entered the scene. In addition to the lack of actionable startup data, the lack of cooperation in the ecosystem drove talented entrepreneurs away, due to the high risks and the lack of support.

In August 2016, X was established as a non-profit association. Its primary purpose was to address these challenges, aid the ecosystems' participants and enable other entrepreneurial support organizations to provide their services seamlessly to entrepreneurs. Its mission was to unite the North Macedonian startup ecosystem into one single connected hub by driving digital transformation to connect, visualize and make data flow within the ecosystem.

Apart from X's mission, the Association has the following key goals:

- Inspire the entrepreneurial drive in people.
- Encourage investments and startup innovation culture.

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- Bridge the gap between the startup community and all other remaining stakeholders within the ecosystem.
- Create a database consisting of startups, mentors, and experts that share accumulated knowledge and insights.
- Create an environment where open discussions can be had regarding issues and solutions, ultimately leading to improved innovation.
- Identify problems, solutions, and eliminate barriers that present a limitation for the growth and development of North Macedonia's startups.
- Seek improvement in legal regulations referring to startups, and stimulate the interest of investors outside of North Macedonia.
- Provide promotion and support to events such as hackathons, and demo days.
- Encourage collaboration between North Macedonia's startups and international startups, startup accelerators and organizations, funds, and other initiatives.
- Inspire collaboration within North Macedonia's business community, to create laws and business culture that will drive innovation.

To achieve these goals, X has done a lot of activities that made significant progress over the years. In 2016 it launched its official website. In the same year X also represented the North Macedonian startup ecosystem at BDL Accelerate in Beirut. X also partnered with Swiss EP to connect EiRs with startups. The Association concluded the year with mediating a meeting between the Dutch entrepreneurial network and North Macedonia's startups.

X's intensive work in the startup environment continued throughout 2017. The Association published a "How to" guide, explaining the fundamentals of starting a business in North Macedonia. X also organized and co-organized numerous events (e.g. Startup Europe Week 2017) and meetups between various startups in Bitola, Tetovo, Demir Hisar, Skopje. In addition to the guide and the event's organization, the Association also represented the ecosystem at Beta Pitch Mostar 2017 and collaborated with Toby Stone (who helped with developing Estonia's e-residency program) to improve the structure of the organization. On top of this, X has also mentored numerous startups within pre-

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accelerator and accelerator programs, the likes of Startup Weekend Skopje, CEED Hub, and Startup Academy's program for startups from Strumica.

2017 also marked the beginning of X's Startup Database as a Platform. The platform began mapping the entire startup community in North Macedonia while establishing bodies and boards, in which members/participants have the opportunity to share their business ideas.

In 2018, X produced its first paid research titled "Startup Ecosystem Research 2018", which expands upon the ways to standardize, strengthen, and empower the startup organizations to be able to offer the much-needed support to startups and entrepreneurs. X also organized its first paid event "Global Entrepreneurship Week" in Skopje. It is a celebration of the innovators and job creators in 170 countries by over 15.000 partner organizations who promote startups that bring ideas to life, drive economic growth and expand human welfare. GEW 2018 in its entirety, included a total of 6 events in 2 cities, Skopje and Tetovo. The main paid event 'Corporate Innovation' included guests from IBM Japan, Intel Israel, Fitbit CEE and numerous other corporate investors. The event also encompassed Startup Expo were a total of 12 startups, and 215 unique participants were present.

Operating as a volunteer-based-non-profit Association for three years (since its founding), X in 2019 posts its first job advertisement, and employs its first full-time employee. Another milestone that the Association reached in 2019 is the launch of "Startup Digest" – an aggregator displaying all startup events across all of North Macedonia in one place. Following numerous improvements and iterations, X in 2019 also released the beta version of its Startup Database as a Platform. In collaboration with the Fund of Innovation and Technological Development, X opened the first centre for the startup community in Skopje. For the second consecutive year, X organized GEW 2019. This year's GEW included a total of 18 events in 6 cities in North Macedonia. Twenty-two partners were involved for this year's event. The spotlight of GEW 2019 was the 'Promotion of data-driven ecosystem in the Balkans', 'X Platform premiere', 'Betapitch Pitching Event' and the 'T-labs Berlin' events. GEW 2019 attracted a total of 72 startups and 1,250 attendees.

As part of the US Department of State's Global Innovation through Science and Technology (GIST) initiative, X in collaboration with VentureWell organized a four-day program in Skopje under the banner of Regional Science and Technology Startup Training. Twenty-five startup companies from 12

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countries from the CEE and the Caucasus Region focused on Go-to-Market planning and strategizing. In September 2019, the members of the Association produced a study - Business Angels investments: Legal and Financial Analysis, analyzing the legal and financial limitations and incentives for business angels to invest in startups in North Macedonia.

X's 2020-and-beyond future activities have their focus on further development and improvement of the Startup Database as a Platform. For one, X undertook Finance in Motion – a project where a unified Mentorship Database and tool for online Mentoring of Startups with Trained Mentors/Entrepreneurs from Macedonia will be created, in the diaspora and abroad. The Association also applied with a solution and won a sizeable donation for the Fund of Innovations and Technological Development's "KREATON" project. In this project, via the MK Techpack Platform, free tools and startup know-how will be offered to startup organizations that are willing to digitize their organizations.

Additional work surrounding the Startup Database as a Platform includes creating a tool that can differentiate startups and guide them through growth. This platform will segment startups by their development phase and identify the best practices and most important processes they need to follow for a successful transition in another stage. The Associations' full-featured platform is expected to be released by May 2020.

A key element of X's future focus is also the transition from a volunteer-and-grant-funded organization, to a self-sustainable entity. As a part of its strategic planning, X contracted BizzBee Solutions to provide business planning support services and gain a more definite sense of the future.

Through its accumulated knowledge, expertise, and past activities, X possesses the necessary capacity to provide four fundamental services for the startup environment, detailed in the following segment of the document.

1.1. Service Range

X as an ecosystem umbrella aiming to help other ecosystem stakeholders strives to do so by providing four services, based on its accumulated experience and expertise in the startup sphere.

1. **Research, Reporting, and Analysis**

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X's deduction skills and vast knowledge of the North Macedonian startup landscape can be seen through its free "Launch in Macedonia" brochure (or "How to" guide), and the Macedonian Startup Ecosystem research – commissioned and paid by USAID. The Association's member's research and reporting competency is also seen through the funded study "Business Angels investments: Legal and Financial Analysis". X's quality of research is continuously on top, no matter whether the research document the Association produces is free or is commissioned.

2. **Organizing Events, Meetups, and Workshops**

With prior experience in successfully organizing international networking meetings, events, meetups, and workshops, X has developed strong organizational capabilities, making each entrepreneurial or startup-related event a staggering success.

The meetings the Association has organized include the Dutch entrepreneurial network meeting the North Macedonian startups, Startup Europe Week 2017, and Central Eastern Europe Startup Boot Camp. An emphasis is placed on Global Entrepreneurship Week. It is a collection of tens of thousands of events, activities and competition inspiring the entrepreneurial drive in people, in which for two consecutive years (2018 and 2019) X was chosen to be the leading partner, supporter and organizer for the event in North Macedonia. A total of 18 events throughout seven cities in North Macedonia were coordinated, mediated and supervised by X under the banner of GEW 2019, where approximately 1,500 startup enthusiasts participated.

Furthermore, X's extensive event organizing portfolio is enriched with 2019's GIST Regional Science and Technology Startup Training. Moreover, the workshop in collaboration with Toby Stone that helped in the development of the Estonian e-residency program is another testament to X's stellar organizational prowess.

3. **Startup Mentoring Services**

Drawing from X's experience with mentoring startups within pre-accelerator and accelerator programs, the Association amassed competent skillset and insights that can provide valuable inputs for startups.

The Association's mentoring portfolio includes numerous startups mentored within pre-accelerator and accelerator programs, such as Startup Weekend Skopje, CEED Hub accelerator

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programs, and Startup Academy pre-accelerator program. X, in addition to mentoring, is also involved in providing suitable mentors for its partners' programs.

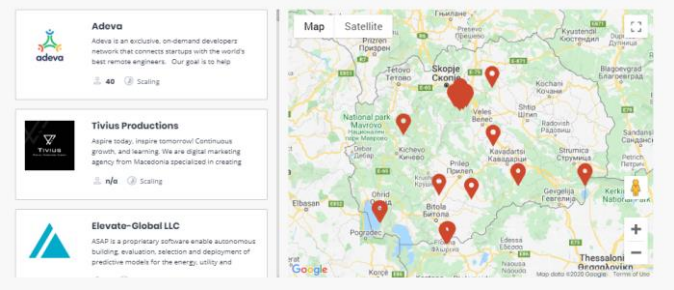
4. **Startup Database as a Platform**

   The objectives of X's platform are to provide a map of the startup ecosystem in North Macedonia, improve upon the startups' competitiveness, enhance information sharing, extend community reach, as well as strengthen organizations by discovering ways to become sustainable.

   The Startup Database as a Platform, meets the goals above by providing valuable information to its users. The data is represented in the following four categories:

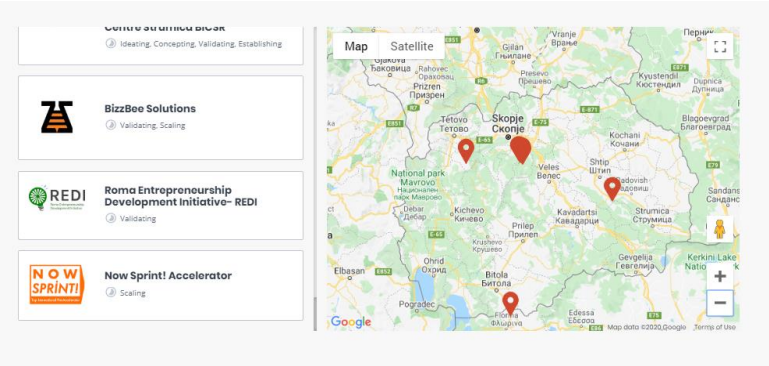
   - **Database of startups and their profiles**

     The database currently has around 150 registered startups, where information regarding the startup's industry, development stage, profit/revenue, revenue model, target market and funding type among other data points, are provided.

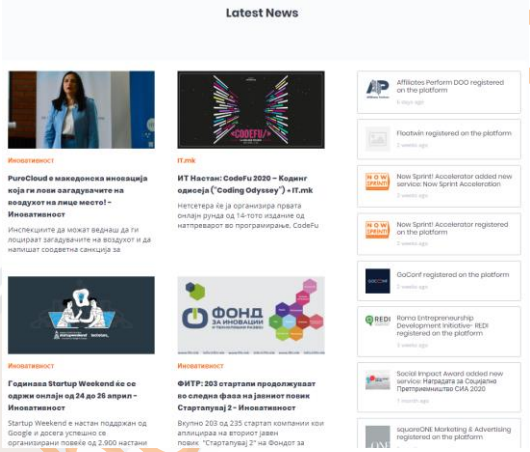


   - **Database of startup support organizations and their profiles.**

     Similarly, as the data points in the startup database, the support organizations also have their general information, service type and contact information disclosed on the platform.



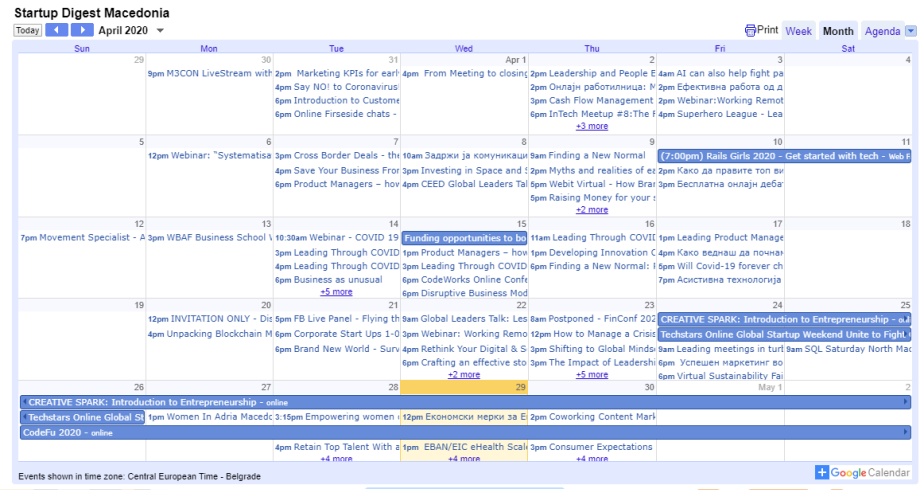
- Aggregated **news feed** with the latest information from the startup ecosystem in North Macedonia.



- Aggregated calendar (**Google Digest**) of all startup events in North Macedonia.

CALENDAR

Latest Events



5. **Policymaking –** the first drive to engage in lobbying, and seek better legislative and regulative environment for the startup ecosystem, was the production of the paid study - Business Angels investments: Legal and Financial Analysis. The study produced by the associations' members, encouraged X to open a communication channel with the Ministry of Economy, as well as the non-government sector to further improve the legal climate for the startup ecosystem in North Macedonia. The changes intend to enable the use of loans that transform into an investment (a convertible loan) applicable in Macedonia. Meetings are in place, a working group between representatives from the Ministry of Economy, Central Registry, the Public Revenue Office, and the Ministry of Finances has been made, and all of them are supporting the initiative.

   Moreover, X has also been advising on new investment instruments and changes in the Private Equity and Venture Capital funds landscapes, with support of the World Bank.

   The Association has one pending initiative with the Ministry of Economy, which requests changes be made in the Law for Trading Companies.

6. **Investor promotion and matching –** a planned paid feature for the Association's Startup Database as a Platform, where investors can be matched with startups among other functionalities.

1.2. Professional and Administrative Professional Capacity

The members of any organization represent one of the organization's strongest suits, so in this section of the document, X's workforce is showcased. Despite the 3 years of volunteer-driven culture, X's current team includes a total of 5 employees and 5 board members.

Under USAID's patronage, X has filled its team with the following job positions:

- 1 full-time employee that is responsible for reporting X's project progression to USAID. In addition to this, they are the call-to person for any current activities and responsibilities within the Association. This employee's other contribution to X includes work in the communication and marketing monitoring landscapes. This employee's salary equates to 29,000 MKD.
- 3 interns, each is working in the Association's legal, design and social media sectors. They are compensated for a total of 4,800 MKD for their contribution.

For the needs of the Association's Finance in Motion project, X will employ one associate who will be responsible for the execution of the project, as well as the reporting the project's progress to USAID. The associate's estimated honorary amount will equate to 34,000 MKD.

The founders of the X are working pro-bono, and are not receiving a regular salary. In some cases, they receive honorary compensation from working on projects.

X's leadership consist of five (founding) board members, namely:

- **Dejan Aleksov**, attorney at law & expert in startup law. Dejan has drafted the very first contracts made between local startups and a Macedonian business angel network. Since then, he has worked with multiple startup organizations, startups, and international companies. Founder of Legal Hackers Skopje initiative. **His main areas of responsibility surround operations and legal.**
- **Igor Madzov**, an associate at a venture fund South Central Ventures. The European-led VC fund has invested over $20M in regional startups, including over $4 million in Macedonian-based

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startup Cognism and InPlayer, among others. Igor has been a mentor to startups for seven years and has organized multiple startup events. **Igor is responsible for everything related to startups and investments.**

- **Natasha Lazarovska**, legal expert & innovation and international relations specialist at the Fund of Innovation. She has facilitated multiple partnerships between local startup and FITD, enabling new companies to get early access to finance. **She has mentored and spoken at multiple startup events. Her key responsibilities include external relations and the diaspora.**
- **Viktor Dano**, a growth strategist, and startup expert who has validated startups for Danish corporates. He was a founder of IT.mk, an influential tech blog that was first to introduce local startup and promote the emerging ecosystem. Has mentored multiple startups, and spoken at numerous startup events. **Viktor's area of expertise is marketing and content.**
- **Nina Nikolikj** – Executive advisory board member and co-founder of the Association X, partner organizations management, storyteller and a womenpreneur responsible for the organization of numerous startup events & conferences where she was a speaker and a moderator. **Nina's specialties include storytelling, copywriting, innovative thinking, and pitching, among others.**

1.3. Membership, Monetization, Financial Performances

This section of the documents overviews the ways X maintained its cash flow in the past, the present cash flow, as well as the future potential monetization from the Association's Startup Platform as a Service.

In the **early years** of the Association's lifespan, its cash flow was generated through commissioned research documents such as the 'Macedonian Startup Ecosystem Research, as well as the Business Angels investments: Legal and Financial Analysis'. Adding to the early years of the Associations' cash flow were the organization of events (GEW in 2018 and 2019, Central Eastern Europe Startup Boot Camp). More specifically:

- The 2018 Macedonian Startup Ecosystem Research was commissioned for $5,000.

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- GEW 2018's budget for the week equated to $22,000 in-kind, of which USAID provided $10,000 and $3,000 were made through ticket sales and sponsorships.
- GEW 2019's total budget for the week was $41,000 in-kind, generated through contributions and donations from USAID BEP, Swiss EP and FITR.
- GIST 2019's entire program budget was $75,000, of which $25.000 were allocated to X's activities.

X's **current** cash flow is provided by grants aiming to establish the Association's self-sustainability through the development and completion of the Business Ecosystem Project (X's Startup Database as a Platform) within two years. Another financial source represents the awarded donation from the Fund of Innovation and Technological Development through its challenge 'KREATON'. In addition to the Association's grants and donations, X also receives some financial relief from renting the MK Startup Space.

- USAID grant of $83,551 for the completion of the Business Ecosystem project (the Association's Startup Database as a Platform) within two years.
- Grant of 85,000€ provided to create Finance in Motion – a mentoring platform within the next 14 months. The grant's breakdown is 55,000€ and 30,000€ in-kind contribution.
- KREATON – The grant sum for the project equates to 10,000€ and is expected to conclude within 15 days.
- MK Startup Space rental – the office space costs a total of 9,600€ so far, or 800€ per month, and it is in-kind dedicated from community partner to X

Future

The foreign investors' interest in being matched with startups, promote their activity and organize events on their behalf has remained steady. As part of the Association's pro-bono and in-kind work, X hasn't received any monetary compensation for the support of the domestic and foreign investors. A paid feature will be added to the Association's platform - 'Investor Promotion and Matchmaking' that will make sure the Association's support is recompensed accordingly.

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The Startup Database as a Platform operates through a freemium model, however, in to achieve sustainability, additional features and tools will be made available for clients that are willing to pay and receive the full-featured platform. In addition to the full-featured platform, paying clients also will become members of X's club – where the will be offered a plethora of benefits, such as meetings with mentors, invitations to annual events, various discounts, advisory services and so on.

Financial performance

Looking at the official financial performance, the association made some fantastic progress over the past three years (in €):

X financial performance			
	2017	**2018**	**2019**
Revenues	€ -	€ 5,386	€ 72,964
Costs	€ -	€ 4,161	€ 58,059
Reserves	€ -	€ 1,224	€ 14,690

From the financial performance, it can be seen that 2017 the organization did not have any turnover. 2018 had an increase to 5.384€, and cost of 4.171€, making reserves of 1.224€. 2019 was finished with revenues of 72.964€ with 58.059€ in costs and 14.690€ in reserves. It can be seen that X is making significant progress and financial growth year-to-year, showing strong financial capacity.

Membership

At this stage, X does not have any new members in the association. Still, it allows start-ups, service organizations and other stakeholders in the startup ecosystem to join the platform for free. Once the platform is mature and has several additional features that add value to the participants, X will start charging fees to the participants. In addition, they will become members of X's club, where they will enjoy additional benefits.

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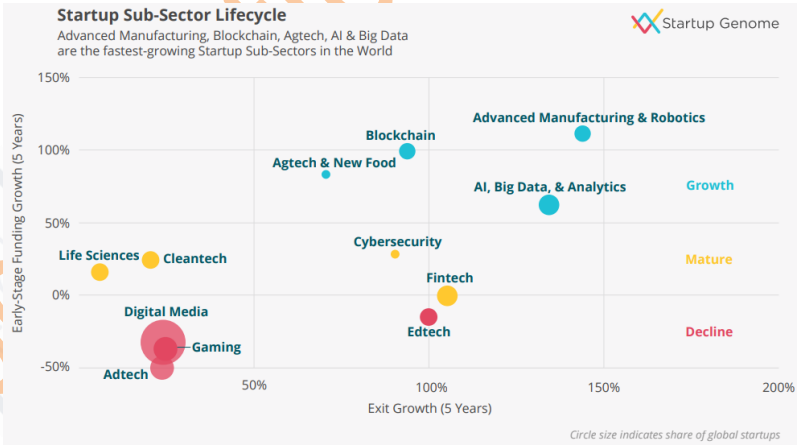
2. Startup Ecosystem Landscape

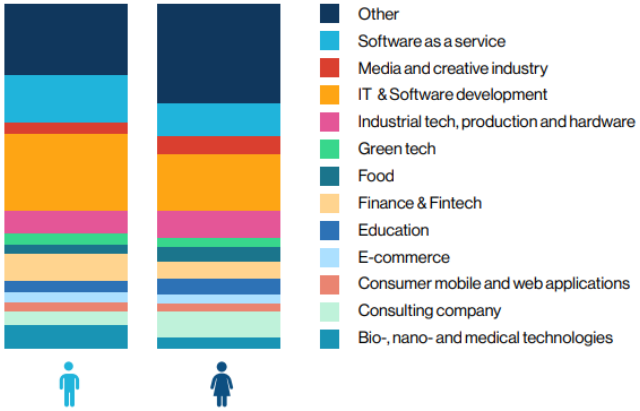
X primary focus on entrepreneurship & startups. Therefore, we need to look at the startup sphere in general – is it growing, shrinking, are there any new trends coming or are there new emerging niches that X should be aware. The association need to understand the startups to serve them better.

Startup Genome, a highly regarded research and policy advisory organization for governments, in their Global Startup Ecosystem report, stated that the global startup economy is continuing its growth, creating $2.8 trillion in value between 2016 and 2018. This increase represents an increase of 20.6% from the previous period (2015 - 2017).

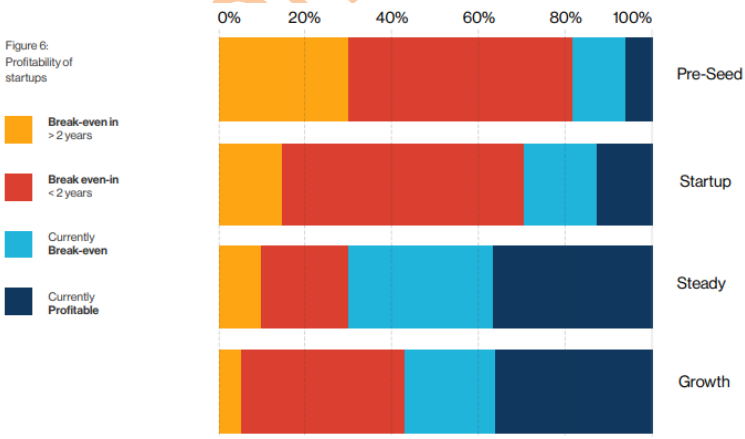
With the startup economy on the rise, some parts are growing more rapidly than others. In particular, Life Sciences, Robotics and AI. Reportedly, nearly half (45%) of all startups created globally, are in the Deep Tech sub-sectors. The **top 4** startup sub-sectors with the highest growth are Advanced Manufacturing & Robotics (#1), Blockchain (#2), Agtech & New Food (#3), and Artificial Intelligence (#4). The most significant **declines** are happening in sub-sectors increasingly dominated by big platforms, as in Adtech, or in pure software and internet areas like Digital Media and Gaming.



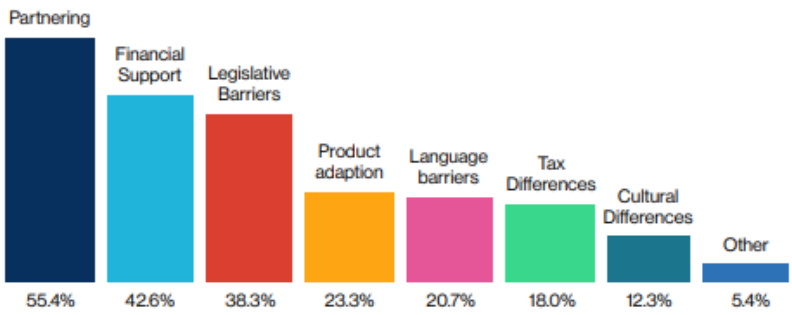
Looking more closely, toward the **EU startup ecosystem**, SaaS and IT are Europe's sectors where the newest companies are established. European Startup Network's 2019 report, claims that the Software as a Service, IT/Software Development and the Consulting Company/Agency are the spheres where male and female founders establish their companies the most. Green-tech, E-commerce, and Consumer Mobile & Web Applications are the landscapes where the least new companies emerge in Europe.



From a profitability point of view, the startups in Europe, the companies in the Pre-Seed, and the Startup stages are struggling to be profitable. This struggle might be attributed to various expenses and costs, meaning that new companies in these two stages need financial support the most. On the other hand, companies in the Steady and Growth stages have already broken-even or managed to be profitable. This indicative that companies in these stages need different types of support, apart from financial to grow and be successful.



Once the startups have secured their profitability, most of them like to explore their growth options by expanding internationally. While expansion abroad is a goal for many startups, there are many obstacles which they need to overcome first. The most common barriers for internationalization is finding the right partners, securing financial support, and the legislative/regulatory barriers.



2.1. The Startup Ecosystem in North Macedonia

Information and data regarding North Macedonia's startup landscape are very limited. We did extensive research from multiple other sources. However, X's report 'Connecting the Macedonian Startup Ecosystem', remains the most relevant first-hand source of analysis and data on the North Macedonian startup ecosystem.

World Bank's 'Ease of Doing Business' ranks North Macedonia's economy within the top 20 economies in the world. Moreover, World Economic Forum's 'Global Competitiveness Report' states that an increase has been recorded in North Macedonia's attitude towards entrepreneurial risk-taking, willingness to delegate authority, and the companies' willingness to embrace disruptive ideas.

To obtain a better understanding of the startup landscape in the country, the natality and mortality of the businesses should be known. The number of active business entities in the Republic of North Macedonia in 2019, according to the State Statistical Office, was 75,914, representing an increase of 5% compared to 2018. Interestingly, 80.7% of all employees are working in businesses employing between 1-9 persons.

Looking at the newly established businesses, according to another State Statistic Office statistic, in 2017, a total of 6,321 companies were established, while 5,796 ceased to exist.

Although there are 6.321 newly established companies on an annual basis, not all of them could be considered as relevant startups. Plenty of them are local small-scale businesses (cosmetic saloon, hairdresser, etc.), and are not the primary target for X. According to a publication from the Fund for Innovation and Technological Development a recent support instrument (Стартапувај 2) aimed at financing new, micro, and spin-off enterprises, attracted a total of 235 applications from startups in 2019, representing a 30% increase from 2018.

Those businesses that cease their operations, according to the Global Entrepreneurship Monitoring survey (GEM) emphasize that issues with profitability, financial support, as well as other personal matters, are the main culprits responsible for the businesses' closure.

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Despite the significant amount of businesses ceasing to exist, this data indicates that North Macedonia's entrepreneurial and startup mentality is on the rise, and its pillars are micro-businesses employing between 1 and 9 workers.

Detailing the country's startup ecosystem is the European Commission's annual Small Business Act (SBA) Fact Sheet pointing out a couple of key findings:

- North Macedonia's performance in entrepreneurship is below the EU average.
- Early-stage entrepreneurial, remains lower than the EU average.
- Entrepreneurial learning and women entrepreneurship stays below the regional average.
- Opportunity driven entrepreneurial activity is the lowest compared to all EU and non-EU countries.
- There is a significant lack of alternative financing sources such as equity and business angels funding for new and growing firms.
- The willingness of banks to provide loans has diminished less than the EU average.
- The entrepreneurial intentions or the willingness to own a business, are more than ten percentage points higher in North Macedonia than the EU average.
- North Macedonia continues to perform in line with the EU average for internationalization.

These data points are indicative of the longways the North Macedonian entrepreneurial and startup ecosystem has to traverse. Still, it also showcases the willingness and attempts of the country to embrace and improve the entrepreneurial scene.

2.1.1. Entrepreneurial Barriers and Challenges

These are some of the barriers and challenges which are facing the North Macedonian entrepreneurs and startups:

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- The reasons most entrepreneurs start up a business are not driven by seizing an opportunity (39, 02%), but out sheer necessity and not being able to find alternative employment (60, 98%), as stated in Global Entrepreneurship Monitoring's survey (GEM).
- World Economic Forum's 'Global Competitiveness Report' pointed out that the country's Entrepreneurial Culture is ranked in the lower bracket, occupying the 129 place out of total 141.
- The European Policy Institute-Skopje's report shows that the country's traditional underdeveloped markets are not a viable option for establishing and financing new businesses. Moreover, the general lack of seed and startup funds, venture capitals and business angels, is also making it difficult for entrepreneurs to start companies.
- These are the issues identified in X's 'Connecting the Macedonian Startup Ecosystem' report:
    - Lack of product creation and adoption to the market.
    - Startup support organizations and investors are not really confident of the ability of North Macedonian startups to create innovative businesses.
    - The wide gap in the product/market fit stage, where startup support organizations are focusing on providing early education for startups, and the investors are interested in supporting startups that have already gained traction.
    - The level of in-house innovation in companies is 11.3% - two times lower than the European average of 28.8%.
    - The number 1 concern for all ecosystem stakeholders is that they are struggling to work with each other.
    - There is a mismatch in the demand versus need, as startups are being offered services that they don't need.

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2.1.2. Startup Service Providers in North Macedonia

Similarly to the lack of information regarding the startup ecosystem in North Macedonia, data about the definitive number of Startup Support organizations and other relevant stakeholders in the country is hard to come by.

Some of these stakeholders may be perceived as indirect competitors to X – as they too are trying to provide support for startups and entrepreneurs. On the other hand, potential collaborations and partnerships between these stakeholders and X could result in better benefits for the entrepreneurs and the startups.

From the available information, we've identified two primary sources for startup stakeholders in North Macedonia: a) Startup Europe Network – has a separate section for North Macedonia, and b) EU-startups has a new article (April 2020), on the startup ecosystem in North Macedonia. Combining these two sources, we've identified the following business entities:

- **Startup Support Organizations**: Seavus Accelerator, Ss. Cyril and Methodius University Accelerator (UKIM Accelerator), X Factor Accelerator, South Eastern Europe University Tetovo Technology park (SEEU Technology Park), Foundation for Sustainable Economic Development (PREDA Acceleration Program), Business Impact Lab, Newman's Business Accelerator, Youth Entrepreneurial Service Foundation (YES Incubator), Centre for Technology Transfer and Innovations (INNOFEIT).
- **Academic entities that support startups:** Faculty of Computer Science and Engineering (FINKI), Faculty of Electrical Engineering and Information Technologies (FEIT), Faculty of Technical Sciences Bitola (FTSB), University of Information Science and Technology Ohrid (UIST).
- **Institutions that support startups:** Fund for Innovation and Technology Research (FITR), Ministry of Information Society and Administration (MOIA), the Agency for Promotion of the Entrepreneurship of the Republic of North Macedonia (APPRM), Macedonian Enterprise Development Foundation (MEDF).

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- **International Organizations and Institutions**: European Bank for Reconstruction and Development (EBRD), British Council, Swiss Contact, World Bank, USAID.
- **Investment Funds**: South Central Ventures (SCV), Crimson Capital, Small Enterprise Assistance Funds (SEAF), CEED Macedonia Business Angels Club, Business Angels Network of Macedonia (I2BAN), Banks and their specific programs.
- **Associations, Platforms and Events**: X, CEFE Macedonia, Foundation for Management and Industrial Research (MIR), Swiss Entrepreneur Program (Swiss EP Skopje), MASIT ICT Chamber of Commerce (MASIT), Startup Weekend Skopje (SWS), Startup Grind Skopje (SGS), Get in the ring, InTech Meetup, Codecamp.
- **Hubs**: The Social Innovation Hub, Brainster, Ceed Hub Skopje, Co-office, Social Impact Lab.

Looking at all the findings on the startup ecosystem providers in North Macedonia, there are plenty of associations, businesses, and governmental entities that are involved in the startup ecosystem. This is the reason why X sole purpose is to map and match all the service providers with the startups, to increase the startups success rate.

2.2. Benchmark of Startup Organizations

A research was performed on similar Association that are involved in the startup ecosystem to understand X growth opportunities. The primary purpose was to identify how similar associations in developing countries and developed countries are performing. The aim was to find services/features that X can add to its portfolio to improve its sustainability.

The analysis consisted of 50+ associations, and 11 startup associations were shortlisted. From them, five are from developing countries, six are from developed countries. The detailed benchmark analysis can be viewed in **Appendix 2**. In this part of the document, we will focus on the findings and insights from the benchmark analysis:

1. **Start charging for becoming a member of the database - the example of Bulgaria (BESCO)**. The Bulgarian Startup Association (BESCO), is a non-governmental organization which aims to bring together all relevant stakeholders in the innovation industry, such as startups, private and institutional investors and the Government, among other. Currently, they have 167

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members in their database – and BESCO charges to become a member. The prices vary based on three criteria: a) number of employees, b) Revenues, c) raised investments – and they have three pricing packages: a) 300BGN (150€), 2) 600BGN (300€) and 3) 1500BGN (757€).

- **Opportunity**: Create 3-tier pricing for becoming a member in X database.

2. **Organize online courses and training - the example of MY-GATEWAY**. MY-GATEWAY is a Startup Europe initiative, which aims to strengthen the capacities of high-tech startups and SMEs in the CEE region. They have an online course section, offering eight categories of online courses, covering: a) Idea development, 2) technology and innovation, 3) business development, 4) digital marketing, 5) Product development, 6) Growth-oriented teams, 7) Finance and 8) Other. Interestingly, not all the courses are made by them, and the course length ranges from a few hours to several days.
   - **Opportunity**: Create courses and additional content (eBooks) and offer to the startup community (paid)
   - **Opportunity**: Be an affiliate of other companies that have already built paid programs, courses, and eBooks and receive a commission fee.

3. **Charge for premium research reports – the example of EU - Startups example**. EU-Startups has the vision to connect the European startup scene and to encourage entrepreneurship within Europe. They've managed to pre-build several startup reports. They are selling on their website – where anyone can buy and get access to the reports: a) "200+ most active business angels in Europe" - at 95€, b) "Europe's hottest fintech startups" - at 69€ and c) "Europe's hottest IoT startups" - at 69€.
   - **Opportunity**: X has expertise in creating research reports. Once it identifies relevant topics, it can generate reports, and sell them on their website.

4. **Create an annual startup magazine regarding the North Macedonian startup ecosystem – the example of Startup Latvia**. Startup Latvia is a startup-support organization started with a goal to boost and support the Latvian startup community and create one stop-shop for Startup

activities. The association is also publishing a magazine once or twice per year, covering different aspects of the startup ecosystem.

- **Opportunity**: X Magazine issued twice per year, covering the latest news in the startup ecosystem. This magazine can be free, or it can be charged.

5. **Organize a recurring annual event/summit – the example of startup Belgium**. Startups Belgium is an independent startup centre, to become the one-stop-shop for Belgian tech entrepreneurs. They are organizing an annual event – The big Squeeze, which is an event for the Belgium startup ecosystem. A similar example is the EU startup Summit, hosted by EU-startups, every year in Barcelona.
   - **Opportunity**: In addition to organizing all the international events in North Macedonia (e.g. GEW), X can have a signature event, where it will unite the entire startup ecosystem from North Macedonia. This event can easily be extended to cover Balkans, not just North Macedonia.

6. **Organize awareness-raising events – the example of Startup Britain**. Startup Britain has come up with a fantastic idea on how to promote themselves, and at the same time, supporting entrepreneurs and startups. They have bus touring through the country, visiting cities, and giving out free business advice and counselling to aspiring and early-stage entrepreneurs.
   - **Opportunity**: Organize awareness-raising events throughout Macedonia

7. **Create a job posting section for startups – the example of Slovenia.** The Organization aims to be the central platform of the Slovenian startup ecosystem by providing: a) Startup Information, b) Promoting Startups, c) Inspiring Entrepreneurs, d) Connecting and Supporting Entrepreneurs, e) Working together with all Stakeholders, and f) Making Changes. The association has a section tailored for jobs and opportunities. It currently has ten opportunities for startups (where startups can apply), as well as 21 job ads from startups looking to fill a particular job. EU-Startup also has a job board section.
   - **Opportunity:** X to create a Job board – a place where startups can put job ads.

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- **Opportunity:** Another section is the Opportunity board – where it can summarize all calls for Startups – FITR, Governmental calls, subventions, and other opportunities that startups can utilize.

A recurring policy is the 'X country" Startup Visa - which unfortunately cannot be applied to North Macedonia since the country is not a member state of the EU. However, this policy is considered relevant by a lot of countries (Latvia, Italy, Estonia, and Bulgaria) and they believe that this policy can strengthen the entrepreneurial and startup ecosystems in their respective countries by providing additional benefits and incentives to foreign entrepreneurs to open their business in those countries.

This policy is an indicator of the potential of attracting foreign entrepreneurs to open their startups in North Macedonia if the legal and regulatory frameworks are fair and simplified. Working out a regulatory way to incentivize and attract foreign entrepreneurs to open up their business in North Macedonia, is another way of positively impacting North Macedonia's startup ecosystem.

3. SWOT Analysis

SWOT analysis can summarize the research up to this point - the strengths and weaknesses derived from the internal analysis, as well as the opportunities and threats from the external analysis.

The SWOT analysis is an excellent summary, but also a starting point or the growth plan. The image below summarizes the findings, and we will explain each in more details:

Strengths

- **4-year history as association** – X is four years on the market, which is considered a strength. The association has built experience and networked with plenty of key stakeholders, positioning itself as an important player in the startup ecosystem in North Macedonia.
- **Experience in Research, Reporting, and Analysis** – X managed to build its capabilities in building reliable reports and analysis based on extensive research. Few of them were published and still publicly available.

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- **Experience in Organizing Events, Meetups, and Workshops** – Another capability of X is the experience in organizing local, national and international events. The expertise covers all the logistic aspects of organizing events.
- **Asset: Startup database as a Platform** – Having the startup database built, is a strong asset to the association. It gives a strong base, which enables the association to build a lot of other features and functionalities on top of it.
- **Strong leadership board (5 members)** – X is managed by a team of 5 board members, each with strong startup background.
- **Financial Growth** – The organization has shown a steady financial growth year-by-year, proving its determination to grow.

Weaknesses

- **Limited organizational capacity** – At the moment, the association has two employees and three interns. It is a weakness, as if it wants to grow its services, it will need a bigger team to serve the startup ecosystem.
- **No membership structure at the moment** – The organization still hasn't made a membership structure, which will act as an initial database of clients (startups and service providers) it will serve.
- **Majority of the services are currently free** – Offering services for free is not a direct weakness. But missing out on potential income, which can then be invested in growth. Also, it is always harder to move from free to paid, as users are used to getting the same for free.
- **Limited Marketing/sales activities** – One main weakness of X is the lack of stable marketing/sales activities. The association does have some project-related promotional activities, but that is on project-basis, rather than a mid-long term marketing strategy, with a marketing employee that will promote the association full-time.
- **Financial self-sustainability** – X is still dependent on projects, and does not cover its costs. The primary purpose of this business plan is to identify monetization opportunities and help X become self-sustainable.

Opportunities

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- **Focus on Tech/SaaS sub-sector** – As these sub-sectors are showing global growth trends, there is a great opportunity for X to focus toward these sub-sectors.
- **There is a positive growth trend in startups in North Macedonia** – Since the startup ecosystem is growing in North Macedonia, it also means that the market for the association is growing as well. The bigger the ecosystem, the more opportunities for X.
- **Foreigners are interested in opening a business in North Macedonia** – There is a great opportunity for X to be the go-to partner for establishing a new business in North Macedonia.
- **Benchmark ideas from similar umbrella association from around the world** – From the benchmark analysis, there are seven additional opportunities derived from similar umbrella associations like X.

Threads

- **Delayed EU entrance by North Macedonia** – This is a thread, as on the one end many local entrepreneurs might decide to move to EU countries and start their business there – as it has better business climate.
- **Conflict of Interest with existing startup Service providers** – As X will start introducing services to support startups, some of the service providers can perceive X as a direct competitor, rather than an umbrella organization.

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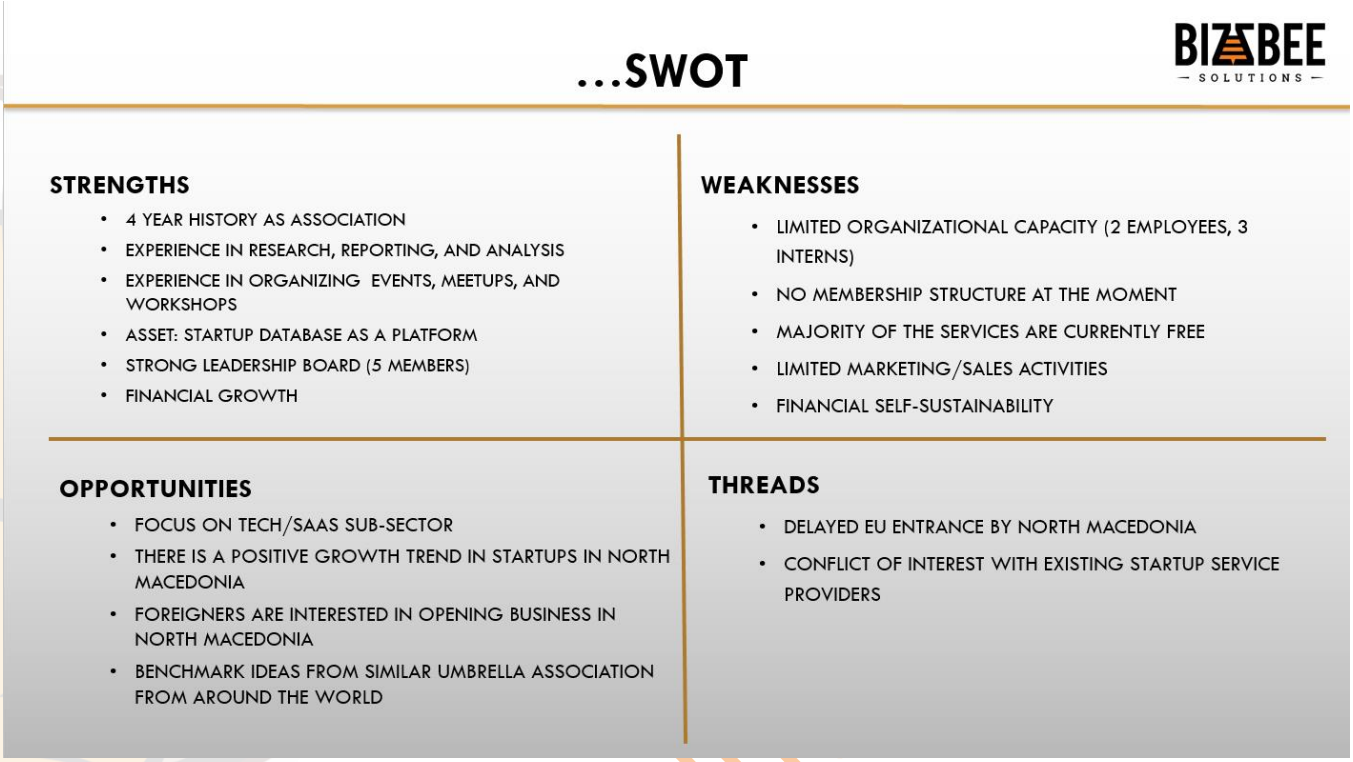

4. Growth Plan

During our brainstorming session with X, we've realized that although the organization has plenty of growth idea, many of them are limited by the number of resources available to the organization. Having limited HR capacity and the leadership team working pro-bono, makes the growth limited to mostly what can be done with minimum effort and resources, and utilizing external support and partnerships.

Based on this, our brainstorming provided with the following potential services that can help X grow and become self-sustainable:

Service 1. Introducing membership fee. As early as mid-2020, X can introduce a membership fee, offering subscription options to startups, service providers as well as corporations to be part of the network. The membership can be 3-tiered depending on the size and stage of maturity

of the startups. As long as X can provide value to startups, this service will continue bringing revenues in continuity.

Term to start: Short term

Score: 10

Service 2. Soft-Landing Services. As X is an established player in the startup ecosystem in North Macedonia, the first thought was to offer startup service packages to Macedonian entrepreneurs – where the association can provide all the legal/administrative support to start a business. Although North Macedonia is recognized for its simplicity to start a business, it still requires multiple parties and logistics to register a company.

However, we believe that this service would not be as appreciated by local entrepreneurs, as they usually want to cut costs and do the logistics themselves. On the other hand, this would be far worthier for companies/entrepreneurs from abroad that would show interest in starting a business in Macedonia. As foreigners, they would not understand the process, don't have the local network and would need domestic help to establish a presence. The packages could range from just registration of the business to a complete soft landing package. The later can include the filing of a company, find office location (in partnership with real estate agencies), find employees (in collaboration with HR agencies), and all the supporting legal and administrative work to make it work.

Term to start: Short term

Score: 10

Service 3. Website Promotion Options. Having a platform with more and more startups, it is becoming a startup hub. Many service providers and corporations with a specific service to startups would like to get access to that audience. It can be smartly promoted as "companies that care about startup community", but for an annual/monthly payment, companies can get access to advertising opportunities - put their logo, banner, ads, interview, or be included in X Newsletter. For example, service providers can promote their services, and banks can promote their startup loans, etc.

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Term to start: Midterm

Score: 8

Service 4. Project Proposal submission. As up to now, X can continue with project proposal submission. As a relatively young association, it is still dependent on projects from various governmental and non-governmental organizations. The proposal should not be toward operational assistance, but instead project/investments related, where X can partially cover its investment in new services or solutions. Although this is not the ideal sustainability instrument, it can significantly contribute toward new service development, and awareness-raising for X.

Term to start: Short/midterm

Score: 10

Service 5. Organize our own Startup Summit. Although X has proven it can logistically organize events for other brands (e.g. GEW), the idea is to host its flagship annual event that will first bring the national players in the startup ecosystem, and later be positioned as a regional event. Creating its own event, it can implement different revenue models: sponsorships, ads, speakers, participants, brand ambassadors, etc. The summit would require a lot of logistics and a team to execute, but the value is quite significant. To deliver a national or regional Summit, X needs to create at least two smaller summits before it can pursue a National wide summit, as although it has experience in events logistics, organizing nationwide event, requires experience in branding and marketing as well.

a. **Term to start**: Long term

Score: 8

Service 6. Mentorship Facilitation. X is currently in the process of development of mentorship tools that can help facilitate the mentorship process between mentee and mentor. The platform can be local, or connected to an international network of platforms, enabling startups with access to a broader network of mentors. As a service, it can directly improve the communication between mentors and startups, providing local startups with access to

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international mentors - directly improving the startup ecosystem. This service can be a stand-alone service or as part of the membership package

Term to start: mid/long term

Score: 7

Service 7. Report Generation. Having a proven track record in building strong research and report, the organization can keep offering report development as a service. There is not a big market for reports, but the research shows that there are several organizations that pre-develop reports, and then sell as a digital product. Also, there are cases within X, where a client orders specific research to be done. In both cases, X can systemize the research and reporting process, and offer it as a service. Potential clients can be the government, different organizations, or external parties interested in the startup ecosystem in North Macedonia.

Term to start: Short term

Score: 7

Service 8. Affiliate (Partner) promotion. Since X has limited HR capacity, perhaps it is a better approach to partner with various companies, and offer their services – on different revenue models. The pricing can be agreed with each partner, as there are plenty of revenue models - it can be commission based, fixed price, percentage, or per lead base. As X is becoming the lead organization for the startup ecosystem, it represents a cluster of startups. The main goal is to understand the startup needs, and instead of building solutions from scratch to partner with established companies, and offer the services for a financial reward.

Knowing the startup needs, X can create a list of potential partnerships, and discuss with each partner, on how they can contribute to the startup ecosystem, and what would be the revenue model X can impose.

Term to start: Short/midterm

Score: 8

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Service 9. One-time events. Since the organization has strong experience in the organization of various one-off events (webinars on different topics, 1h-presentation, guest speaking events, etc.), it should start doing this on a paid basis. Not to compete with training centres (that already organize training of 1-3 days or few weeks program), it can offer a 1-2h highly focused event, with an expert presenter, and be able to charge for the event (cover the presenter, the location and keep some profit). The profitability of the events depends on how relevant is the topic for startups. Also, the event can be recorded and offered for free to members, or for some smaller fee to others that want to have access to it at a later stage.

Term to start: Midterm

Score: 7

Service 10. Startup Magazine. The opportunity behind the magazine is that it can be built every three months, as print or digital version only. The magazine can be offered to the public for a small amount (enough to cover production/printing costs, e.g. 1-2€) – and give it to the members for free. With that X would break-even on the production side, but could make significant revenue on the advertising side. Service providers and other companies can pay for ads in the magazine. X can also heavily promote its events, summits, publications, etc. for free.

The main drawback for this service is that it requires a lot of effort and capacity, including content, editor, design, publishing, etc. that the organization does not have at the moment. Also, it requires publishing experience, as a magazine is not an easy project to do.

Term to start: Long term

Score: 7

From the brainstorming session, we've identified these ten services that could contribute toward X self-sustainability. As X does not have the capacity to pursue all ten services, a prioritization of the top 3 would make a clear focus for the short term.

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5. Services

5.1. Membership

Depending on the size of the startups, X will introduce 3 tier membership fee. In addition to the membership for startups, it will also offer membership for organizations.

Starter	Medium
€ 75	€ 150
Startup club membership	Startup club membership
Access to premium functionalities	Access to premium functionalities
Startup badge	Startup badge
	Mentorship on demand
Startups: 0-3 employees	Startups: 4-10 employees

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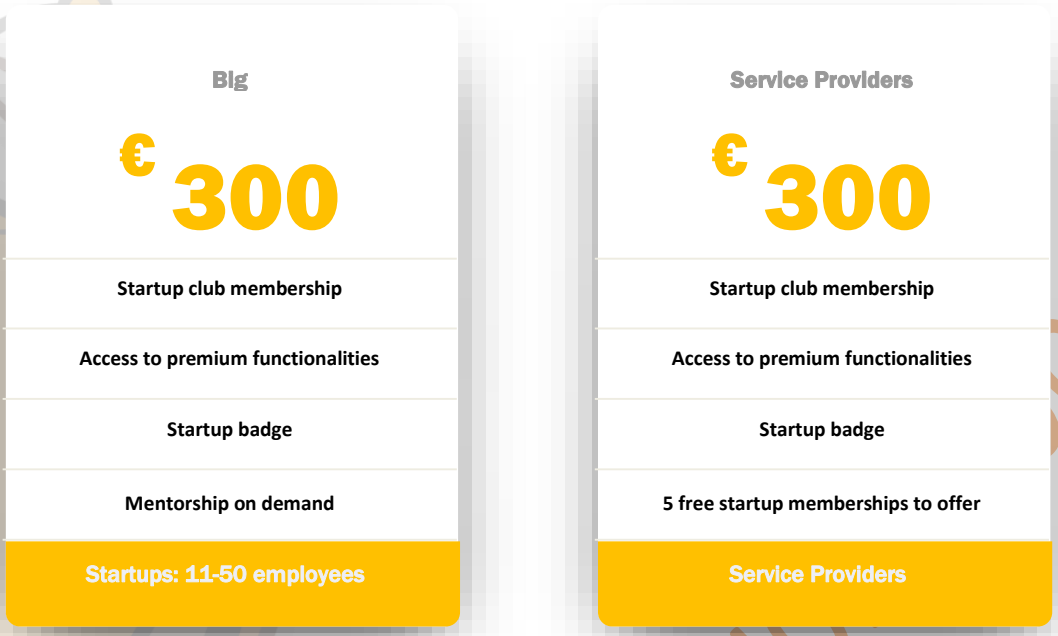

5.2. Soft landing Services

Targeted toward foreigners that want to start a business or open offices in North Macedonia, X will offer its soft landing services. Depending on the needs, the organization can offer three different packages:

Package 1: Soft Landing Discovery

Includes five different 1-hour appointments online/offline in X space with relevant partners:

- Accountant
- Lawyer
- Investment
- Community
- Needs assessment guy

Price: 150€

Package 2: Soft Landing Starter

Includes setting up a company in North Macedonia:

- Register a company within the Central Registry
- Opening a company's bank account
- Retrieve stamps

Price: Depending on the scope, but an average of 500€ per service.

Optional:

- Work Permit
- Residence Permit

Package 3: Soft Landing Growth

Includes complete support toward establishing and growing a business in North Macedonia.

- Setting up a company package
- Finding offices (in partnership with real estate agency)
- Finding human resources (in collaboration with HR agency)
- Legal and administrative support

Price: Depending on the scope

5.3. Website Promotion Options

X is also going to offer advertising options. As many companies have shown interest, there are three main advertising packages that X will offer:

Package 1: Technology Partner Package (North Macedonia)

As part of this package, the client will receive:

1. Listing of corporate as a Technology Partner on the New X Webpage.
2. Receive Premium access to the Digital Database of X. By creating a corporate personalized profile. You will gain access to 150+ Startups and 30+ Startup Support Organization.

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3. Receive Access to Startups and SMEs looking for digitalization through the new digital portal TechPack. Cooperating with 15 chambers of commerce and expanding in the region as well.
4. Promotion of Free Tier and Startup Accelerator on Social Media in Macedonia
5. Feature Corporate Story/Interview in Startup and Tech Media in the Country to raise awareness of services, tools, and activities corporate is offering on a Global Level.

Package cost: 72.924MKD (1.180€). A limited 50% discount opportunity is available for the first three partners => 36.462MKD (590€).

Package 2: Premium Technology Partner Package (Western Balkans)

1. Listing of CORPORATE as a Premium Technology Partner on X Webpage (new version is planned in June).
2. Receive Premium access to the Digital Database of X +.Additional Regional support in reaching 300 Startups and 50 Partner organizations in Macedonia, Kosovo, Bosnia and Herzegovina, Albania, Serbia and Montenegro.
3. Promotion of Free Tier and Startup Accelerator on Social Media in North Macedonia and with partners in the WBregion.
4. Feature Corporate Story/Interview in Startup and Tech Media in the region to raise awareness of services, tools, and activities.
5. Corporate is offering to boost startup and SME development Support of Corporate on Regional Level and promotion on regional Projects and events.

Package cost: 145.848MKD (2.370€). A limited 50% discount opportunity is available for the first three partners => 72.924MKD (1.180€).

Package 3: Event organization package

Organize a series of Experience sharing online webinars starting June/July 2020. Each event with different target audiences with the possibility to cover the whole market of WB (Western Balkans: North Macedonia, Bosnia and Herzegovina, Kosovo, Albania, Serbia and Montenegro) Format 20min Presentation of Case Studies how Corporate is supporting companies in certain segments with key personal from Corporate and Guests from Companies/Startups using Corporate products.

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Example: 3 Events for 2 Months Engagement

- **Event 1:** How to boost my business with corporate target audience Startup founders from WB (at least 30 Companies)
- **Event 2:** Building amazing products with corporate target audience Startup founders from WB (at least 30 Companies)
- **Event 3:** Corporate your partner in Digitalization target audience SMEs + Startups from WB (at least 50 Companies)

Package cost: 258.300MKD (4.200€). A limited 50% discount opportunity is available for the first three partners => 129.150MKD (2.100€).

6. Financial analysis

For the financial analysis section, a complete financial model (in excel) was build implementing all costs and revenues. The financial model enabled X to experiment and try several "what if" scenarios. These scenarios, help the organization understand the financial impact from decisions like – a) increasing the price of the service, b) hiring a 2nd or 3rd employee, c) increase the number of services sold, and d) a mix of many other variables. The purpose of the financial model is to provide specific answers to all these "what if" scenarios.

In this section, we will go in more details over the financial plan covering the revenues, costs, and expected sustainability for X, as well as all the assumptions included in the financial model.

6.1 Revenues

As defined above, the first three services that X will offer on the market are a) membership packages, b) soft landing services (for foreigners), and c) advertising opportunities. Here we will look at each of the services separately, the assumptions, as well as the expected revenues over the coming three years.

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Membership

The membership package will enable startups (3 packages depending on the size of the startup), as well as service providers, become part of the startup community.

- As the membership fee range from 75€, 150€ and 300€ - we took an average of 150€ as assumption per new member.
- X will be able to accept 55 members by the end of 2020
- Within 2021, the total number of members is expected to rise to 90. There will be some churn rate (members that did not continue for 2nd year). X is confident that they can get additional new members, and finish 2021 with 90 members in total.
- As for 2022, it is expected to have a total of 135 members in the organization.

Based on the assumptions above, the table below presents a summary of the expected revenues for 2020-2022. X is expected to get 8,250€ for 2020, 13,500€ for 2021 and 20,250€ for 2022.

Membership Fee	**2020**	**2021**	**2022**
Members fees	55	90	135
Average price per member	€ 150	€ 150	€ 150
Revenue per item	€ 8,250	€ 13,500	€ 20,250

Soft Landing Services

X will approach and offer its soft landing services to foreign entrepreneurs and existing businesses that are considering opening offices in North Macedonia.

- For 2020 is expected to have five clients for soft landing discovery and one client for soft landing starter.

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- For 2021 it is expected to grow to 15 clients for soft landing discovery and two clients for soft landing starter.
- For 2022 it is expected to serve 20 clients for soft landing discovery and three clients for soft landing starter.
- These foreign entrepreneurs and startups will be encouraged to join the membership and contribute to the previous service.

Based on the assumptions above, the table below presents a summary of the expected revenues for 2020-2022. X is expected to get 1,250€ for 2020, 3,250€ for 2021 and 4,500€ for 2022.

Soft landing services	**2020**	**2021**	**2022**
#1 Soft landing discovery	5	15	20
Price per service	€ 150	€ 150	€ 150
Revenue from discovery	€ 750	€ 2,250	€ 3,000
#2 Soft Landing Starter	1	2	3
Price per service	€ 500	€ 500	€ 500
Revenue from Starter	€ 500	€ 1,000	€ 1,500
Total	**€ 1,250**	**€ 3,250**	**€ 4,500**

Website Promotion

The third service aims to bring corporations and other relevant companies that are interested in being promoted on the X platform.

- The promotion packages range from 590€, 1,180€, 2,100€, we took the middle package as average for the service offered.
- By the end of 2020, X is expected to sell three website promotions
- Within 2021, the number is expected to grow to six clients
- By 2022, X is expected to have ten companies that are paying for promoting their business on X.

Based on the assumptions above, the table below presents a summary of the expected revenues for 2020-2022. X is expected to get 3,540€ for 2020, 7,080€ for 2021 and 11,800€ for 2022.

Website Promotion	2020	2021	2022
Number of clients	3	6	10
Annual client fee	€ 1,180	€ 1,180	€ 1,180
Total revenue from promotion	€ 3,540	€ 7,080	€ 11,800

Total revenue

Based on these three revenue streams, X can expect the following revenues, for the 2020 – 2022 period. For 2020, the organization is expected to have 13,040€ in revenues, 23,830€ for 2021 and growth to 36,550€ to 2022 year.

	2020	2021	2022
Membership Fee			
Members fees	55	90	135
Average price per member	€ 150	€ 150	€ 150
Total revenue from membership	€ 8,250	€ 13,500	€ 20,250
Soft landing services			
#1 Soft landing discovery	5	15	20
Price per service	€ 150	€ 150	€ 150
Revenue from discovery	€ 750	€ 2,250	€ 3,000
#2 Soft Landing Starter	1	2	3
Price per service	€ 500	€ 500	€ 500
Revenue from Starter	€ 500	€ 1,000	€ 1,500
Total revenue	**€ 1,250**	**€ 3,250**	**€ 4,500**
Website Promotion			

Number of clients	3	6	10
Annual client fee	€ 1,180	€ 1,180	€ 1,180
Total revenue	€ 3,540	€ 7,080	€ 11,800
Total Revenue	**€ 13,040**	**€ 23,830**	**€ 36,550**

6.2 Direct costs

To achieve these revenue targets, X has some additional costs for each service provided – named as direct costs. In this section, we will look at all the direct costs involved for X.

- For the **membership service,** there is no real direct-cost associated. For each new member, there are almost zero additional costs.
- For the **soft-landing service** there are direct costs, depending on the package:
    - For the soft-landing discovery, there are no direct costs, as all the meetings are done from the X network, and the delivery of this service does not involve some additional costs.
    - For the soft-landing start and growth, which are the two more expensive services, X has costs to execute the service. From our analysis, it was determined that 50% from the revenue are considered as direct cost (hiring lawyers, paying governmental fees, and other costs that the organization need to do, to deliver the service)
- For the **website promotion**, depending on the packages, there are also direct costs involved:
    - The cheapest package "Technology Partner Package" does not include any additional costs, as the service is within the X platform and its community.
    - For the "Premium Technology Partner Package", X has around 30% direct costs from each new service it sells. These costs are to cover its partners for the execution of the service.
    - The third website promotion service "Online event organization", is a bit more complicated. As such, it requires up to 50% of the revenues as direct costs. It envisions

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organizing events, which require promotion, logistics, location as well as many other costs involved in organizing an event.

Based on these direct costs, and having the assumptions for sales, we can easily calculate the direct costs – costs directly involved in the delivery of the services for X.

Direct costs	2020	2021	2022
Membership	€ -	€ -	€ -
Soft Landing Starter + Growth (50%)	€ 250	€ 500	€ 750
Website Promotion Western Balkan (30%)	€ 1,062	€ 2,124	€ 3,540
Total Direct cost	**€ 1,312**	**€ 2,624**	**€ 4,290**

6.3 Indirect Costs

For X, to be able to deliver these services, it has some additional indirect costs – costs not directly related to the service execution, but overall for keeping up the organization running.

- Within salaries it has the following plan:
  - Keep the employee who is at 707€ gross salary
  - Keep the interns (or rollover with new interns continuously) with 100€ gross salary
  - Hire a new employee at the start of 2022, with a salary of 707€ gross salary
- In addition to the salaries, there are few other administrative costs for the organization:
  - Accounting is a 100€ per month, as an ongoing cost
  - Several online tools are required and have a total cost of 20€/month or 240€ per year
  - The organization has some general costs related to bills, utilities, and operation costs of 500€ per month or 6,000€ per year.

Based on these assumptions, we can calculate the indirect costs for X to 11,389€ for 2020, and 19,524€ for 2021 and 28,008€ for 2022.

Indirect costs	2020	2021	2022
Salaries as indirect cost			

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General employee	€ 4,949	€ 8,484	€ 8,484
General employee (3rd year)	€ -	€ -	€ 8,484
Intern 1	€ 700	€ 1,200	€ 1,200
Intern 2	€ 700	€ 1,200	€ 1,200
Intern 3	€ 700	€ 1,200	€ 1,200
Total cost for Salaries	€ 7,049	€ 12,084	€ 20,568
Other indirect costs			
Accounting	€ 700	€ 1,200	€ 1,200
Tools - Monthly subscriptions (e.g. Zoom, Gsuite)	€ 140	€ 240	€ 240
Other operational costs (rent, bills, utilities)	€ 3,500	€ 6,000	€ 6,000
Total other indirect costs	€ 4,340	€ 7,440	€ 7,440
Total Indirect costs	€ 11,389	€ 19,524	€ 28,008

6.4 Sustainability

Looking at the projected services, the prices for each service, the cost associated for each service, as well as the overall costs – we can have an overview of the profitability of X. The goal of the organization is not to become a profitable business. Instead, its purpose is to achieve sustainability, freeing it up its capacity to keep helping startups and service providers make a better impact in the Macedonian startup community.

Based on all the numbers above, we can derive the sustainability of X, as well as the costs/revenues for the target 3-year range.

Sustainability X			
	2020	**2021**	**2022**
Revenues			
Membership	€ 8,250	€ 13,500	€ 20,250
Soft-Landing Services	€ 1,250	€ 3,250	€ 4,500

Website Promotion Options	€	3,540	€	7,080	€	11,800
Total revenues	**€**	**13,040**	**€**	**23,830**	**€**	**36,550**
Costs						
Direct costs	€	1,312	€	2,624	€	4,290
Indirect costs	€	11,589	€	19,724	€	28,208
Total costs	**€**	**12,901**	**€**	**22,348**	**€**	**32,498**
Profit/Loss	**€**	**139**	**€**	**1,482**	**€**	**4,052**

From the summary above, X services will achieve sustainability by the end of 2020, covering X costs. For 2021, although there is an increase in services, the costs are also significantly higher. These higher costs are because for 2020 the costs are calculated from June, while for 2021 it is a 12 month cycle period. Still, the organization is expecting to do a 1,482€ for 2021 and grew to 4,052€ for 2022.

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Appendixes

Appendix 1: Financial model for X

The spreadsheet will be provided as a separate document (excel file), as it cannot be wrapped in Word and keep the formulas working.

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Appendix 2. Benchmark of organizations supporting startups in Developing Countries

Organizations Supporting Startups in Developing Countries (Balkans + India)			
Organization	**Organization Description**	**Why is it Selected**	**Unique Features**
MY-GATEWAY	MY-GATEWAY is an **initiative by the European Union's Commission** to strengthen the capacities of high-tech startups and SMEs in the CEE region. Their project's goal is to expand and implement all gained knowledge to the Western Balkans, improve the ecosystem and help startups grow. Their 4 fundamental principles involve: a) Access to Networks, b) Access to Finance, c) Access to Talent and d) Capacity Building	• They have a brief Database overviewing some of the innovative startups in the Central Eastern European region. (No further data on the pricing structure of their database/if any, could be recovered) • The Organization is also responsible for organizing events, workshops, providing training courses (mentoring) on private and public funding • MY-GATEWAY also provides reports and publications on a variety of startup and entrepreneurial-related topics	• Online training courses for developing entrepreneurial skills • Providing support for the improvement of the collaboration between Universities and startups, so that unused R&D results from Universities are boosted into real-life challenges. Another way this two-way collaboration functions, is by helping Universities connect their talents with the most successful startups in their Region
Startup Slovenia	Startup Slovenia is a startup-oriented initiative which acts as the contact, coordinating and the promoting point of the stakeholder network of the Slovenian startup ecosystem. **The initiative is supported by the Government** (Ministry of Economic Development and Technology) The Organization aims to be the central platform of the Slovenian startup ecosystem by providing: a) Startup Information, b) Promoting Startups, c) Inspiring Entrepreneurs, d) Connecting and Supporting Entrepreneurs, e) Working together with all Stakeholders, and f) Making Changes	• Startup Slovenia has a Database where startups and entrepreneurs can browse private and corporate investors. (No concrete information about the membership cost/if any could be uncovered) • Through their Startup Plus program they provide: mentoring, expert counsel, group visits to conferences abroad, and so on. • Startup Slovenia has a dedicated section on their website where they are highlighting the most recent events and news happening in Slovenia's startup and entrepreneurial ecosystem • Startup Slovenia's Startup registry, set up by the Investment	• The Organization offers a free downloadable business planning tool for startups •Startup Slovenia's community membership provides a way for other support organizations (corporate incubators) to advertise via the Organizations' event calendar. Moreover the membership includes invitations to exclusive meetups (twice per year) for the startup community in Slovenia, in addition to various event ticket discounts etc. • Membership in Startup Slovenia's entrepreneurial and startup

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		Promotion Act, not only offers an overview of the startup ecosystem in one place but also includes a benefits such as providing companies a reference and confirmation that they are startups - an innovative start-up company that can benefit from their status in various bids and tenders, • A calendar of the most recent events and conferences relevant to the Slovenian startup and entrepreneurial sector	community • Job postings
BESCO	The Bulgarian Startup Association (BESCO), is an **NGO** that aims to bring together all relevant stakeholders in the innovation industry, such as startups, private and institutional investors and the Government, among other. Their core values are interpreted as: a) Being self-sustainable and independent, b) Remaining neutral, c) Being transparent & open, d) Result-oriented and efficient and e) Maintaining integrity	•The Association's focus is on working alongside the Bulgarian Government, in order to improve the legal and regulatory framework for the startup ecosystem in Bulgaria •A database of the startups in Bulgaria (BESO's database membership is paid)	• 3-tier-**paid** membership for startups to be in BESCO's Database • Currently working on providing Bulgarian Startup Visa for foreign entrepreneurs and startups • Working alongside the country's Government to ensure better legislation for vesting, convertible notes and stock option pool
Startup Serbia	Startup Serbia is an **NGO** dedicated to supporting and promoting entrepreneurship through the provision of numerous events, summits and programs. These programs are helping startups and entrepreneurs to develop their businesses by organizing networks, creative industries collaboration, competitions, training, boot camps, and consultancy.	• The Organization is focused on organizing and providing a variety of programs, summits and events for startups and other stakeholders in the Serbian entrepreneurial ecosystem.	• Multiple partners providing support for the Organizations' events and goals. These partners are both from the country's own entrepreneurial landscape, as well as foreign.
Startup India Hub	Startup India is a **flagship initiative of the Government of India**. The initiative represents a one-stop platform for all stakeholders in the Startup ecosystem to interact amongst each other, exchange knowledge and form successful partnerships in a highly dynamic environment. This initiative's objective is to reiterate the Government's	• Startup Portal is India's largest online entrepreneurship platform that allows startups to network, access free tools & resources and participate in programs & challenges. • The Organization also is creating their own marker research reports surrounding the startup ecosystem in India	• The Organization provides startups and entrepreneurs with corporate & Government challenges to get noticed, win cash grants, incubation, mentorship support and more. • They also provide online entrepreneur-friendly courses • Through their partnered providers, Startup India Hub provides

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	commitment to making India the hub of innovation, design and Startups.	• The Organization's areas of intervention include Startup Policy and implementation, as well as Simplifying Regulations among other • Database of Startups, Accelerators, Incubators and other stakeholders within the Indian startup ecosystem	entrepreneurs and startups with free services such as legal help, banking, cloud services and more.

Organizations Supporting Startups in Developed Countries			
Organization Name	**Organization Description**	**Why is it Selected**	**Unique Features**
Startup Britain	Startup Britain represents a non-profit national campaign by entrepreneurs - for entrepreneurs ran by the Centre for Entrepreneurs think tank. Funded entirely by the private sector**, launched and supported by the Government,** Startup Britain through inspiration, availability of resources and guidance, aims to help entrepreneurs start and grow their businesses.	• A Map of all local organizations that offer business advice and support to startups and entrepreneurs. • The Organization has a calendar on their website, showcasing the events and workshops hosted by Startup Britain, their sponsors, partners and local business organizations.	• The Organization has a bus that travels from town to town, offering free business advice from entrepreneurs and experts.
EU - Startups	With a vision to connect the European startup scene and to encourage entrepreneurship within Europe, the **privately owned** EU-Startups is the leading online publication with a focus on startups in Europe.	• The Organization is a leading online magazine about startups in Europe. Its strongest suits are data analysis, research and reporting. • EU - Startups has a Database of startups throughout the EU (Adding new startups on the Database is free of charge) • Furthermore, there is a Database of the EU Startups accompanied with • The Organization's 'Startup Sourcing' service sources startups according	• The Organization is responsible for their own annual EU Startups Summit, where a selection of Europe's hottest startups are showcased, as well as insights and knowledge are being shared from some of the most successful European entrepreneurs of our time. • Premium research reports • Job Board feature on their Database, where startups post job listings for

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		to their client's preferences in regards to location, business model and specific industry.	open positions. • Due to their vast audience reach (between tens and hundreds of thousands), they offer advertising & partnership opportunities for interested parties. • EU - Startups provides a newsletter, 3 times per month, containing startup news, exclusive background information regarding EU-Startups, with their opinion on startup- and Europe-related topics, and with some event discounts and unique funding opportunities
Magnetic Latvia Startup	Startup Latvia is a **Governmentally initiated** startup-support organization, whose goal is to boost and support the Latvian startup community and create one stop shop for Startup activities.	• The Organization has a database consisting of startup that are making up the Latvian startup ecosystem. (Adding new startups on the database is free of charge) • Startup Latvia also offers startup development through hackathons, meetups, seminars, pitching try-outs, networking opportunities etc. • The Organization has an event aggregator on their website, showcasing the latest seminars, hackathons, events and conferences happening in Latvia's startup landscape • Startup Latvia positions itself as a one-stop-shop for any entrepreneur or startup business enthusiast by providing additional knowledge and education, provide tips and recommendations (mentoring, consulting and training) • This Organization is also involved in lobbying and legislative activities, as well as market research and reporting	• The Organization publishes an annual startup magazines on the Latvian startup ecosystem • Option to notify the Organization to add a new startup • On the Organization's event webpage, there is the option to add an event • Providing Startup Visas' - a residence permit for foreign non-EU entrepreneurs that are willing to open their startup business in Latvia • The Organization has secured strategic partnerships with the most known startup ecosystems and networks around the globe (San Francisco's WE WORK, Memorandum of Understanding with Gyeonggi province - South Korea) • They publish a fact sheet -Fast facts about Latvia and the Latvian startup ecosystem • Startup Latvia also offers co-financing for the development of startups, co-financing for equipment purchases

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Italia Startup Hub	The Italia Startup Visa programme has the underlying objective of favoring openness, renewal and reinforcement of the national ecosystem of innovative entrepreneurship, facilitating the attraction of human and financial capital from all over the world. The programme is **initiated by the Government**, alongside a set other policies aimed at generating more entrepreneurial traffic.	• Legislative and lobbying activities aimed at helping the domestic, as well as international entrepreneurs in the startup ecosystem in Italy to open their startups • Map/Database of the startups and incubators in Italy	• Italy Startup Visa - a policy providing streamlined process for non-EU talents to found innovative startups in Italy. • Italia Startup Visa & Hub placed forward an intense policy for bolstering the innovative entrepreneurship ecosystem in the country, via drastic simplification of the standard rules for the issuance of self-employment visa, smoother access to debt and equity financing and so on. • Numerous knowledge resources surrounding the Italy Startup Visa
Startup Estonia	Startup Estonia is a **Governmental initiative** with the goals to improve the startup ecosystem in Estonia through unification and partnering with the best startups, incubators, accelerators and other private and public entrepreneurial stake holders.	• Startup Estonia has experience in organization of different startup events and activities • The Organization also carries out training programs for startups in the areas they are currently lacking knowledge • Involvement in regulations and legislative activities, aimed to eliminate the barriers that are complicating the process of operating a startup, startup investing or fundraising activities in Estonia. Startup Estonia and Estonian Private Equity and Venture Capital Association (EstVCA) promote industry-standard legal documents in Estonia so startups and investors can focus on company and deal specific matters. • Startup Digest Estonia is a startup events calendar and a weekly newsletter in order to stay up to date with the latest and most exciting startups, events and reads in Estonia • Startup Estonia's Startup Database is the most extensive source for Estonian startups, where overview of Estonian startups by ranking and filtering them by sectors, technology, stage, employee count, turnover, etc. is available.(Database membership is free of charge)	• Startup Visa - the Estonian Startup Visa helps non-EU founders grow their startup in Estonia • Startup Estonia has created podcast series about the ecosystem in Estonia. • In addition to the details regarding the startups present on the Organization's Database, the also provide Sector Insights for each startup's sector present on their Database.

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		• The Organization possesses reporting and analytical capabilities, expressed in their 'Recap of the Estonian startup sector' publication, as well as their other research reports	
Startups Belgium	Startups Belgium is an **independent (NGO)** and a non-profit reference center, with the goal of becoming the one-stop-shop for Belgian tech entrepreneurs. Funded by the European Regional Development Fund, as a non-profit organization, Startup Belgium acts as a mediator and the voice of the startups in the country, looking to foster the startup culture with a neutral and inclusive approach.	• Organizing Tech Job Fairs and events where people in the tech startup landscape can engage with each other and network • Belgian Startup Database (Database membership is free) • News on the latest and more relevant events, and developments in the startup ecosystem in Belgium • Calendar with all of Belgium's startup scene's workshops, conferences, webinars and events of interest for tech entrepreneurs in the country (and beyond!)	• They work with partner organizations to spread the news about job opportunities and to invite promising talent to a startup • Startups Belgium has two of their own flagship events which they have been organizing for years (with the help of other partners)

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