

## Executive Summary

Speciality cafés are currently divided into two main groups; the foreign branded cafes and our very own local coffee shops. Borneo Café is conceptualise to fill the vacuum between these two groups. We intend to serve local speciality roasted coffee in a local ambience. The name Borneo was chosen to reflect nature and environment with a reflection to the past era where life was simpler and individuals have time chatting to each other. Consumers patronising our café will sit on wooden furniture's, earthy tone colours to pacify the sight and mind, the aroma of freshly roasted coffee and the sound of soothing jazz music to feel relax and comfortable while enjoying a cup of coffee.

Service quality is equally as important as our core product for Borneo Cafe. Many Malaysian based organisations pay little attention to service offered to consumers. We intend to change this with an emphasis on standardise high service quality throughout all outlets. Consumers will notice no difference in service quality throughout all outlets.

Borneo Café do not intend to compete head on with the foreign branded speciality café but more on complementing them as these organisations are more established in Malaysia. Instead, we intend to learn and develop from them. The speciality café industry is in its growth stage in Malaysia. Our target market would be coffee drinkers who seek an alternative to the current outlets available. Consumers seek convenience in locating and outlet. With this in mind, we intend to expand to eleven outlets in a span of five years. Market share is estimated to grow at between eight to ten percent for the first seven months and a constant growth of 5 percent for the next two years.

Based on the real experience, the gross profit margin of beverage is 70% of revenue. Revenue for the first outlet is expected to stabilise at about RM 109,725 monthly after a 7-month ramp up period. Once the café outlet is in full operation, it is able to generate a positive cash flow of about RM45, 000 per month. This is based on the conservative assumption and observation

at some of the key premium cafés around Kuala Lumpur's shopping malls. Based on the projection, the speciality café business is a viable investment and can be very profitable if managed properly at suitable location. The upfront capital required to establish one premium café outlet is estimated at RM300,000. Payback period under optimistic scenario is 13 months while under pessimistic scenario is 17 months.

The key management of Borneo Café consists of three MBA graduates with a good mix of experience in the service industry, restaurant, sales & marketing and building management. Mr Lim Choon Weng is now the Marketing Director of VTS Technology Sdn Bhd, Mr Rudy Ng is the Section Head of Measat Broadcasting Sdn Bhd and Mr Yip Yew Kwan is the Senior Project Manager of SSP. Mr. Lim's father-in-law is one of the major coffee powder manufacturer in Penang Island. Mr Yip draws with him the experience as the restaurant manager during his early days in the USA. Mr Rudy Ng has vast sales and service experience in the entertainment and banquet business.

The first café outlet will be established under self-capital funding by the management team. Subsequently, the expansion in the Klang Valley and major cities in Malaysia will be funded either by joint venture with a local restaurant chain, angels (relatives and friends) or bank loan. The business requires an external capital of RM 600,000 during the first year of operation either in the form of loan or equity. The capital will be used to expand more outlets in Klang Valley.