



Boundless Talent Consulting Services



*Facilitating immigration of
high tech talent*

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Submitted to Sink or Swim Business Plan Competition 2010

The Seasteading Institute

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1.0 Executive Summary

The high tech industry in the US suffers from a shortage of American born engineers and scientists. Unfortunately, demand for technology workers under programs such as the H1-B visa, greatly exceeds numerical limits. In addition, processing times for work visas often extend from several months to years, depending on the type of visa. This difficulty in obtaining visas for workers causes costly delays which seriously impact the bottom line of American technology firms. This enterprise aims to facilitate the resolution of this problem through a unique solution: the hosting of foreign technology workers on offshore platforms near major technology centers.

We will allow companies to contract with us to hire workers as consultants through our company, working on an offshore platform during the time they await an H1-B or other visa. During this period of time, the proximity of the platform to the workplace will facilitate travel and work coordination. Supervisors can commute out to the platform on a regular basis, while the worker occasionally travels in on temporary three-day business visas. This reduces travel expenses for US based firms, facilitates communication and project management, and allows the employee to begin working immediately.

Compared to a traditional outsourcing firm, we offer the service of allowing employees to work more closely with managers, since they will be located within the same time zone and within commuting distance from shore. Compared to a traditional consulting firm, we offer facilitated access to labor the US firms have limited access to, at rates competitive with the cost of employing a US person.

Because our platform will be located in international waters, our firm will be able to profit by avoiding a significant amount of overhead associated with taxes, benefit requirements, and labor laws, while allowing us to charge rates competitive with the total cost of employing domestic labor. Using the conservative assumption that all employees will be entry level at \$50,000/year salary, and that the total cost of employment is approximately \$90,000/year, we are able to achieve a gross profit per person of approximately \$20,000/year, after providing housing and office space aboard the platform. Profits increase substantially as we add additional services such as immigration law and recruiting.

2.0 Company Summary

Boundless Talent Consulting Services (BTCS) will be an information technology consulting firm employing foreign nationals on behalf of high tech firms on the West Coast, hosting them on an offshore platform to facilitate business and training while they await US work visas.

2.1 Mission Statement

- To facilitate the hiring of foreign labor that US technology firms currently have limited access to.
- To enable US based firms to immediately employ foreign nationals who do not yet have work visas, without the need for an overseas office.
- To provide talented foreign nationals in high tech fields with greater opportunities for immigration to the US through employment sponsorship.

3.0 Market Analysis Summary

High tech firms in the US are hampered by a significant labor shortage in science and engineering. Between 2004 and 2007, US enrollment in computer science programs declined by 43%¹. Meanwhile, enrollment numbers also show a steep decline in the number of American citizens pursuing graduate degrees in science and engineering fields, with much of the enrollment numbers increasingly being made up of foreign nationals². At the same time, demand for these employees is expected to grow significantly faster than the workforce³. As a result of these trends, many technology companies have increasing difficulty finding qualified US nationals to fill these positions.

Unfortunately, the US government places significant restrictions on the hiring of foreign labor. Under current law, the typical route for entry is to hire the immigrant on an H1-B visa, renewable for up to 6 years. During this period of time, an employment sponsorship for permanent residence is pursued. However, despite increases in the annual quota from 65,000 to 115,000, the number of visas applied for has exceeded the availability every year. For FY 2007, the entire quota of visas for the year was exhausted within a span of less than 2 months. For FY 2008, the entire quota was exhausted before the end of the first day on which applications were accepted⁴. Despite the current recession, the availability of H1-B visas has been exhausted well before the end of each fiscal year since. This means that there are tens of thousands of potential hires US companies want to employ, but who are not able to obtain work visas⁵.

In order to remain permanently employed in the US the immigrant must also be sponsored for a permanent resident's visa⁶, a costly and lengthy process. Despite this difficult process, backlogs for employment sponsored permanent resident's visas currently stretch up to 9 years for professionals with Bachelor's degrees, and even up to 5 years for holders of advanced degrees if they are from China or India⁷, causing wait times that are often longer than the maximum duration of an H1-B visa.

This combination of laws makes it extremely difficult for an employee to work continuously through the process of obtaining an H1-B and eventually US residency, which means that most firms hiring foreign nationals will be confronted with periods when critical employees go missing for months or years, or are forced to leave the company. While some employees may be able to telecommute from overseas, many projects, especially those which require hardware design or specialized equipment, cannot easily be managed in this way. Working on an offshore platform in international waters, however, would permit the employees to work in relatively close proximity to the home office.

There is already a large market for global technology contracting. Many major US companies already maintain overseas offices that employ foreign labor, or contract with companies that do. We differ from an outsourcing firm in that our effort is to facilitate bringing labor into the US by providing a temporary offshore location for employees to work. Unlike a typical outsourcing firm,

¹ <http://www.itbusinessedge.com/cm/blogs/all/is-computer-science-making-a-comeback/?cs=10317> *The number of bachelor's degrees granted in these areas dropped 43 percent between 2003-2004 and 2006-2007*

² <http://www.nsf.gov/statistics/seindo4/c2/c2s2.htm>

³ <http://www.nsf.gov/statistics/seindo4/c3/c3s1.htm#c3s13>

⁴ http://en.wikipedia.org/wiki/H-1B_visa

⁵ http://money.cnn.com/2008/04/16/smbusiness/immigrant_visa_tech.fsb/index.htm?section=money_la_test

⁶ [http://en.wikipedia.org/wiki/Permanent_residence_\(United_States\)](http://en.wikipedia.org/wiki/Permanent_residence_(United_States))

⁷ http://travel.state.gov/visa/bulletin/bulletin_5197.html Visa Bulletin for December 2010

we would only handle employees whose work needs to be performed in close communication with mainland offices, employees that our clients urgently would like to bring to the US, but who do not have visas. Secondly, unlike a conventional IT consulting firm, at least in the initial phase of operation, we would allow our clients to select employees they want to stay on the platform, and employ them temporarily on behalf of the client, with the ultimate goal that they eventually transfer to the US-based firm. As the company matures, we will expand into our own global recruiting efforts, and build up a staff of full time consultants, who may assist not only in servicing clients on a per-project basis, but also serving other businesses on seasteads, and expanding the seasteading infrastructure.

From the employee's perspective, working on the platform provides several advantages. First of all, it provides foreign nationals with better opportunities for employment by US firms, in the hopes of eventually immigrating. An immigrant who failed to obtain a work visa would not necessarily be forced to turn down a lucrative American job offer. Similarly, US firms would be more willing to extend a job offer, knowing that an alternative exists should a visa not be readily obtainable. Coming to work directly for BTCS also will be attractive to many foreigners, since it will provide the opportunity to network with US-based clients that may eventually wish to hire them on a permanent basis. From the employer's perspective, this is an even more attractive option, since it allows them to work with the individual as a "temp" before going to the expense of bringing them to the US on a permanent basis. We think that, even in the absence of a US job offer, many foreign workers will be willing to come to the seastead to work, for the opportunity to build professional contacts in the US and gain experience in the American technology industry.

4.0 Operational and Logistical Analysis

BTCS will be located on an offshore platform in international waters off the coast of the western US, most likely near the San Francisco Bay Area due to its concentration of technology companies. Our intended mode of operations is that employees will be legally employed by BTCS, but will work effectively as employees of our clients. In our initial phase, we will allow our clients to recruit their own people, or simply select individuals they already wish to employ, but who don't yet have visas. We will then negotiate a separate contract with the client and the desired individual. In future phases, we will also provide recruiting and immigration law services. This allows us to negotiate a salary with the individual based on rates competitive in international markets (taking into consideration their expected future salary in the US), while charging our clients fees competitive with the total cost of US domestic labor, allowing us to profit from the wage differential.

We will encourage our clients to assign supervisors to travel out to the platform regularly. Since the platform will be located just outside the 12 nautical mile boundary for international waters, it will be possible for individuals to commute out to the platform on a daily basis. Precedent for this exists along both the Canadian and Mexican borders, where workers from one country frequently travel across national boundaries to their place of employment. For example, in El Paso, a dedicated commuter lane exists which allows people living in El Paso to cross the border more efficiently, many of whom are US citizens working in Mexican manufacturing plants⁸.

To transport people to and from the platform, we will purchase or rent a small boat, capable of ferrying up to 20 passengers. In addition to supervisors travelling out to the platform, we also

⁸ <http://www.sunstar-solutions.com/DCLsurvey.htm>

anticipate allowing workers to travel to shore periodically on three day (B-1) business visas⁹. This will allow them to attend training or meetings on shore, further facilitating work with our client. They may also obtain three day visitors visas which may enable them to search for accommodations for their eventual move to the US. Or perhaps tourist visas to spend vacations or weekends ashore. We anticipate workers may even collaborate to rent time-share apartments on land, to spend vacation time in the US.

Since space aboard the platform is limited and expensive, we will expect employees' spouses and families to remain in their home countries, but will provide dormitory style accommodations aboard the platform free of charge. If the employee does choose to bring family, they will be expected to provide for their families accommodations from other housing on the platform. Rooms in the dormitory will be all single rooms, but with shared kitchen, bath and common room areas. Since we expect employees stay on the platform to be temporary, and anticipate that most will be coming from countries where crowding is common, we think they will find the tradeoff acceptable.

Employees will be expected to provide for their own food and groceries, which we assume will be available from other businesses servicing the platform. Although the cost-of-living might be steep, this is offset by the fact that we are providing free housing. We also intend to hire a staff nurse practitioner to provide basic medical care to employees during their stay on the platform. Since we are located in international waters, there are fewer regulations governing the provision of medical care, so we can provide employees access to more drugs without prescriptions, as well as allow the staff nurse to perform more procedures. In case of a medical emergency which medical facilities on the platform cannot handle, the individual will be evacuated to a land-based hospital.

5.0 Strategy and Implementation Summary

5.1 Marketing Strategy

Our plan is to build up the company in three phases. Phase One will involve contracting with one or two large employers to host a small group of fifty individuals that they already wish to bring to the US. Phase Two will involve our expansion into recruiting and immigration law, taking over overseas recruiting jobs from other agencies, and adding preparation of visa applications on behalf of the client. Phase Three will involve our expansion into general consulting, becoming a fully independent consulting firm employing foreign labor on the seastead.

Phase One.

Our major clients will be high tech firms with offices located on the west coast of the US. Initially, we intend to market ourselves primary to large corporations. Some of the largest applicants for H1-B visas include companies such as Microsoft, Cisco, Intel, IBM, and Oracle¹⁰. In 2009, Microsoft alone applied for over 4,000 H1-B visas. Due to the visa numerical limitations, it is therefore extremely likely that all of these companies have significant numbers of potential hires who cannot obtain visas. We need only obtain a contract with one of these firms initially, for up to 50 employees.

⁹ http://travel.state.gov/visa/temp/types/types_1262.html

¹⁰ http://www.myvisajobs.com/Top_Visa_Sponsors.aspx Top 1000 Visa Sponsors(H1B Visa & Green Card 2001-2010)

Phase Two.

As business ramps up, we intend to expand into recruiting and immigration law services. Initially we will employ a staff of legal assistants to help employees obtain B-1 and B-2 visas for short trips to the US. This can easily be expanded to help our clients properly file applications for H1-B and other visas. Once our clients trust us sufficiently to manage this part of the process, we will expand into global recruiting. This will allow us to increase the per employee fee from \$90,000 to \$110,000.

Phase Three.

In this phase, we will begin to recruit and hire our own employees to work for BTCS. These employees may be enticed by the opportunity to network with US firms in the hopes of eventually immigrating to the US. By contracting out consulting services to US firms, we will be able to increase our fees to standard consulting rates. These employees could also service other businesses on seasteams, such as data havens and eCommerce based businesses, as well as building out and servicing the electronic infrastructure of the seasteams themselves.

5.2 Sales Strategy

BTCS will maintain a 1000 ft² office in the San Francisco Bay Area to facilitate sales. We will also hire an agency to create a web page and advertise in tech journals and on technology websites geared towards a managerial level. However, most of our initial sales will come by proactively recruiting large tech companies. Our upper management in the startup phase will visit corporate offices of large companies such as Cisco and Microsoft, in attempt to find one or two large clients who will be able to contract with us for the initial batch of 50 employees.

As we expand the business into global recruitment and immigration law, we will offer these services to our current clients, but also seek out smaller companies who might not otherwise find it practical to hire a foreign national.

5.2.1 Sales Forecast

The cost of employing an individual on the platform is significantly greater than on land, due to the high cost of real estate. Office space and housing for the employee costs an estimated \$20,000 per year on top of the base salary. However, this is offset by reduction in requirements to pay out benefits and taxes. Since we are in international waters, and are incorporated under a flag of convenience, we can avoid payroll taxes, requirements to provide health insurance, disability, and workers comp, as well as matching contributions to retirement funds and pension plans. It's worth noting here that this kind of enterprise can only be profitable because technology workers are relatively highly paid, since the value of their work must be substantial enough to make up for the expense of providing housing and work space on the platform. For example, \$20,000 per year in housing and work space alone is more than the annual equivalent of minimum wage.

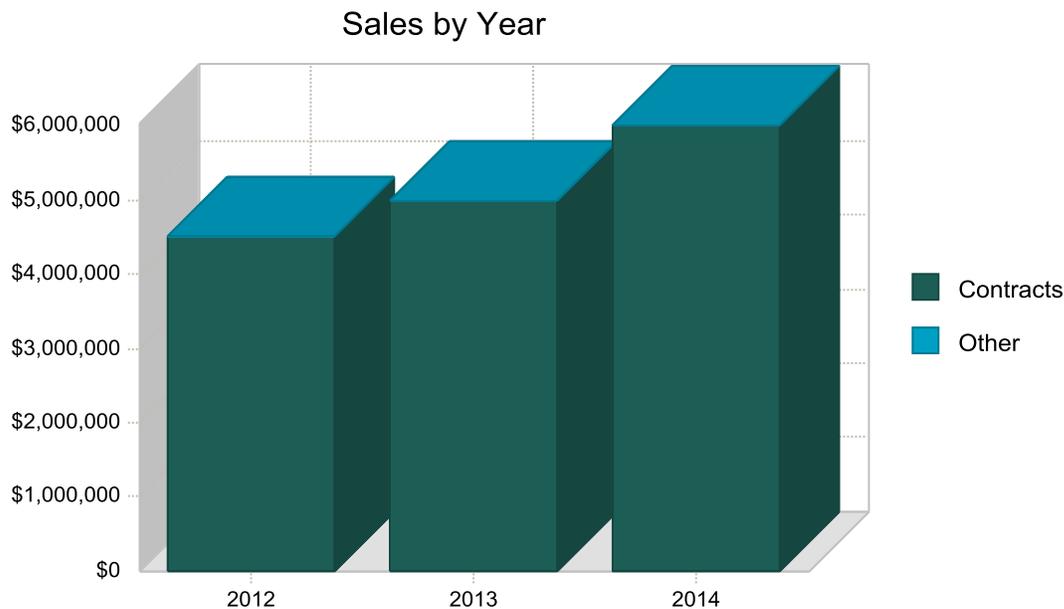
Due to the limited availability of space aboard the platform, that most companies will elect to have us bring on only the most desirable workers. Therefore it is likely that the base salary may be much greater than entry level. Nevertheless, we choose to budget conservatively, assuming all of the workers brought on to the seasteam will be entry level workers, at a starting salary of \$50,000/year.

We estimate a charge to the client per employee of approximately \$90,000 per year, based on estimates of the total cost of employment for a US engineer starting at \$50,000/year^{11,12}, which range between \$80,000 and \$135,000, depending on the formula. In the second year, we will expand our services to provide immigration application preparation for our clients, and finally recruiting, which we estimate will allow us to increase the fee per employee to an average of \$120,000 per year. Again, we are making the conservative assumption that all workers will be entry level, and remaining competitive with the total cost of employment for a US person.

Table: Sales Forecast

<i>Sales Forecast</i>		2012	2013	2014
Sales				
Contracts		\$4,500,000	\$5,000,000	\$6,000,000
Other		\$0	\$0	\$0
Total Sales		\$4,500,000	\$5,000,000	\$6,000,000
Direct Cost of Sales		2012	2013	2014
Client Recruitment		\$60,000	\$150,000	\$200,000
Other		\$0	\$0	\$0
Legal		\$12,000	\$12,000	\$12,000
Subtotal Direct Cost of Sales		\$72,000	\$162,000	\$212,000

Chart: Sales by Year



5.3 SWOT Analysis

¹¹ <http://web.mit.edu/e-club/hadzima/how-much-does-an-employee-cost.html> for her professional engineering consulting business the fully functioning managed employee costs about 2.7 times the base salary

¹² <http://www.artlogic.com/resources/employee-cost-calculator/index.php> Employee Cost Calculator

5.3.1 Strengths

High demand. The number of visa applications each year which are ultimately rejected is in the tens of thousands. Many large companies alone have hundreds, possibly thousands of potential hires that cannot obtain visas. Only a tiny fraction of this market is needed to sustain a business of hosting employees offshore.

No competition, limited supply. Due to the very limited amount of space as yet available to host workers on offshore platforms, we believe that most companies may opt to house only the most highly desirable employees, and be willing to pay substantially more to retain them immediately rather than wait 6-9 months for a visa to be approved. This may increase our profit margin significantly. Nevertheless we have budgeted conservatively, as if all workers will be entry level.

Seastead Economy. The presence of significant numbers of people living on the seastead will drive development of a seastead based economy, as other businesses form to serve the needs of the people living there. New businesses would form to provide housing, food, transportation, and entertainment to workers living on the platform, which would eventually bring down the cost of living and of servicing the platform, further increasing out profit margin.

5.3.2 Weaknesses

Construction of the Platform. The offshore platform has may require years of construction and high capital investments before it is operational. However, this could be mitigated by using cruise ships to house employees in the interim period, which would also allow travel up and down the coast to bring employees into contact with multiple tech centers, before determining and optimal location.

High cost of office space. The cost of renting office space aboard the platform is significantly more than the cost of hiring an outsourcing firm, or of allowing an employee to telecommute from overseas. However, we think this is more than offset by the advantage of being located near the primary workplace for easy travel and communication, especially in the case of a limited number of highly skilled employees.

5.3.3 Opportunities

Growth. Just as outsourcing has been a significant growth industry, with major companies contracting to employ foreign labor in countries like India, we anticipate that "offshoring" or "nearshoring" will be a rapid growth industry. Given the huge number of people who cannot obtain work visas, this market could potentially fund the construction of not just one, but perhaps hundreds of seasteading colonies, substantially bringing down the cost of real estate on the platform through economies of scale. BTCS would then become the industry leader in a massive new market, and our profits would substantially increase.

Seasteading Support. As we evolve into a seastead-based consulting firm, our staff of technology workers may be able to provide support for other technology enterprises based on seasteads. In addition, they will be readily available to assist in building out the electronic infrastructure of an evolving seastead network.

5.3.4 Threats

Public relations. The US public is sensitive to both issues of immigration and outsourcing of US based jobs. We anticipate that some members of the public will feel that hosting workers

offshore promotes a kind of "offshore sweatshop". Conversely, some may feel that by enabling the importation of foreign labor, we are threatening the job security of US workers. Nevertheless, despite political resistance, economic trends continue to shift work from domestic to foreign labor markets. We argue that by hosting some workers close to the US - likely the most highly skilled ones, and only on a temporary basis - we are in fact enabling US based companies to continue to maintain more operations within the US. Without the ability to import the most highly skilled engineers and IT professionals, American corporations are more likely to open more offices performing research and development overseas, which ultimately will move more high paying jobs out of the US. Also, since the number of workers we are hosting is very small compared to the job market, and will likely tend to involve only highly skilled workers, it should not have a major impact on overall US employment rates or wages.

Changes in immigration law. Probably the most significant threat to our business would be an increase in the H1-B quota sufficient to allow every qualified applicant to obtain a visa. This would greatly reduce the size of our market. However, even in this case, wait times from when an application is submitted to when the visa is approved often extend from 6-9 months. Even if all visas are approved, we still foresee hosting many workers for some period of months before they are able to enter the US. In addition, visa back logs for permanent residency continue to make it likely that many foreign workers will experience periods of months to years when all visas have expired and they cannot work in the US.

5.4 Competitive Edge

Housing workers on an offshore platform has several advantages for US-based technology firms seeking access to foreign labor. Although for large firms it is possible to open offices in foreign countries and to teleconference to coordinate work, even this is problematic due to time zone differences. Meetings via teleconference must be scheduled so that both teams are available, or foreign workers must sleep on an unusual schedule. Even with the best available video conferencing software, many feel a need for face to face meetings, requiring frequent travel. Management of projects that are coordinated across multiple offices or telecommuters around the world is thus relatively costly. For smaller and mid-size firms it is not feasible to maintain foreign offices.

Housing workers just offshore, however, allows them to stay within the same time zone, thus easing communication with the home office. Staying just offshore would also permit regular travel, allowing businesses to more closely supervise their employees by travelling out to the platform, and to invite them onshore (on business visas) for regular meetings or training. All of these factors reduce management costs compared to those of coordinating with employees halfway around the world. For smaller clients, the ability to house workers offshore may also be the only access they have to foreign labor.

6.0 Financial Plan

6.1 Start-up Summary

The startup costs are estimated as follows.

We assume legal fees associated with starting the company of up to \$5,000. This is so that the company can be incorporated outside the US, potentially under a "flag of convenience" which will minimize regulatory overhead and taxation costs to the company. We also estimate spending

\$50,000 on office furniture as well as \$300,000 on computer and lab equipment for the initial batch of employees. As mentioned previously, we will also purchase a boat at approximately \$200,000. We set aside \$250,000 in cash to provide liquidity to cover payroll during the first month.

Table: Start-up

<i>Start-up</i>	
Requirements	
Start-up Expenses	
Legal	\$5,000
Stationery etc.	\$1,000
Brochures	\$500
Staff Engagement	\$100,000
Website	\$1,500
Office Equipment	\$50,000
Boat Down Payment	\$50,000
Total Start-up Expenses	\$208,000
Start-up Assets	
Cash Required	\$250,000
Other Current Assets	\$300,000
Long-term Assets	\$200,000
Total Assets	\$750,000
Total Requirements	\$958,000

6.2 Start-up Funding

We anticipate raising money from a combination of venture capital and small-business borrowing. To finance the startup expenses and assets, office furniture and computer equipment will be purchased on credit (\$58000). The boat will be purchased from a (\$200,000) bank loan backed by the ferry. We anticipate additional expenses such as travel and marketing to recruit clients to be covered by short-term loans.

Table: Start-up Funding

<i>Start-up Funding</i>	
Start-up Expenses to Fund	\$208,000
Start-up Assets to Fund	\$750,000
Total Funding Required	\$958,000
Assets	
Non-cash Assets from Start-up	\$500,000
Cash Requirements from Start-up	\$250,000
Additional Cash Raised	\$0
Cash Balance on Starting Date	\$250,000
Total Assets	\$750,000
Liabilities and Capital	

Liabilities	
Current Borrowing	\$58,000
Long-term Liabilities	\$150,000
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities (interest-free)	\$0
Total Liabilities	\$208,000
Capital	
Planned Investment	
Investor 1	\$400,000
Investor 2	\$350,000
Additional Investment Requirement	\$0
Total Planned Investment	\$750,000
Loss at Start-up (Start-up Expenses)	(\$208,000)
Total Capital	\$542,000
Total Capital and Liabilities	\$750,000
Total Funding	\$958,000

6.3 Important Assumptions

We assume a tax rate of 10% based on our plans to register the corporation under an offshore flag of convenience to maintain lower taxes. The other key assumption we make is that long term interest rates will remain low, no more than 4% for the next several years. This is based on the assumption of continued slow growth in the US and around the world, and consequently continued low interest rates for long-term borrowing.

6.4 Personnel Plan

To run this business we anticipate the need for the following personnel in the first year. In addition to a CEO and CFO, we will need at least a part time accountant, or to hire the services of an accounting firm. We will also need to retain legal services to handle contracts, as well as deal with any visa paper work needed for B-1 and B-2 visas. We will also need a personnel manager to handle human resources for the 50 employees. We also anticipate needing a part-time cleaner willing to travel out to the platform to clean the office space, or to hire cleaning services available on the platform. In addition we will probably need a system administrator to manage the computer network in the seastead offices. As mentioned above, we will also plan to hire a nurse to provide basic medical care.

In the second and third year, we will add additional staff, in the form of immigration lawyers, and global recruiting experts to enable us to expand into immigration and recruiting services. As a result our expenses ramp up substantially.

<i>Personnel Plan</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>
Chief Executive Officer	\$180,000	\$200,000	\$250,000
Cleaner	\$6,000	\$7,000	\$8,000
Accountant	\$36,000	\$50,000	\$80,000
Legal	\$36,000	\$100,000	\$180,000

Chief Financial Officer	\$120,000	\$150,000	\$170,000
Personnel Manager	\$48,000	\$52,000	\$60,000
Employee/Consultants	\$2,500,000	\$2,500,000	\$2,500,000
Recruiting	\$0	\$50,000	\$100,000
Nurse Practitioner	\$78,000	\$80,000	\$82,000
System Administrator	\$84,000	\$87,000	\$90,000
Total Payroll	\$3,088,000	\$3,276,000	\$3,490,000

6.5 Projected Profit and Loss

Since the income to this business will come entirely from employment contracts with our clients, we anticipate a relatively low cost of sales, amounting only to costs of negotiating contracts and collecting monthly payments. Hence our gross margin is relatively large. This is countered by the fact that our biggest operating expense is payment of the employee payroll.

Our major expense will be the cost of office space on the platform. Based on typical cubicle space size for engineers¹³, we allocate 80 square feet per employee, recognizing that seastead offices will be slightly more crowded than average, plus a 25% circulation factor. We also provide an additional 500 ft² for meeting rooms and lab space. This totals 5500 ft².

In addition to office space, we also provide housing to the employees. This will include a 120 ft² single room per person, plus a common room (150 ft²), kitchen (100 ft²) and bathroom (50 ft²) for every 5 rooms. Rooms will be arranged in dormitory style, so that employees can use any bathroom or common area in the facility. This comes to 9,000 ft² for 50 employees.

Telephone and internet service rates are estimated from typical pricing for satellite business internet service¹⁴, adding an additional premium for operation on a seastead. Rent for the onshore office is estimated assuming a price of \$3 per square foot and a 1,000 ft² office. Depreciation is calculated assuming rapid depreciation of the initial \$300,000 of purchased computer equipment as well as the asset value of the boat.

We have also budgeted \$120,000 per year increasing to \$200,000 to cover additional expenses such as office supplies, medical supplies for the nurse, and travel for recruiters as we expand into global recruiting.

Table: Profit and Loss

<i>Pro Forma Profit and Loss</i>			
	2012	2013	2014
Sales	\$4,500,000	\$5,000,000	\$6,000,000
Direct Cost of Sales	\$72,000	\$162,000	\$212,000
Other	\$0	\$0	\$0
Total Cost of Sales	\$72,000	\$162,000	\$212,000
Gross Margin	\$4,428,000	\$4,838,000	\$5,788,000
Gross Margin %	98.40%	96.76%	96.47%
Expenses			
Payroll	\$3,087,996	\$3,276,000	\$3,490,000
Sales and Marketing and Other Expenses	\$24,000	\$30,000	\$35,000
Depreciation	\$57,179	\$40,000	\$30,000
Telephone/Internet	\$36,000	\$40,000	\$50,000
Insurance	\$14,400	\$14,000	\$14,000
Offshore Office Rent	\$275,004	\$275,000	\$275,000

¹³ <http://www.thespaceplace.net/articles/fennie200501a.php>

¹⁴ <http://business.hughesnet.com/explore-our-services/business-internet/business-internet-high-speed>

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Seastead Housing	\$531,240	\$531,250	\$531,250
Onshore Office Rent	\$36,000	\$40,000	\$50,000
Other Miscellaneous	\$120,000	\$150,000	\$200,000
Total Operating Expenses	\$4,181,819	\$4,396,250	\$4,675,250
Profit Before Interest and Taxes	\$246,181	\$441,750	\$1,112,750
EBITDA	\$303,360	\$481,750	\$1,142,750
Interest Expense	\$10,848	\$8,970	\$8,370
Taxes Incurred	\$23,533	\$43,278	\$110,438
Net Profit	\$211,800	\$389,502	\$993,942
Net Profit/Sales	4.71%	7.79%	16.57%

Chart: Profit Yearly

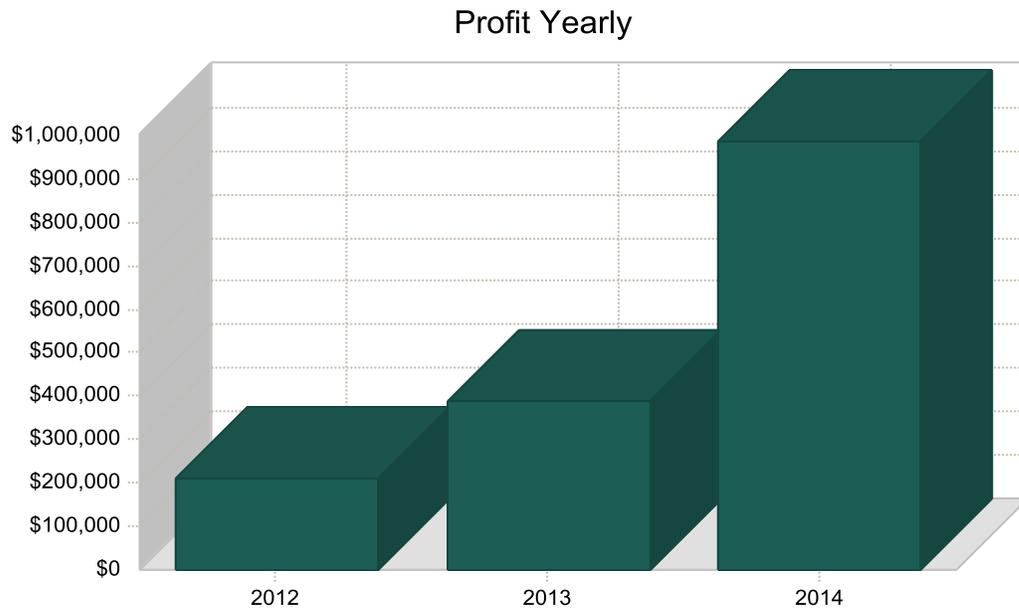
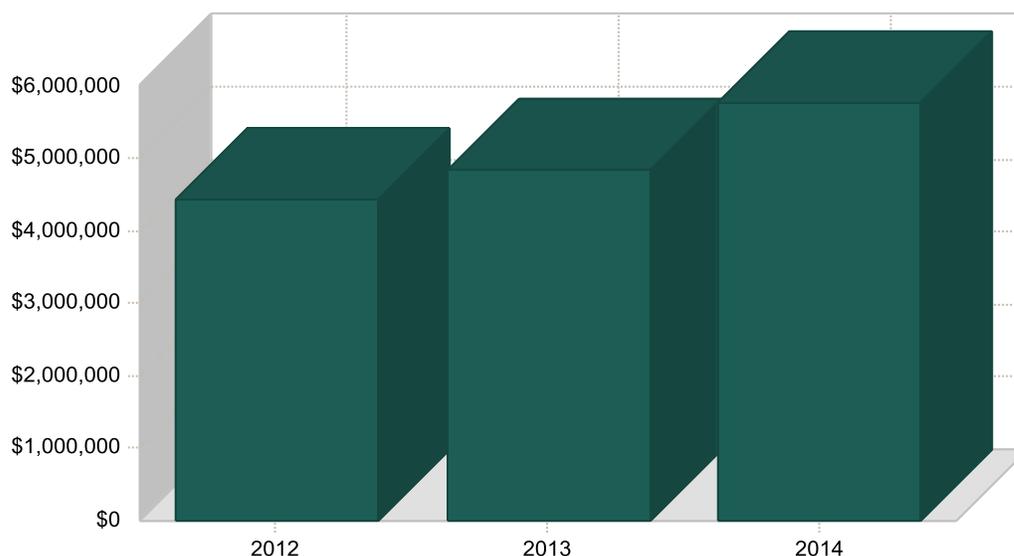


Chart: Gross Margin Yearly

Gross Margin Yearly



6.6 Projected Cash Flow

Table: Cash Flow

<i>Pro Forma Cash Flow</i>			
	2012	2013	2014
Cash Received			
Cash from Operations			
Cash Sales	\$4,500,000	\$5,000,000	\$6,000,000
Subtotal Cash from Operations	\$4,500,000	\$5,000,000	\$6,000,000
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$47,752	\$60,000	\$80,000
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0
Subtotal Cash Received	\$4,547,752	\$5,060,000	\$6,080,000
Expenditures	2012	2013	2014
Expenditures from Operations			
Cash Spending	\$3,087,996	\$3,276,000	\$3,490,000
Bill Payments	\$1,050,742	\$1,280,384	\$1,470,314
Subtotal Spent on Operations	\$4,138,738	\$4,556,384	\$4,960,314
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$36,000	\$60,000	\$80,000
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$120,000	\$30,000	\$0
Purchase Other Current Assets	\$50,000	\$20,000	\$30,000
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$4,344,738	\$4,666,384	\$5,070,314

Net Cash Flow	\$203,014	\$393,616	\$1,009,686
Cash Balance	\$453,014	\$846,630	\$1,856,316

6.7 Projected Balance Sheet

Table: Balance Sheet

<i>Pro Forma Balance Sheet</i>			
	2012	2013	2014
Assets			
Current Assets			
Cash	\$453,014	\$846,630	\$1,856,316
Other Current Assets	\$350,000	\$370,000	\$400,000
Total Current Assets	\$803,014	\$1,216,630	\$2,256,316
Long-term Assets			
Long-term Assets	\$200,000	\$200,000	\$200,000
Accumulated Depreciation	\$57,179	\$97,179	\$127,179
Total Long-term Assets	\$142,821	\$102,821	\$72,821
Total Assets	\$945,835	\$1,319,451	\$2,329,137
Liabilities and Capital			
Current Liabilities			
Accounts Payable	\$92,283	\$106,397	\$122,142
Current Borrowing	\$69,752	\$69,752	\$69,752
Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$162,035	\$176,149	\$191,894
Long-term Liabilities	\$30,000	\$0	\$0
Total Liabilities	\$192,035	\$176,149	\$191,894
Paid-in Capital	\$750,000	\$750,000	\$750,000
Retained Earnings	(\$208,000)	\$3,800	\$393,302
Earnings	\$211,800	\$389,502	\$993,942
Total Capital	\$753,800	\$1,143,302	\$2,137,243
Total Liabilities and Capital	\$945,835	\$1,319,451	\$2,329,137
Net Worth	\$753,800	\$1,143,302	\$2,137,243

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