

# Fintech Scotland Business Plan

## 2 Expected revenue

to  
Summary Page

There are a number of revenue streams that may be generated in the months and year to come, however forecasts at this point focus predominately on [REDACTED], supported by a few other items as the maturity of the proposition grown.

- The primary revenue stream for Fintech Scotland will be [REDACTED]. This drives total revenues of [REDACTED] in Year 1 rising to [REDACTED] by Year 5.
- Total revenue for the five year period are estimated to be [REDACTED].
- Enhanced memberships with access to community desks and permanent desk memberships combine to provide [REDACTED] of total revenue across five years.
- [REDACTED] will be the next largest revenue stream, totalling [REDACTED] across five years. This consists of elements such as [REDACTED].



# Fintech Scotland Business Plan

## 3 Running Costs

to  
Summary Page

Forecasted running costs have been detailed to a granular-level in order to give as realistic a picture as possible at this stage.

- Running costs of Fintech Scotland are expected to be approximately [REDACTED] across Year 1 and 2, rising to a consistent rate of circa. [REDACTED] by Year 5.
- The model estimates total running costs to be [REDACTED] across the full 5-years.
- The largest outgoing running cost are expected to be building related [REDACTED] and people related (Fintech Scotland management team).
- Salaries for the fulltime Fintech Scotland management team are expected to range from [REDACTED] in Year 1 to [REDACTED] by Year 5.
- The primary building related cost will be rent and rates, which [REDACTED] annuum. [REDACTED] period from move in lapses, is expected to be ~ [REDACTED] per annum.
- Servicing costs of the building (landlord & tenant) are expected to run at [REDACTED] per annum – the details of what this contains is included in the assumptions pages.





## Fintech Scotland Business Plan

### 4 Profit & loss forecast and break even point

to  
Summary Page

Based on what is known to date a profit and loss prediction has been modelled, and a view created on when Fintech Scotland will reach break-even point:

- On comparing revenue and running costs annually it is estimated that the first profitable year for Fintech Scotland could be [REDACTED] with an estimated of [REDACTED] profit.
- In [REDACTED] profit falls slightly as the [REDACTED], increasing costs, but from [REDACTED] inwards [REDACTED] grows in line with potential increase in membership. Total profit across the five year period is estimated to be [REDACTED].
- To determine when Fintech Scotland is likely to break even, (i.e. profits cover initial losses), the model uses three scenarios. Further details are covered in the assumptions, but this applies a realistic range of changes to the most likely forecasts.
- The model estimates that [REDACTED]

It should be noted that in all three scenarios, by year 5 Fintech Scotland is profitable



# Fintech Scotland Business Plan

## 4 Cash Flow

Cash flow provides a view on the liquidity of a business at any given time. The numbers here presume that the required capital investment has been made in Year 0.

- Following the initial capital investment in Year 0, In the most likely case Fintech Scotland has a **combined Cashflow from Year 0 to Year 3 of** [REDACTED] This is due to the spending of the capital investment in Year 0 & Year 1 as well as the repayment of [REDACTED] of this investment each year from Year 1 to Year 5.
- Total cash flow for the five year period is estimated at [REDACTED]
- Further analysis shows that the cash flow annually will [REDACTED].
- In the most likely case, we see [REDACTED]  
[REDACTED]  
[REDACTED] It is suggested an overdraft facility will be required for Fintech Scotland in order to manage cash flow.



# Fintech Scotland Business Plan

## Assumptions

[Return to  
Summary Page](#)

This business plan and related financials provide a solid insight into the potential future for Fintech Scotland, and forms a basis from which initial commitments can be made to supporting the business. However it is important to point out that there are a number of assumptions that should be noted on reviewing the business case. These are as follows:

- Inflation will occur in line with forecasts of the Retail Price Index (RPI) from 2019 onwards – 2018 is treated as 0% as quotes provided at the time of document creation are for 2018 provision.
- The value of physical assets will depreciate at a rate of [REDACTED] a year from their previous year value from the year after they are purchased.
- Most line items in the scenario analysis are presumed to be [REDACTED] worse than in the most likely case, and [REDACTED] better in the best case. Exceptions to this rule are:
  - Memberships are adjusted by [REDACTED] either way
  - Investment revenue is assumed to be [REDACTED] in the worst case
  - Line items relating to grants and office rent and rates are [REDACTED] by scenario
  - Other line items which will be fixed are not adjusted by scenario, e.g. the cost of Companies House registration
- Savills have suggested that Fintech Scotland may be able to achieve [REDACTED] per square foot less than the current quote – this has been included in the most likely and best case scenarios.
- Total rental costs include building lease, car park, and storage rental costs.
- Tenant service charges consist of providing a basic level of cleaning, electricity, heat, data line, telephone line, and a high bandwidth network.
- Landlord service charges consist of maintaining common areas, toilets cleaning, and security & access.
- An [REDACTED] has been offered by the landlord – this is factored into all scenarios starting in Jan-2018 and finishing in [REDACTED]
- Membership is expected to be approx. [REDACTED] at the start of 2018, consisting of [REDACTED] permanent desk holders and [REDACTED] community desk and non-physical members. From 2019 onwards membership is expected to grow at approx. [REDACTED] annually, with most of that growth being [REDACTED]
- Permanent desks are initially set to take [REDACTED] of the total [REDACTED] available seats – it is anticipated based on experience elsewhere that the designation of desks as either permanent or community can be easily changed as required once operational.
- Any loans provided by an Evergreen fund are anticipated to be received at the start of each year and repaid in full at by end of the same year.



## **Risks & tracking performance of the business plan**



# Fintech Scotland Business Plan

## Risk reporting framework

[Return to Summary Page](#)

Critical to the success of achieving the business plan is the management of known or potential risks. Tracking these closely and taking steps to mitigate or respond quickly will be important. There are a number of risks that are known now, but of course others will emerge in the fullness of time.

We have defined the following risk reporting framework to prioritise known or potential risks as well as to record response & contingency plans that Fintech Scotland can follow to reduce/mitigate the likelihood of that risk occurring. This framework can be used going forward to triage new risks and ensure an appropriate response is planned and executed.

### Example risk reporting framework

Risk Summary	#*	Unique Risk Reference	
	Status*	New / In Progress / Closed / Cancelled	
	Created By*	User Name	
	Created On*	DD/MM/YYYY	
	Assigned To*	User Name	
	Priority*	Critical / High / Medium / Low	
	Type*	Description of the Type of Risk	
	Probability/(Likelihood)*	Scale 1-5 (Very Unlikely to occur to Certain to Occur)	
	Impact*	Scale 0-5 (No Impact to inability to deliver)	
	Score	Probability*Impact (Calculation)	
Resolution	Severity	If Score is Greater than 12 – High, If Score is Greater than 5 – Medium, If Score is Greater than 0 – Low	
	Description*	A description of the risk	
	Escalation Level	Different Levels of escalation based on severity	
	Risk Response	Accept / Avoid / Mitigate / Transfer	
	Response Plan	How you plan to respond to the risk	
Additional Notes	Contingency Plan	What contingency can you put in place for this risk	
	Closure Criteria	What is required to mark this risk as closed	
	Notes	Additional Notes	



# Fintech Scotland Business Plan

## Business Plan Risks

[Return to Summary Page](#)

There are 10 risks currently identified, all scored based on the risk reporting framework as outlined on the previous page. Each risk has been given an appropriate response. It is recommended that Fintech Scotland considers these carefully to reduce the likelihood of them materially impacting the Fintech Scotland business plan.

Risk summary	#	1	2	3	4	5
	Description*	Lack of initial capital to launch Fintech Scotland	Lack of clear leadership for next steps for Fintech Scotland	Lack of Financial Institution input into Fintech Scotland	Fintech Scotland doesn't become self-sustaining	Lack of consistent pipeline of tenants in
	Created on*	25 - May - 2017	25 - May - 2017	25 - May - 2017	25 - May - 2017	25 - May - 2017
	Assigned to*	TBC	TBC	TBC	TBC	TBC
	Priority*	Critical	Critical	High	High	High
	Type*	Financial	Organisational	Organisational	Financial	Financial
	Probability (likelihood)*	2	2	2	2	2
	Impact*	4	4	4	4	3
	Score	8	8	8	8	6
	Severity	Medium	Medium	Medium	Medium	Medium
Resolution	Risk response	Mitigate	Avoid	Mitigate	Avoid	Mitigate
	Response plan	Have a clear list of required capital & sources of capital before the launch of Fintech Scotland.	Ensure there is a clear plan in place with the steering committee around the next steps & who has ownership of this plan going forward.	Engage with all major Financial Institutions in Scotland to increase their involvement in Fintech Scotland.	Careful analysis of the business case spreadsheet and ongoing costs should mean that this outcome is avoided.	A clear list of all possible tenants as well as a pipeline of future tenants before is confirmed.
	Contingency plan	Fintech Scotland launch is postponed until the correct amount of capital is in place or to review the capital requirement to see if this can be reduced in any way.	Fintech Scotland launch is delayed until a clear leadership plan is in place.	Perform additional consultations with the Financial Institutions to understand what they would like to get out of Fintech Scotland.	Key understanding of the biggest expenses within Fintech Scotland & how these services can be removed to help even out the balance sheet or to add additional revenue areas.	could be expanded to host non-Fintech companies into the space or could be rented out to academia to use the space for related research. Further promotion of could be made globally to help fill the desks.
	Closure criteria	Fintech Scotland has been launched and is revenue generating	Leadership team in place for Fintech Scotland	A specific number of Financial Institutions are involved in Fintech Scotland.	Fintech Scotland is self-sustaining over time.	has a minimum occupancy rate (~50%)



# Fintech Scotland Business Plan Risks

[Return to Summary](#)

Continued from previous page.

Risk summary	#	6	7	8	9	10
	Description*	Lack of members to Fintech Scotland	Fintech specific fund isn't created	Little uptake in roles in Fintech Scotland	██████ falls through	Little support within the Ecosystem for Fintech Scotland
	Created on*	25 – May - 2017	25 – May - 2017	25 – May - 2017	25 – May - 2017	25 – May - 2017
	Assigned to*	TBC	TBC	TBC	TBC	TBC
	Priority*	High	Medium	High	Medium	Medium
	Type*	Financial	Financial	Organisational	Strategic	Organisational
	Probability (likelihood)*	2	3	1	1	1
	Impact*	3	2	4	4	3
	Score	6	6	4	4	3
	Severity	Medium	Medium	Low	Low	Low
Resolution	Risk response	Mitigate	Mitigate	Avoid	Mitigate	Avoid
	Response plan	Confirm that Fintech Scotland is providing all areas of the ecosystem with what they need & make the proposition attractive to join.	Be clear on the likelihood of this fund being created and what steps need to be taken to make this happen along with a timescale.	Ensure an initial wide pool of candidates to make sure all roles are covered.	All planning required to make ████████ a success is considered including pipeline & cost to guarantors	Ensure Fintech Scotland covers all the key action areas as determined during the Fintech Consultations
	Contingency plan	Membership costs could be reduced or the amount of benefits could be enhanced to improve how attractive the membership is to the ecosystem.	A clear guide to other funding options for Fintechs in Scotland could be published to ensure that all companies receive the funding they need.	Review of all roles are required initially and if there can be a phased introduction into the core Fintech Scotland Team.	Evaluate the impact to the finances of Fintech Scotland & determine if an alternative location is possible.	Perform additional consultations with the ecosystem to understand explicitly what they need out of Fintech Scotland.
	Closure criteria	There are a minimum number of members which cover the whole ecosystem.	A clear path to a specific Fintech fund in Scotland is defined for Fintech companies to use.	All major roles in Fintech Scotland are filled.	The lease for ████████ is signed.	There are a widespread representation of ecosystem areas in Fintech Scotland – both in Membership & on the Boards.



# Fintech Scotland Business Plan

## Tracking performance of the business plan

[Return to Summary Page](#)

This business plan provides some solid insight into the potential future for Fintech Scotland. It is now key that Fintech Scotland tracks the performance of the business against this plan. To do this, there are a number of metrics & targets that underpin this business plan that need to be monitored. These areas are key assumptions which play an important role in the forecasting for Fintech Scotland. Some of these are detailed below. For full detail on these, please look at the business case spreadsheet, where all detailed metrics are contained for tracking purposes.

	2017	2018	2019	2020	2021	2022
Occupancy Rate - Best Case						
Occupancy Rate - Worst Case						
Inflation (Compounding since 2018)						
Salary Inflation (Compounding since 2018)						
Depreciation (Compounding since 2018)						

Technical Industry workstreams & advisory	Events Per Annum	Price Per Delegate	Delegates per Session
Start up Surgery	6		10
Business Strategy	6		10
Edinburgh University Post Graduate Lectures	6		10
Innovation Processes	6		10
Regulation	6		10

Membership packages	Permanent Desk Allocation (%)	Permanent Desks	Non Permanent Memberships Allocation (%)	Membership Rate Final
Network Membership				
Enhanced Membership - Fintech				
Enhanced Membership - Public Sector & Individual				
Enhanced Membership - Private Sector & Individual				
Founding & Investor Member - Fintech				
Founding & Investor Member - Public Sector				
Fintech Membership 1				
Fintech Membership 2				
Fintech Membership 3				
Fintech Membership 4				

Event ticketing	Events Per Annum	Price Per Delegate	Delegates per Event
	22		100

Membership grows at an average of 8% (after dropout) each month from 2018 until July 2021 where we assume this flat lines.

Sponsorship (revenue per year)	Rate
Innovation space/ co working space	
Meeting rooms	
Lifts	
Boardroom	
Smaller events	
Larger events (Incl. Fintech Fringe)	
Kitchens	
Virtual Platform (sponsors for 10 key areas of the platform)	
Marketing Campaigns (Main sponsor for malshot - 1 per month)	

Office space allocation	Desk Space	Value	Sq. Ft
Other (Kitchen/Break Out/Corridors/Meeting Rooms)		52%	
4th Floor Hub (Kitchen/Break Out/Corridors/Meeting Rooms)		13%	
Space Per Person (sq ft)		35%	
Total Number of Desks		42.5	
Permanent Desks (%)			
Community Desks (%)			