

MYOB IT Challenge

Team AIR

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Our IT Solution

Recognising the current necessity for sole traders/self-employed/microbusinesses to have clear guide to enter and maintain their position within the market, MYOB EXIOS seeks to provide a web-app which consolidates their business financial needs into a simple swipe click solution.

The current market contains a plethora of both high-level and low-level specific technical business support yet there is still no exact service which fully compiles all these tools to support a SMEs from idea to its full growth. Thus, EXIOS aims to provide a simplified, innovative, collaborative, client-focused solution for microbusinesses and sole traders to really make an impact with their passion.

Purpose

This solution will be implemented through the development of a web-app. This approach allows the solution to be available across a wide range of products. Web-apps are flexible and adaptable across many platforms and operating systems. This allows the team to focus on creating a holistic solution that is focused on the service and the experience that the app provides, rather than producing many subpar native apps for each differing platform. A further advantage of this is that producing one web-app provides a much more cost-effective approach that can benefit MYOB. Moreover, web apps can be cloud-based applications which will allow remote access of information allowing increased ease of access. Many major competitors such as Xero and CCH have already adopted a cloud-based approach thus, it is highly recommended that MYOB also explores the advantages of this method. As a result, a cloud-based web app is a fantastic solution that allows MYOB to address its competitors and create a cost-effective implementation that allows microbusinesses to setup from scratch and manage themselves efficiently from one place.

Features

EXIOS aims to not only provide singular tools for small business owners but to have a complete user-friendly tool kit that is easily accessible through their phone, laptop, tablet or Tesla – no pesky app-store downloads required.

Some key features include:

- A start from scratch option which allows prospective entrepreneurs to have a guided application to starting their new business: steps to getting their ABN/NZBN, assisting in

registering their business name etc. Which then later leads onto the ongoing growth support with all their business management tools centralised in EXIOS.

- Business ready option which allows already established or registered businesses to centralise all their business management needs.
- All the classic MYOB Essentials features you know and love: Superstream & Single-touch Payroll, Simplified invoice etc.
- Connection and syncing with MYOB's certified add-on solutions: scanning receipts with Squirrel Street, job tracking with Tradify etc.
- A personalised report on the customer's app usage which allows clients to review their package subscription suitability
- Virtual AI Chatbot: quick 24/7 support for those late-night inspiration questions.

From budding ideas to small businesses that need a hand to declutter their business management options, EXIOS aims to support peoples' passion from seed to sapling to forest.

IT Architecture

The development of a web-app must consider various aspects such as; backend and frontend development, the database, deployment, version control.

Back-end and Front-end Development

Python is used to provide the logic for the application in the backend and to create the server pages. EXIOS utilises Django as the backend framework to create the server pages and provide a smooth user experience.

Whilst Html, CSS, JavaScript is utilised to provide the visual element for the website. EXIOS uses React as its framework of choice due to its 3rd party support and extensive community.

Additional Structure

GitHub will be used for version control. The deployment and hosting of the web app will be through Amazon AWS due to its dominance in the market and credible reputation. Additionally, EXIOS implements a relational database such as MySQL, because the data is relational. For example, in the debt section, the data may be stored such that each entity owed is stored along with the related values and data.

UI Concepts

When initialising the web app for the first time, EXIOS will ask the user what kind of support the client requires (Figure 6, appendix). This will then allow the interface to tailor the experience to meet the client's needs.

Figure 7 (refer to appendix) shows the front page of web app, featuring the AI Chatbot in the bottom right hand corner. Which will have a small hover prompt "Do you have any questions?". Clients can also see that they are logged-in in the top right-hand corner. Any additional apps/add-ons that they purchase will appear as a tab on their home screen for easy access. The home page will give the client a quick, simple overview of their business cashflow so far and any upcoming deadlines.

Business Plan

Business Case

MYOB EXIOS aims to support sole traders/self-employed/microbusinesses wherever they may be in their entrepreneurial journey. Specifically, EXIOS can help businesses set up, register and support them along this entire process. EXIOS does not only strive to help passionate people start their businesses but give everlasting support in a simple, centralised dashboard/hub to make business management easy. Microbusinesses typically don't have as much time and resources as their larger commercial counterparts, thus, EXIOS strives to allow anyone and everyone reach their potential.

Clients will have the opportunity to access to the wide range of classic MYOB Essentials package as well as additional support from additional certified add-on solutions all just one tap away on the web app. Furthermore, there is also 24/7 AI support chatbot to help give simple answers to common tax, bookkeeping and other financial questions – no complex jargon. What really sets EXIOS apart, is its newcomer support. All you need to bring is an idea and EXIOS will guide you through applying for an ABN/NZBN, identifying your business type (PSI/PSB) to registering business name and simplifying tax returns. After a trial, a personalised app usage report will be generated for the client to see their most used components within the app to help create a subscription perfect for their business. MYOB EXIOS understands not all businesses are the same and everyone has a little something which makes them unique; thus, our plans will reflect this.

Lastly, with all the tools a business owner needs to run their work efficiently in one handy web app means that there is no extra frills or downloads needed. EXIOS understands there are too

many things to be downloaded, uploaded, widgets and other doodads in our contemporary world so by developing a web app, EXIOS presents a readily accessible and efficient solution.

Financial Plan

Non-employed businesses form two-thirds of the total businesses in Australia, together with microbusinesses, they form almost 90% of all Australian businesses. This provides a significant market for MYOB to target.

EXIOS has a potential to tap into those revenue streams by providing a solution for a majority of the Australian business sector. Moreover, the sole traders in Australia have the lowest surviving rate for any business, as a result EXIOS can reduce the exits of businesses and encourage entries by providing an efficient and simple process for starting a business and maintaining it effectively.

MYOB had a revenue of approximately \$278,127,000 from SMEs which forms approximately 62% of total revenue from all segments. By improving the survival rates of Australia's largest sector of businesses, EXIOS can significantly improve revenues in the future. The entry rate for sole traders was 19% in 2017-18 and the exit rate was 15%. Through this product, it is assumed that the growth rate of the sole traders will rise from 4.8% to 6% due to lower exit rates and higher entry rates. This would result in the formation of approximately 75,000 businesses purely due to EXIOS. Businesses with 1-4 employees experienced a growth rate of 3.2% last year and is assumed to rise to 5% due to EXIOS, resulting in 25,000 added business for MYOB.

In addition to these added businesses, EXIOS allows the total number of SMEs who use accounting to grow from 80% to 90% due to the added support for the sole traders and microbusinesses. This accounts for an additional 200,000 businesses of which 60% may use MYOB based on current market share trends, resulting in 120,000 more businesses. As a result, this product is extremely lucrative for MYOB and affordable for microbusinesses. Overall, EXIOS provides 220,000 additional businesses to MYOB with a monthly lock-in contract for 12 months at \$12.5 per month.

The initial outlay for this project is slated to be removed from the \$52 million spent on capitalised new product development. The initial outlay is a cost of approximately \$2 million for development and \$5 million for marketing. Upon completion, the web app is expected to promptly recover the outlay and produce extremely high revenues due to the significant number of businesses expected to be gained.

Marketing Strategy

One of the main focusses of this campaign is to improve the rankings for google search results. As research data shows (Figure 3, Figure 4) MYOB and its services do not appear when searching for general keywords such as “Accounting and Finance apps for SME” and “Accounting App”. In general, these would be the keywords searched by individuals with minimal knowledge about such services. The importance of focus on this strategy is emphasized by the appearance of MYOBs competitor XERO and other competitors services being recommended.

Both Search Engine Optimization (SEO) and Search Engine Marketing will be implemented. To achieve SEO, factors such as webpage content (Expert, Authoritative and Trustworthy information), external webpage links and error handling will be emphasized. For SEM (Paid Search), EXIOS pages will bid for an advertisement spot and focus on search keywords, landing pages and quality scores (Click Through Rates, Search Relevancy).

Objective based budget will be used for the campaign. Our budget breakdown is seen in figure 5 (refer to appendix). This budget considers the goal of being the market share leader of such services to microbusinesses (sole traders, self-employed). To achieve these objectives media channels such as TV will be used to target the 35-50+ range of the market whereas the social media platforms aim to target the 18-40 range.

Advertisements on our mass media channels (TV, Cinema, Billboards) will start prior to launch in order to spread awareness and create anticipation. Our ads will be broadcasted around 600 different cinema screens in Australia.

Our social media platforms include Facebook and YouTube. These ads will be specifically tailored to our target market. Initially for the first 6 months of our campaign, ads on YouTube will appear In-Stream (i.e. prior to any videos playing) and will be un-skippable. The aim for these ads which can go up to 20-seconds is to spread awareness about the product, its new features and its competitive advantage. Facebook ads will be based on a budget of around \$190,000 with the aim of reaching an audience of 18,000-110,000 people within our target age every day.

The goal of these advertisements is to maximize the reach and frequency and persuade customers towards subscription or purchase. Our timings for IMC follow a pulsing method of scheduling. Our social media advertisements run throughout the year with additional channels being used at specific periods as seen in the GRANTT chart (see figure 8, appendix). Thus, our IMC channels aim to maximize the Gross Rating Points in order to achieve our set objectives.

Appendix

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2018

	NOTE	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Receipts from customers		487,187	455,646
Payments to suppliers and employees		(309,688)	(275,203)
Interest paid		(14,169)	(13,582)
Income tax paid	8	(4,561)	(3,807)
Interest received		545	865
Net cash flows from operating activities		159,314	163,919
Cash flows from investing activities			
Acquired software costs	6	(1,400)	(1,300)
Acquired intangible assets	6	(345)	(1,603)
Investment in equity accounted investments	16	(3,000)	(3,000)
Purchase of property, plant and equipment		(18,053)	(12,944)
Capitalised new product development	6	(52,155)	(35,288)
Purchase of business acquisition, net of cash acquired	12	(8,482)	(47,545)
Net cash flows used in investing activities		(83,435)	(101,680)
Cash flows from financing activities			
Proceeds from on-market sale of forfeited Treasury shares	9	1,660	3,456
Debt refinancing transaction costs		(1,980)	-
Proceeds from borrowing		33,000	-
Repayment of borrowings		(15,311)	-
Repayment of finance lease liabilities		(502)	(410)
Share buyback by parent entity	9	(44,826)	(3,268)
Dividends paid by parent entity	4	(68,311)	(69,303)
Net cash flows used in financing activities		(96,270)	(69,525)
Net increase/(decrease) in cash and cash equivalents			
		(20,391)	(7,286)
Cash and cash equivalents at beginning of period		54,779	61,434
Effect of exchange rate changes on cash and cash equivalents		526	631
Cash and cash equivalents at end of period		34,914	54,779

Figure 1. Cashflows for MYOB in 2018 and 2017

	NOTE	2018 \$'000	2017 \$'000
Revenue			
Service revenue		422,084	395,466
Revenue from sale of goods		17,726	18,819
Other income		5,427	2,198
Total revenue	1	445,237	416,483
Expenses			
Staff related expenses		(154,863)	(140,728)
General office and administration		(40,955)	(32,886)
Direct materials		(18,887)	(18,536)
Royalties		(2,954)	(3,409)
Reseller commissions		(15,999)	(13,986)
Marketing expenses		(21,936)	(17,021)
Other expenses	2	(8,647)	(7,734)
Depreciation and amortisation		(89,701)	(80,746)
Net finance costs		(15,468)	(13,602)
Total expenses		(369,410)	(328,648)
Gain on revaluation of previously held equity accounted investment ¹	12	12,009	-
Share of losses from equity accounted investments	16	(2,652)	(2,353)
Profit before income tax		85,184	85,482
Income tax expense	8	(21,399)	(24,802)
Profit after income tax		63,785	60,680
Profit after income tax attributable to owners of MYOB Group Limited		63,797	60,680
(Loss) after income tax attributable to non-controlling interests		(12)	-
Other comprehensive income			
<i>Items that may be classified to income or loss:</i>			
Foreign currency translation		2,783	(2,327)
Other comprehensive income/(loss) for the period, net of tax		2,783	(2,327)
Total comprehensive income for the period attributable to owners of MYOB Group Limited		66,580	58,353
Total comprehensive (loss) for the period attributable to non-controlling interests		(12)	-

1 - Additional investment during the year resulted in the investment converting to a subsidiary (refer note 12).

Figure 2. Additional Cashflows for MYOB in 2018 and 2017

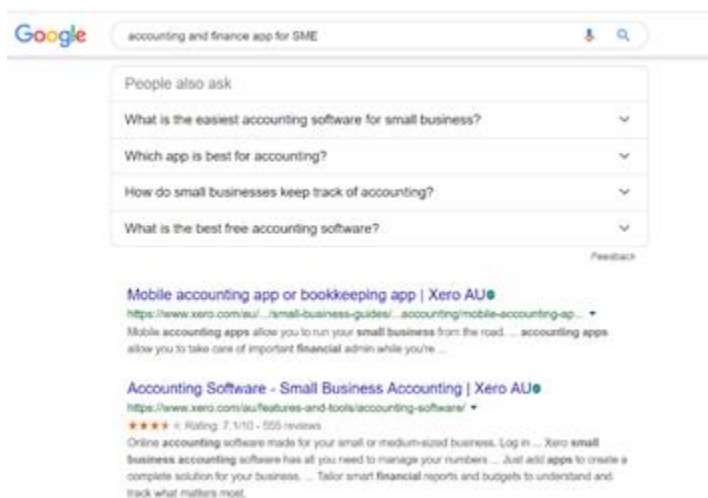


Figure 3. Google Search of Accounting and Finance Software

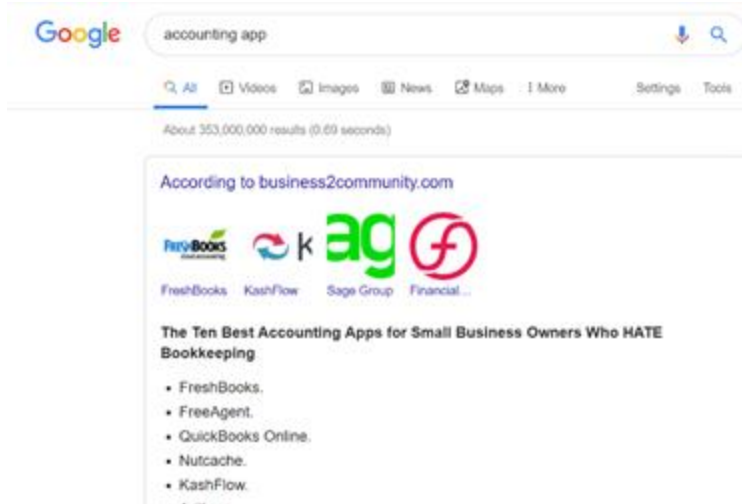


Figure 4. Google Search of Accounting Apps

Channel	Number	Costs	Total Costs
TV (Regional & Metro)	55	40,000	\$2,200,000.00
Cinema	600	100	\$60,000.00
Billboard (Regional)	10	10000	\$100,000.00
Billboard (Metro)	10	50000	\$500,000.00
Facebook (Segmented Ads)	365	500	\$182,500.00
YouTube (In Stream Non-Skippable)	500,000	0.3	\$150,000.00
YouTube (In Stream Skippable)	100,000	0.2	\$20,000.00
YouTube (In Display)	50,000	0.2	\$10,000.00
Production of Advertisements			700,000
Public Transport Advertisements			500,000
Event Sponsorships (Melbourne Food & Wine Festival)	5	60000	300,000
Pop Up at Small markets (Farmers Market, Night Markets, Art and Craft Markets etc.)	6	14000	\$84,000.00
Total			\$4,806,500.00

Figure 5. Budget Breakdown for Marketing Campaign

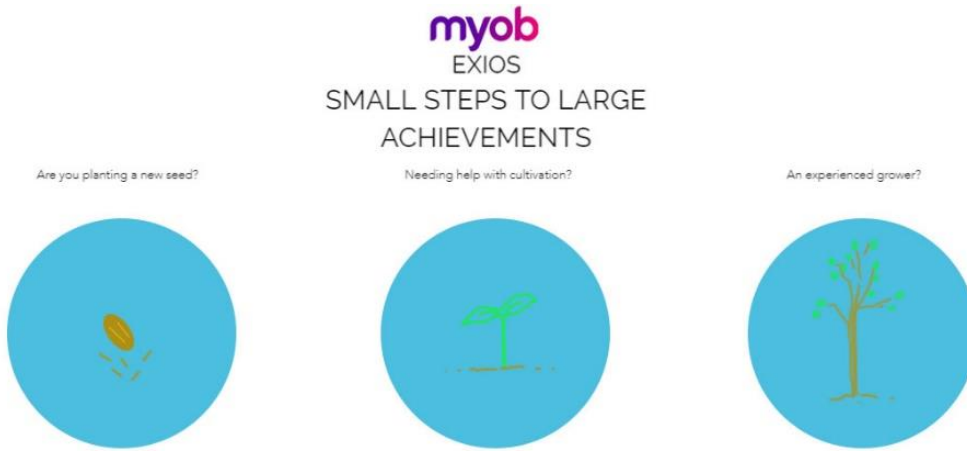


Figure 6. New User First Title Screen

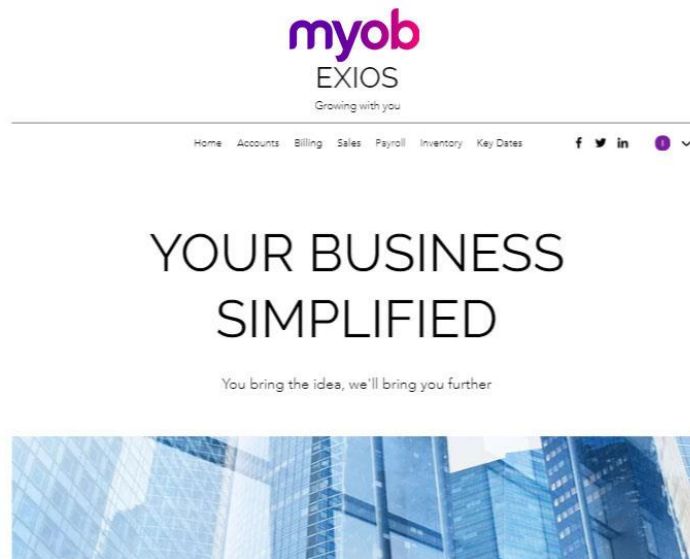


Figure 7. Dashboard/Hub for Users

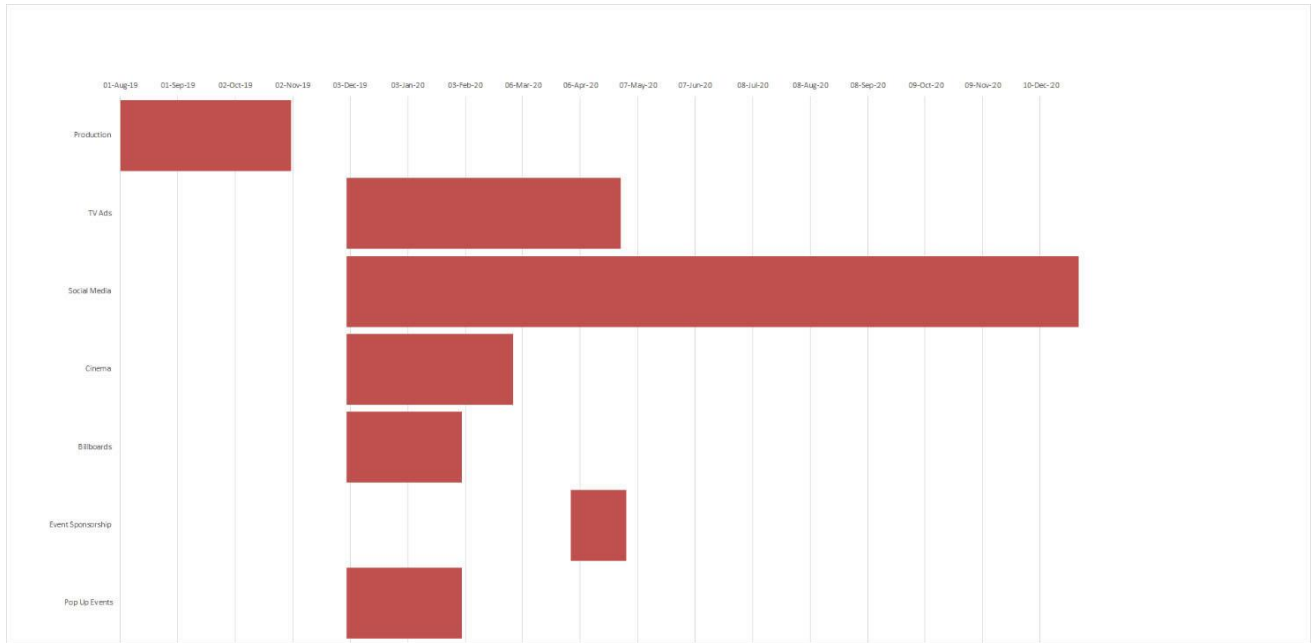


Figure 8. GRANTT Chart



Figure 9. Expected Profits from EXIOS

References

1. 8165.0 - Counts of Australian Businesses, including Entries and Exits, June 2014 to June 2018. (2019). Retrieved 5 August 2019, from <https://www.abs.gov.au/ausstats/abs@.nsf/mf/8165.0>