Parking for Parks UG

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Business Plan

T3181 Entrepreneurship

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1   Introduction

This business plan serves as the basis for our anticipated drop into the market as entrepreneurs. In the following chapters, our product, the market, necessary recources and the financial planning will be explained in detail in order to successfully launch our business.

2   Value Proposition

We are providing a product from which three main shareholder groups benefit with an overall positive impact on society through new urban city living quality. *Parking for Parks* is in the first place a web and mobile application that serves as a platform for the exchange of available parking space between vehicle drivers and the respective owners of parking spots. Real estate owners or anyone in possession of accessible land can provide their parking space on the *Parking for Parks*-App. The availability schedule of their offer can be manually adjusted, for which they can determine parking fees and rates by their own. The online offers will appear on a map and will be available for immediate booking by anyone who is in search of a parking spot. Depending on the provided availability schedule of the parking space, a free spot can be booked for the very next moment or for any upcoming date in the future. Once the parking spot is booked, it is reserved for that person and payment will be proceeded when the booked period of parking is beginning. Cancelation fees are determined by the difference between the actual booking date and the period of time left before the parking time would had actually started (Eg. Booked spot for in 10 minutes, canceled 5 minutes before, low cancelation fee due to short unavailability of spot for others; booked spot for in 14 days, canceled one day before, higher cancelation fee due to long unavailability of spot for others). On the one hand, vehicle owners benefit from a central platform that enables them to easier find parking spots for different purposes, e.g. short-term parking for a spontaneous shopping trip to downtown, where the parking situation is very tight and also prices of competing parking space providers, e.g. parkades, might be higher, or in the long term for securing a parking spot for a tourism weekend in a new city and not having to worry about finding new spots from the scratch every day. On the other hand, the parking space owners benefit from an additional source of income as well as they can also use the *Parking for Parks*-App when they are on a trip to other places than their own. The second stage of our product includes the processing of the available data on the new parking space availability and its usage. The gained information can then be used in collaboration with the respective cities in order to stimulate new city and infrastructure planning. Depending on the penetration of the *Parking for Parks*-App on the parking situation, existing public parking spaces can become obsolete and be redesigned for new ideas, e.g. bicycle pathways or green areas such as parks, that's why we named our product *Parking for Parks*. Both stages of our product, the exchange platform between vehicle drivers and parking space owners and the extraction of information and collaboration with cities for new city design, should be promoted jointly in order to fully deliver the benefits coming from the product to everyone as in the end almost anyone living in a denser populated, traffic suffering area is positively influenced through new possibilities for redesigning of city landscapes and raising the living quality in it.

3   The App

In the following a visual walk-through of our application will be presented.

1. App launch:
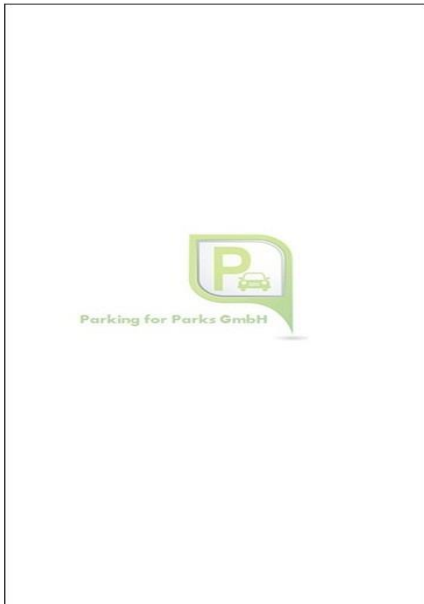
Splash Screen (Launching page)

2. After a loading time(e.g. 3 sec) Login page will open:

User can do :
(i)   Login as normal user
(ii)   Login as provider
(iii)   Navigate to registration page

3. After successful login or registration, map page will open with left side navigation drawer

User can do:
(i)   Navigate to other pages
(ii)   Take a look into the nearby parking spots
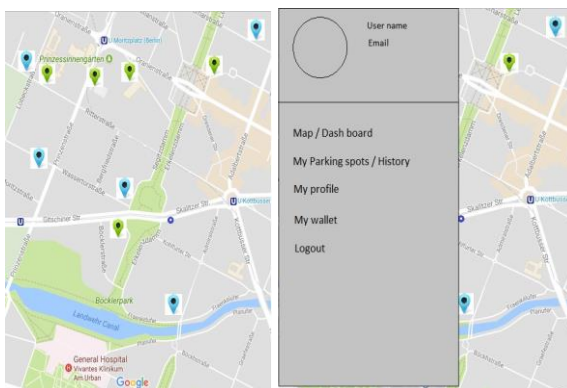
Map page (a)   Map page (b)

4. After clicking on any marker on map, it will go to the details page of that parking spot

User can do:
(i)   Search if space is available or not
(ii)   Navigate to that place
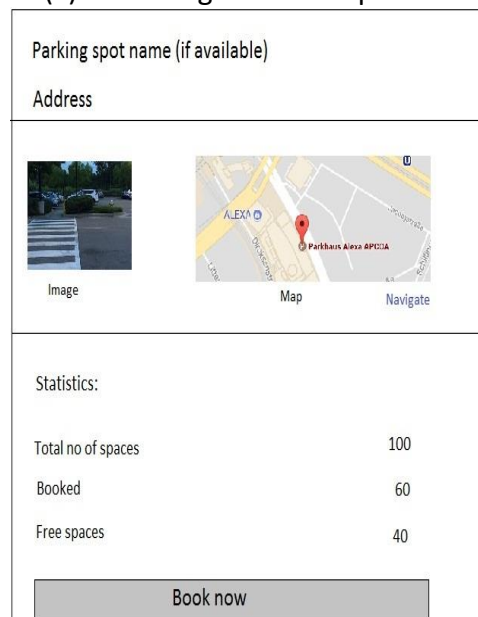
5. After clicking on 'Book now', it will open Booking page

   User can do:

   (i)   Select the booking time (from & to)

   (ii) Choose cards if added before, otherwise add card(s)

   Booking page

   Time schedule:

From :	14:00
To :	16:00

   Cost: $5

   Payment

XXXXXXXXXXXXX0000	○
XXXXXXXXXXXXX0001	●
XXXXXXXXXXXXX0002	○
XXXXXXXXXXXXX0003	○

   Pay

6. Payment Successful page

   # Thank you!

   Your booking has been successfully completed

   Ok

   After clicking on "Ok", map page will open

7. My parking spots / History

   User can do:

   (i)   Search his/her history

   (ii) See the details of that history

   My parking spots / History

Spots	Date
Spot A	01/11/2017
Spot B	02/11/2017
Spot C	03/11/2017
Spot D	04/11/2017
Spot A	01/11/2017
Spot B	02/11/2017
Spot C	03/11/2017
Spot D	04/11/2017
Spot A	01/11/2017
Spot B	02/11/2017
Spot C	03/11/2017
Spot D	04/11/2017

8. History details page

   Parking spot name (if available)

   Address

Image	Map	Navigate

   Statistics:

From :	14:00
To :	16:00

   Cost: $5

9. My Profile

10. Update profile (By clicking on "Edit" from my profile, this page will open)

My Profile

Edit

Name :	Test Test
Address :	Test test test Test test test
	Test test test Test test test
Phone no. :	9874563210
E-mail :	test@test.com

Edit

My Profile

First name

Test

Last name

Test

Address

Test test test
Test test test

Phone no

9874561230

Email

test@test.com

Update

4   Market Analysis

In order to know the volume and potential value of our market that we are addressing to with our product, we performed a market analysis. The geographical boundary of this analysis and our business plan as a whole is limited to Germany so far. Within Germany we are specializing on the traffic hotspots in cities larger than 500,000 inhabitants. As this investigation requires extensive research in various aspects, the following study areas were examined:

4.1   Demographics and Customer Profile

In this section, we researched the potential customer profile. In other words, we are giving an answer to the questions, which group of persons would be most likely to use our App, what are their characteristics and to which quantity do they exist.

4.1.1   Field Survey

We insisted on firstly conducting a qualitative field survey, so that we personally get a sense of who could be our potential customers and what are their personal opinions about our *Parking for Parks* business idea. We were therefore directly contacting car drivers at two respective parking lots with a questionnaire about the topic of parking and our business idea. The two locations were a parking lot of the retail company "Lidl", and the parkade of the shopping mall "Köln Arcaden". The survey took place on October 26, 2017. In total 14 persons were willing to participate in the questionnaire, more than double the amount of people refused to take part due to different reasons (in a hurry, not willing to participate, language problems, etc.). The questions were as follows:

Question 1: Do you have a personal parking spot?

- 50% (7/14) answered with YES

Question 2: How do you use your parking spot?

- 35% (5/14) say during the day it is empty (while working), at night it is occupied
- 28% (4/14) say the parking spot is somehow always occupied (by family members, company, etc.)
- The rest couldn't give a precise answer or question was not asked

Question 3: Would you participate in *Parking for Parks*?

- 57% (8/14) say NO
- 36% (5/14) say YES
- 7% (1/14) is indecisive

Questions 4: If Not, why?

Here, almost all answers were unique and people were often explaining their reasons in detail. Below are listed the most relevant answers for people who don't want to host a parking spot on our App. The results actually help us to identify some of the concerns and problems of potential customers.

- Access to parking lot is difficult because you would need keys for entering two doors.
- Parking lot is shared, so it is always occupied by someone (family members, company, etc.)
- People are already using their private parking spot without permission/asking.
- They want to be flexible, don't want to share. As they already pay a lot for their spot, they want the comfort of having it always available.
- One person we asked, was the store manager of "Lidl". He said NO, because his customers could leave to a cost-free parking lot of the local competition ("Penny"). We assume he might not have understood that the concept is to charge only at night, the Lidl parking lot would still be open and cost-free during the normal opening hours of the store from 8:00 to 21:15 but at night it is available for booking through our App. But he also said, that their parking lot was once already open at night and that security services had to be hired as people were causing trouble on the parking lot at night (rowdiness, car meetings, etc.).

Besides the reasons why people would NOT participate in hosting, they also gave positive feedback why our App would be useful as using the App for seeking parking spots:

- Cologne is „Hell" for parking, city is always congested, and would welcome a parking service as our App. The bad parking situation in a city like Cologne was mentioned a few times.
- A person told of a friend that has a Café along the Rhein in Mehrheim that really needs parking lots in the vicinity to her business, would like to rent some spots. That means, businesses are apparently also affected by the parking situation.

- People reported that they are usually in hurry and stress and would need some quick solution. If our App was easy to handle, they would consider using it.
- One person already had similar experiences when he went to a festival in Bochum, where he parked in a garage of a private person. He welcomed the idea of sharing a parking lot.

Question 5: How old are you? 18-30; 30-40, 40-50, 50+

- 18-30: 57% (8/14)
- 30-40: 7% (1/14)
- 40-50: 14% (2/14)
- 50+: 21 % (3/14)

From this question, a correlation between age and willingness to participate could be detected. Whereas the youngest age group was mostly willing to use the App for seeking parking spots, the oldest group age seemed to be very refusing against the idea of sharing private property and also digitalization. The age group between 30 and 50 appeared to be open for both, providing their private parking spot and using the App for searching for free ones. This group can be characterized as being settled in life, with a stable and higher income which also was evident that they prefer to minimize stress and time-wasting activities such as looking for parking spots.

As general results, the following experiences are the most remarkable:

- Our business idea was mostly rated positively with more people possibly using the App for searching for parking spots than providing their own private ones. The main reason is that their private parking space is mostly not suitable for renting due to various reasons (accessibility, all-time occupation, etc.).
- Some of the reasons why people won't use the App (such as fear, misunderstanding, etc.), could be addressed and solved if all business terms and conditions are fully clear to the public and through persuasive marketing.
- The target group for our App is of age of up to circa 50 years with younger people (20s) using the App mostly for searching for parking spots, whereas the middle-aged people would also provide their private parking spot on the App.

This qualitative analysis helped us to gain understanding of how potential customers think of our business idea. In order to further define our target market, research into scientific and statistical sources had to be done. This will be addressed in the following chapters.

4.1.2   Customer's Needs

Firstly, we are assessing whether or not there is a desire or need for our product existing. In the field of researching mobility, traffic and its impacts, INRIX is a globally acting company providing information and consulting services within this area. INRIX released "The Impact of Parking Pain in the US, UK and Germany" in July 2017, according to the company the "largest ever study of drivers' parking behavior and experience" (Cookson & Pishue, 2017).

Finding a parking spot in a metropolitan city is perceived by many as a stressful and annoying burden. To avoid this hassle, people aren't using their car due to this exact reason. In Table 1 it becomes clear that a notable amount of car drivers is avoiding going with the car to various destinations within a city because of parking problems:

Table 1: Avoiding Driving Due to Parking Problems by City (Cookson & Pishue, 2017)

% OF DRIVERS WHO AVOIDED DRIVING TO THE FOLLOWING PLACES DUE TO PROBLEMS FINDING PARKING IN LAST 12 MONTHS						
CITY	SHOPS	WORK	AIRPORT	DOCTORS/ HOSPITAL	LEISURE/ SPORTS	AT LEAST ONE
Berlin	39%	22%	27%	19%	16%	66%
Bremen	35%	18%	18%	19%	13%	58%
Cologne	43%	18%	23%	24%	20%	66%
Dortmund	41%	13%	18%	22%	16%	63%
Dusseldorf	43%	17%	26%	21%	17%	64%
Essen	34%	15%	20%	18%	12%	53%
Frankfurt	43%	16%	27%	24%	21%	69%
Hamburg	43%	16%	26%	21%	16%	64%
Munich	46%	20%	17%	21%	17%	64%
Stuttgart	40%	14%	25%	22%	18%	65%

If then drivers actually use their car to go to a certain place, they are often facing various issues during the process of finding a parking spot, as seen in Table 2:

Table 2: Parking Frustration (Cookson & Pishue, 2017)

IN THE PAST YEAR, % OF DRIVERS WHO:	GERMANY
Were in an argument with another driver over parking	22%
Felt stressed trying to find parking	66%
Missed an appointment due to trouble parking	44%
Gave up on reaching their destination due to problems finding parking	27%

When going into detail for the reasons, why people are frustrated during parking search, the following can be named:

Table 3: Most frustrating aspects of parking (Cookson & Pishue, 2017)

	PARKING AVAILABILITY	WASTED SEARCH TIME	PARKING CLOSE TO YOUR DESTINATION	COST OF PARKING	STRESS RELATED TO PARKING	PARKING RAGE/ANTI SOCIAL BEHAVIOR
Germany	15%	12%	12%	15%	10%	11%

The purpose of our App is to relief our customers from those negative aspects that come along with a frustrating search for parking. Through the reservation system, stress and time-

wasting shall be reduced, and in an ideal case, the parking spot can be provided very close to the desired destination.

INRIX also evaluated the driver's most desirable features of smart parking solutions, which our APP would also address:

Table 4: Most desirable features (Cookson & Pishue, 2017)

COMPARE CLOSEST AND CHEAPEST PARKING	ALREADY USE	WOULD LOVE TO USE	WOULD LIKE TO USE	WOULD NEVER USE
Germany	7%	38%	45%	10%
REAL-TIME PARKING AVAILABILITY	ALREADY USE	WOULD LOVE TO USE	WOULD LIKE TO USE	WOULD NEVER USE
Germany	7%	41%	45%	7%
ADVANCED PARKING RESERVATION	ALREADY USE	WOULD LOVE TO USE	WOULD LIKE TO USE	WOULD NEVER USE
Germany	7%	28%	42%	23%
ADVANCED PAYMENT	ALREADY USE	WOULD LOVE TO USE	WOULD LIKE TO USE	WOULD NEVER USE
Germany	7%	17%	35%	41%
NAVIGATION WITH PARKING	ALREADY USE	WOULD LOVE TO USE	WOULD LIKE TO USE	WOULD NEVER USE
Germany	9%	34%	46%	11%

As seen above, a high majority of the drivers "would love to use" or "would like to use" those features such as "compare closest and cheapest parking", "real-time parking availability", "advanced parking reservation" or "navigation with parking", and only a small amount (7-9%) "already uses" them. That means, the market is not saturated by other respective smart parking services such as our App and there is still a desire/need of our target group, the car drivers, which needs to be served.

4.2   Volume of Target Market by Demand Side - Car Drivers Searching Parking

The first target group that we examine, are the car drivers which are coming to Cologne with their vehicle and which are searching for parking spots. Cologne's "population" is growing during the day and shrinking at night due to a high number of commuters entering the city in the morning and a lower number which is leaving the city. In the evening hours, this process is reversed. Figure 1 is displaying the flows from and where to and to which quantity commuters are entering or leaving the city:
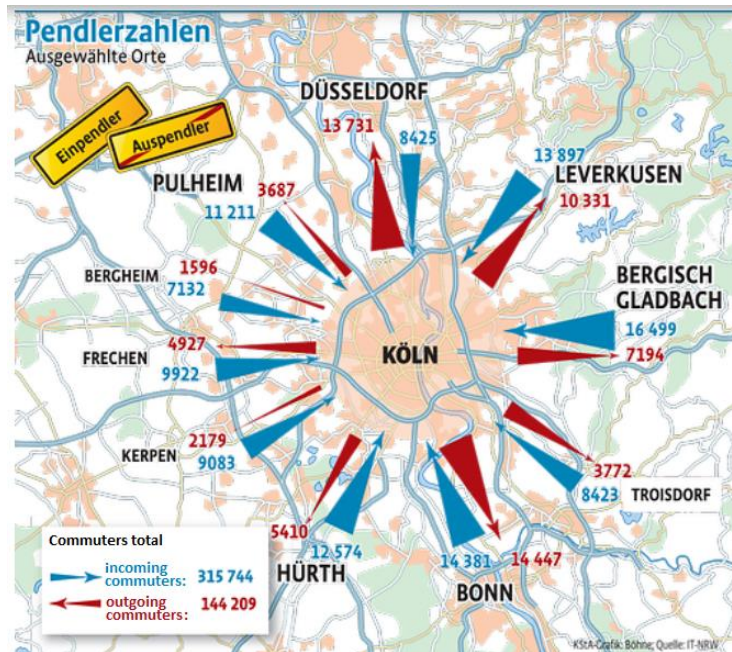
Figure 1: Commuting in Cologne (Rudolph, 2017)

According to the State Office for Statistics of North Rhine-Westphalia (State Office of Statistics of North Rhine-Westphalia, 2015) the car is for 70% of the commuters the choice of transportation. This would lead to

315,744 x 70% = 221,020 cars entering the city

and

144,209 x 70% = 100,946 cars leaving the city.

This means, there are

211,020 – 100,946 = 110,074 additional cars in the city every day.

Additional to that, there are 400,065 people within the city's boundaries (Innergemeindliche Pendler) commuting between places inside the city (State Office of Statistics of North Rhine-Westphalia, 2015). It was not stated, what are the different shares for the different means of transportation (public transportation, car, bicycle, etc.) which those commuters are using. It can be assumed that a majority is using public transportation. Still, a high number of car drivers would remain.

It is also not verifiable how many of those car drivers already have a secure parking spot (e.g. in a garage or company parking lot) at their destination or are going on a search for a parking spot every new trip. At this point, an estimation will be done based on the following statistics by INRIX (Cookson & Pishue, 2017), which evaluated the biggest problems of car drivers:

Table 5: Biggest problems of car drivers (Cookson & Pishue, 2017)

	FINDING PARKING	CONGESTION AND DELAY	COST OF DRIVING	VEHICLE MAINTENANCE	ACCIDENTS	ROADWORK	BREAKING DOWN
Germany	16%	22%	10%	8%	14%	14%	14%

If we assume, as stated in Table 5, that 16% of all car drivers have problems finding a parking spot, there would be theoretically:

<u>For the city of Cologne:</u>

221,020	= Cars entering the city
+	
400,065	= People commuting within city's boundary
x	
15 %	= Rough estimation of percentage that are using a car to commute within the city's boundary
= 281,029	= Total number of potential car drivers in Cologne
x	
16 %	= Percentage of car drivers having problems finding a parking spot
= 44,965	= Potential total number of car drivers in Cologne having problems finding a parking spot every day.

This number is giving a rough estimation of how many car drivers could be potentially searching for a parking spot via our App. As a next step, the potential amount of available private parking spots, that can be offered and booked through our App, will be assessed.

4.3   <u>Volume of Target Market by Supply Side - Private Parking Space</u>

Determining the possible amount of private parking spots offered via our App within Cologne is the other target group needed in order to define the potential volume from the supply side of our app. Exact numbers, which might have been provided by the city hall's infrastructure and mobility department or through other statistical analyses, do not exist unfortunately. Thus, an estimation will be done for the city of Cologne:

The city of Cologne has counted officially 560,298 households in the year 2016, with a steady increase (Amt für Stadtentwicklung und Statistik, 2017). According to the Federal Statistics Office of Germany, 63,3 % of all households in Germany had a garage or other private parking space available for their vehicles (Statistisches Bundesamt, 2009). It is not further specified in the study whether those parking spaces are only for one vehicle or more. Neither is this number further explained in terms of deviations between city and country-regions. In this case, we would further breakdown this number by the official vehicle density per capita within the city of Cologne, which is at 425 per inhabitant (42,5%) (Amt für Stadtentwicklung und Statistik, 2017):

<p align="center"><u>For the city of Cologne:</u></p>

560,298	= Number of households
x	
42,5 %	= Percentage of inhabitants in Cologne that own a car
x	
63,3 %	= Percentage of all households in Germany that have a garage or other private parking space
= 150,734	= Total number of potential households in Cologne with a parking spot

This number roughly represents the total amount of parking spots that households in Cologne possess for their own usage. From here on, deductions have to be made in order to describe a realistic volume of our target group which would be potentially participating in providing their parking spot via our App. The first deduction can be attributed to technical limitations. One example was brought up by a person that we questioned in our survey. That person referred to the accessibility of the parking garage in her building, which is blocked by two doors for which keys are needed in order to enter. We would assume the shortfall in this case at 50%. As a further experience from our survey, a deduction can be made for older-age groups, which are generally not familiar with digitalization and that would possibly not be willing to participate. In the year 2016, the share of people in Cologne older than 50 years was at circa 37% (Amt für Stadtentwicklung und Statistik, 2017). Additionally, a percentage of 10% will be subtracted due to various other impossibilities (e.g. legal problems) and issues. We therefore get to the following feasible number of potential households with a parking spot in Cologne which could potentially participate in providing their parking spot via our App:

<p align="center"><u>For the city of Cologne:</u></p>

150,734	= Total number of potential households in Cologne with a parking spot
x	
50%	= Deductions due to technical limitations
x	
63,3 %	= Percentage of elderly people in the population not participating
x	
90 %	= Deductions due to other impossibilities and reasons
= 42,936	= Potential number of households in Cologne with a parking spot that could participate in our App

This number is giving a rough estimation of how many private parking spots could be potentially offered via our App which car drivers could then book while searching for a parking

spot. Before associating this result with a monetary value, an evaluation has to be done, that determines how much car drivers would be willing to pay for a parking spot via our App. To do so, we are analyzing the prices for public parking places, such as public garages and parkades (so-called off-street parking) and public roadside parking (so-called on-street parking).

4.4   Public Parking Prices

For defining a representative price index, we evaluated the public parking situation and the prices in the inner city of Cologne. The following map and table gives an overview of the locations, their capacities and fares of public off-street parking:

Figure 2: Parking Inner City of Cologne

Table 6: Public Parking in Cologne

Parking	Address	Nr. of parking spaces	Price per 1st Hour	Every additional hour	Price per day
Parkhaus Rheinauhafen	Harry Blum Platz 2	1380	1.50	2.70	27
Parkhaus Am Guerzenich	Quatermarkt 5	315	2.40	2.40	20
Parkhaus Am Dom	Kurt Hackenberg Platz 2	198	2.10	2.10	21
Tiefgarage Hauptbahnhof	Kostgasse	409	0.80	0.80	18
Parkhaus Friesenplatz	Alte Wallgasse 31	250	1.50	1.50	6
Parkplatz Hansaring	Ebertplatz		1.00	1.00	8
Parkhaus Mediapark	Mediapark 5	1526	1.50	1.50	15
Parkhaus Lungengasse	Lungengasse	333	1.00	2.00	16
Tiefgarage Philharmonie	Bischofsgarten Str.	400	0.80	0.80	18
Parkhaus Opern-Passage	Schwertnergasse 1	460	1.00	2.00	10
Tiefgarage Heumarkt	Markmannsgasse 3	460	2.50	2.50	16
ParkhausCaecilienstrasse	Cäcilienstr. 29	339	2.00	2.00	20

Tiefgarage Kaiser-Wilhelm-Ring	Kaiser-Wilhelm-Ring	600	1.00	1.00	15
Parkhaus Opern-Passage	Schwertnergasse 1	460	1.00	2.00	10
J. & R. Kalscheuer Tiefgarage	Hohenstaufenring 29-37	275	2.00	2.00	20

As a summary, the following key aspects can be determined:

- The total number of parking spots is 7405.
- The average price per 1st hour is 1.50 €.
- The average price for any additional hour is 1.75 €.
- The average price per day is 16.00 €.

Besides that, there also exists public on-street parking, such as roadside parking, which charge from 0.50 to 1.00 € for every 20 minutes with a maximum of 4 hours per day.

Figure 3: On-Street Parking Meter in Cologne

We assume, that private parking spots offered via our App can be at least offered at the same rate as public off-street parking rates as we also include in our service the additional benefits through advanced reservation and navigation to the chosen parking spot. This creates extra value for our customers through reduced stress and time-saving, which we see as an advantage over public parking. In the following section, the monetary value will now be added to the quantiative volume of potential private parking rentals and car drivers searching for parking via our App.

4.5 Consolidation and Business Potential

From the previous sections, we generated the following results:

Potential total number of car drivers in Cologne having problems finding a parking spot every day:

Potential number of households in Cologne with a parking spot that could participate in our App:

44,965	42,936
= Demand	= Supply

This means that there is more demand (2029 more) than supply for parking spots in Cologne. Assuming that parking spots can be offered via our App at a rate of 2.00€ per hour including a surcharge of 10% (0.20€ per hour), and that those parking spots are rented on average 8 per day (average amount of time when people go to work and therefore leave their parking spot at home empty and free for renting), we would reach the following business potential per day:

<u>For the city of Cologne:</u>

42,936	= Potential number of households in Cologne with a parking spot that could participate in our App:
x	
0,20 € / hour	= Assumed average surcharge that we receive for every booked hour
x	
8 hours / day	= Assumed average time of rental for a private parking spot

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<u>= 68,697 €/ day</u> 2,095,258.50 €/ month	= Potential Revenue per day/month from the Cologne market

Important to note: This number displays the <u>entire potential market for the city of Cologne</u>. Several deductions will have to be made in order to receive a realistic value. The following table provides an overview of the changing revenue per day at different market penetration rates:

Table 7: Revenue stream at different Market Penetration rates

Market Penetration (realistic percentage of parking spot owners actually offering their space via our App, plus other deductions):	Revenue per day:	Revenue per month (30,5 days):
100%	68,697 €/ day	2,095,259 €/ month
75%	51,523 €/ day	1,571,452 €/ month
50%	34,348 €/day	1,047,614 €/ month
25%	17,174 €/day	523,807 €/ month
10%	6,870 €/ day	209,535 €/ month

Important to note: This table is based only on the market analysis for the city of Cologne. We aim to launch in other German cities. The revenue stream then has to be multiplied. We are pursuing to go into the markets in Berlin, Hamburg, Munich, Cologne, Frankfurt am Main, Düsseldorf and Stuttgart.

4.6 City and Traffic Potentials

We are aiming to offer cooperation in a triangular relationship with the parking space providers and the municipalities in order to elaborate possible solutions for redesigning existing public parking infrastructure, preferably on-street parking. In areas where there is a high density of participants who are providing a high number of their private parking space via our app, it can be assessed whether existing public on-street parking is still necessary in this quantity for that specific area in order to serve the demand for parking. If the result is that the private parking spots offered via app are providing a surplus of parking options in those areas, public parking spots could potentially be reduced and redesigned for other purposes, such as green belts or bike lanes. This creates additional benefit for the parking space providers by participating in increasing the livelihood in their local community.

In order to promote participation in our App and for distinguishing our product from potential competitors, we seek to emphasize this aspect of local redesigning in our marketing campaigns. Within our website there would be the option for contacting us for having a first assessment on the local parking situation and initiating a first contact with the municipality. Further steps will be worked out individually.

Quantitative sources for proving the potential of this business extension are difficult to provide. In this regard, a cross-reference to the car-sharing business sector can be helpful:

In the city of Bremen, car-sharing has caused a reduction of 2,000 cars in public streets. It would cost the city 30 – 50 Mio. € for investing in public infrastructure to provide parking for those 2,000 cars. Given this example, municipalities and in the end tax payers are saving a notable amount of money if some parts of the demand for parking is satisfied by our app and even more if public parking space can additionally be reduced.

4.7 Competition

In the following, an overview of competing service providers in the parking sector is given:

The app of *ParkTAG* is building on a community of users who are reporting to the system once they are occupying a parking spot and when they are leaving that spot. So other users can see when this place is getting available again and go there.

Our product differs as this app is only based on public parking spots. It is not a system of "providing" nor reserving a parking spot, only telling the community once a spot is available (ParkTAG, 2017).

Parknav is showing on a map within its app the roads in various colors the chance of finding street parking space. Bright green means a 100-75% chance, red a 25% to 0% chance (Parknav, 2017).

"*Kerb* is a global parking app, which allows you to rent your private space to anyone looking to park their car, bike, boat or helicopter."

Their principle behind their business idea is very similar to ours. The launch for this app has not been started in Germany yet, it has been announced to happen soon though. There are some aspects that might put us ahead of *Kerb*. One is that they do not include the community redesign aspect in their business model. Another is that they are an Australian based company which might not have the relevant local knowledge, connections and direct customer contact in Germany. Lastly, they did not launch into the German market yet, which means our product does not have a time disadvantage of starting too late (Kerb, 2017).

Contipark is an owner and operator of parkades and parking lots across Germany. They have an app through which one can book a parking in advance.

Our product differs as it is addressing private people and their potential parking spots (Contipark, 2017).

The app of *plazz* is showing on a map free parking spots in Berlin Prenzlauer Berg. On the website it is explained that a group of 15 "plazz Spotter" are constantly driving around Berlin and updating the availability of parking spots which they see. Those "plazz Spotter" are already driving around the city all day due to their jobs. They are basically doing "extra work" by reporting parking spots to the app.

Plazz announced it will end it service on the 31.03.2018 (Plazz, 2017).

Q-Park is an owner and operator of parkades and parking lots across Germany. They have an app through which one can book a parking in advance.

Our product differs as it is addressing private people and their potential parking spots (Q-Park, 2017) .

APCOA is an owner and operator of parkades and parking lots across Germany. They have an app through which one can book a parking in advance.

Our product differs as it is addressing private people and their potential parking spots (APCOA, 2017).

Park.ME, ParkU, Indigo, and ParkNow are cooperating with municipalities, parkade operators, facility owners and other businesses. Indigo is extending their service by professionally managing those parking spaces which also includes technical services such as upgrading with e-car charging stations (Park.ME, 2017) (ParkU, 2017) (Indigo, 2017) (ParkNow, 2017).

Our product differs as it is addressing private people and their potential parking spots.

Same as *Kerb*, their principle behind their business idea is very similar to ours. *Ampido* is offering an online platform for providing private parking space which can be reserved by people searching for parking spots. One aspect which would distinguish our product from *Ampido* is that they do not include the community redesign aspect in their business model. We also believe that through extensive and broad marketing, our product can reach higher market shares and outcompete *Ampido* (Ampido, 2017).

5   Key Resources and Activities

Key resources are the building block describing the most important assets that are needed to run and maintain the business model. Every business model requires them, without the key resources companies cannot generate value proposition and revenue.

For Parking for Parks UG, the following organizational structure has been identified to start up and run the company:
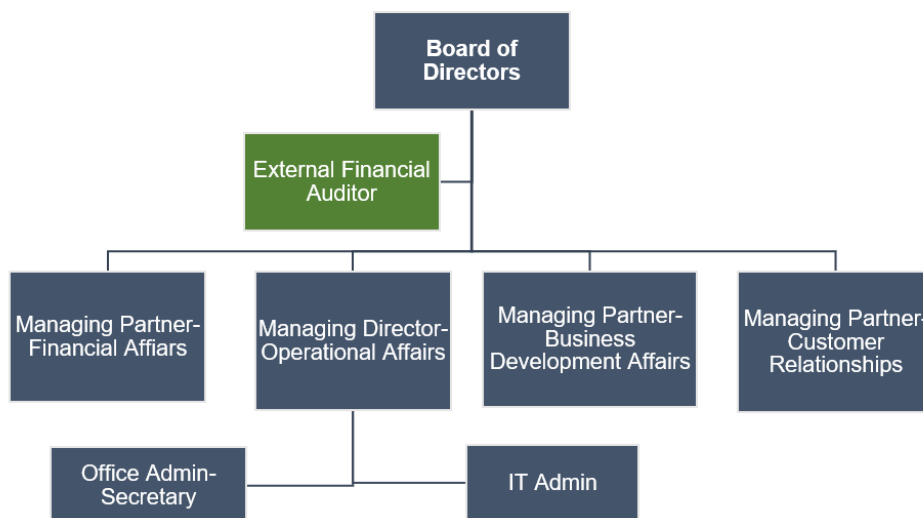
Figure 4: Organization of Parking for Parks

In the following Table 8, all further necessary resources are listed in order to keep business running. Important: It is NOT a cost calculation, only a summary of the required resources. Chapter 11 will discuss the financial planning.

Table 8: Overview of resources

Physical Resources				
Item	Quantity	Price (€)	Sub Total (€)	Depreciation Period
Offices rental	12	5,000	60,000	
Furniture	1	12,000	12,000	*10 years*
Laptops	8	1,000	8,000	*5 years*
Telephones	8	50	400	*5 years*
Printer	1	1,600	1,600	*5 years*
Total			**82,000**	
Human Resources				
Position	Months	Salary (€)	Sub Total (€)	
Managing director	12	4,500	54,000	
Operational Manager	12	4,167	50,000	
Financial Manager	12	4,167	50,000	
Business Development Manager	12	4,167	50,000	
CRM	12	4,167	50,000	
IT Specialist	12	4,167	50,000	
Secretary	12	3,333	40,000	
Lawyer- Freelance contract	12	500	6,000	
Tax consultant- freelance contract	12	500	6,000	
Total			**356,000**	
Intellectual Resources (explained in chapter 8)				
Item	Quantity	Price (€)	Sub Total	
Android App	1	36,900	36,900	
iOS App	1	38,600	38,600	
Website	1	22,960	22,960	
JitBit help desk software	1	1,399	1,399	
Total			**99,859**	
Financial Resources (explained in chapter 11)				
Source	Amount	Interest	Sub Total	
KfW loan	100,000 €	6 %	27,500	
HTGM loan	71,859 €	5%	23,713	
Total			**51,213**	

The key activities within Parking for Parks UG distributed according to the human resources needed to perform the job:

Managing Director

The managing director is nominated by the board of dirctors, representing the company and rsposnsible for signiing agreements and contracts with partners, banks and official bodies. The main responsibilties of the managing director are listed below:

- Develop and execute the company's business strategies in order to attain the goals of the board and shareholders
- Provide strategic advice to the board and Chairperson so that they will have accurate view of the market and the company's future
- Prepare and implement comprehensive business plans to facilitate achievement by planning cost-effective operations and market development activities
- Ensure company policies and legal guidelines are communicated all the way from the top down in the company and that they are followed at all times
- Communicate and maintain trust relationships with shareholders, business partners and authorities
- Oversee the company's financial performance, investments and other business ventures
- Delegate responsibilities and supervise the work of executives providing guidance and motivation to drive maximum performance
- Read all submitted reports by lower rank managers to reward performance, prevent issues and resolve problems
- Act as the public speaker and public relations representative of the company in ways that strengthen its profile
- Analyze problematic situations and occurrences and provide solutions to ensure company survival and growth.
- Hiring staff and signing contracts.

Financial Manager

The financial manager is responsible for providing financial guidance and support to clients and colleagues so they can make sound business decisions. In general, tasks across roles may include:

- Providing and interpreting financial information
- monitoring and interpreting cash flows and predicting future trends
- Analyzing change and advising accordingly
- Formulating strategic and long-term business plans
- Researching and reporting on factors influencing business performance
- Developing financial management mechanisms that minimize financial risk
- Conducting reviews and evaluations for cost-reduction opportunities
- Managing a company's financial accounting, monitoring and reporting systems
- Liaising with auditors to ensure annual monitoring is carried out

- Developing external relationships with appropriate contacts, e.g. auditors, solicitors, bankers and statutory organizations such as the Inland Revenue
- Producing accurate financial reports to specific deadlines
- Managing budgets
- Arranging new sources of finance for a company's debt facilities
- Keeping abreast of changes in financial regulations and legislation.

Business Development Manager

Business Development Manager Key Activities:

- Identifies trendsetter ideas by researching industry and related events, publications, and announcements; tracking individual contributors and their accomplishments.
- Locates or proposes potential business deals by contacting potential partners; discovering and exploring opportunities.
- Screens potential business deals by analyzing market strategies, deal requirements, potential, and financials; evaluating options; resolving internal priorities; recommending equity investments.
- Develops negotiating strategies and positions by studying integration of new venture with company strategies and operations; examining risks and potentials; estimating partners' needs and goals.

Customer Relationship Manager- CRM

Duties of a CRM Manager include:

- Planning and delivering CRM strategies across the company encouraging customer retention and customer loyalty.
- Deciding on the CRM platform structure and architecture ensuring it works seamlessly across the organization and captures all required information at key points in the customer life cycle.
- Customer Journey Mapping analyzing touch points with the organization and maximizing commercial opportunities.
- Working closely with all departments to ensure the CRM works effectively for all aspects of the company.
- Overseeing direct communications with customers through the CRM.
- Monitor and maximize customer lifetime value strategies ensuring maximum profitability.
- Ensuring the database is segmented effectively for targeted marketing activities.
- Overseeing the migration of all direct communications to lower cost mediums such as SMS and email.
- Developing testing strategies for all aspects of the CRM to ensure the most effective approach for the company and its products.

IT Specialist

The IT specialist is mainly responsible for the smooth running of computer systems and running the company's application properly. Individual tasks vary depending on the size and structure of the application, but may include:

- Installing and configuring computer hardware operating systems and applications;
- Monitoring and maintaining computer systems and networks;
- Talking staff or clients through a series of actions, either face-to-face or over the telephone, to help set up systems or resolve issues;
- Troubleshooting system and network problems and diagnosing and solving hardware or software faults;
- Replacing parts as required;
- Providing support, including procedural documentation and relevant reports;
- Following diagrams and written instructions to repair a fault or set up a system;
- Supporting the roll-out of new applications;
- Setting up new users' accounts and profiles and dealing with password issues;
- Responding within agreed time limits to call-outs;
- Working continuously on a task until completion (or referral to third parties, if appropriate);
- Prioritizing and managing many open cases at one time;
- Rapidly establishing a good working relationship with customers and other professionals, such as software developers;
- Testing and evaluating new applications;
- Conducting electrical safety checks on computer equipment.

Secretary

The Secretary will act as an admin assistant; mainly help to take care of the administrative and organizational tasks that make the organization function. Typical responsibilities of the job include:

- Answering calls, taking messages and handling correspondence
- Maintaining diaries and arranging appointments
- typing, preparing and collating reports
- filing
- Organizing and servicing meetings (producing agendas and taking minutes)
- Managing databases
- Implementing new procedures and administrative systems
- Liaising with relevant organizations and clients
- Coordinating mail-shots and similar publicity tasks
- Logging or processing bills or expenses
- Acting as a receptionist and/or meeting and greeting clients

6   Social Insurance Plan for Managing Directors

All information included in this section was provided by TK Private customers advisor, Martin Salomon, and the "Welcome to Germany" catalogue about the Social Insurance in Germany, also provided by him.

The German system of social insurance provides protection for insured people from life's constantly changing circumstances. It consists of five main pillars. The figure below shows those main pillars of the German social insurance.

All the five types of social insurance are mandatory for all people residing in Germany and all the insured persons have the same ground benefits when insured with a statuary insurance company.
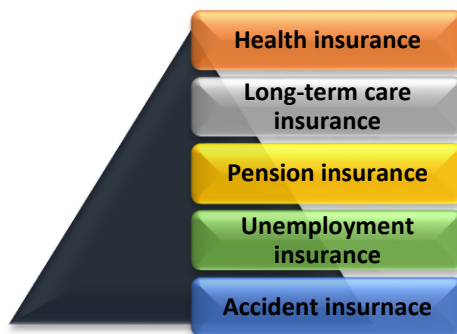
Figure 5: German Social Insurance

1. Health Insurance

Managing directors earning up 4,800 Euro monthly are obliged to go for a statuary social insurance company. Those who earn more than 4,800 Euro monthly have the freedom to choose between public and private health insurance companies. In our case, we will go with TK insurance, which is a statuary health insurance company.

For freelance managing directors, they can choose between public and private social insurance providers regardless of their monthly income as long as they stay committed to the same option for the rest of the time they are practicing this freelance activity.

According to the German law for social insurance laws, 14.6% of the employees' salary is dedicated to the health insurance 50% of which is paid by the employers and the rest is paid by the employees. This percentage is applied on all incomes up to 4,500 Euro monthly. Above this amount, the percentage will only be applied to 4,500 Euro of the income of any employee. For example, managing directors earning 3,000 Euro per month will pay 14.6% of their income to their health insurance, and managing directors earning 5,000 Euro monthly will pay 14.6% of the maximum monthly income limit set by the government which is 4,500 Euro only.

In the case of TK insurance, 1% of the monthly income of the employees is added for an additional fee which makes the total health insurance percentage 15.6%.

TK health insurance adds your family members (wife and children) under your insurance plan for free.

Children up to 25 years old can be added for free to the main account. And the employee's spouse can also be added for free as long as she is not earning more than 450 Euro per month.

2. Long-term care insurance:

In case of serious illness that requires long-term nursing, residents of Germany have to pay this contribution to the social insurance companies. The percentage is 2.55% of the overall income. Half of this rate is paid by the employer and the other half is paid by the employee.

3. Pension insurance:

Retirements plans are also a part of the social insurance system in Germany. It is paid 50 percent each by employers and employees. The rate is 18.7% of the gross monthly salary.

4. Unemployment insurance:

For the sake of securing the employees in case they lose their job, unemployment insurance is also a part of the social insurance scheme for any employee who has been working in Germany for at least 12 months. And the contributions are also split by half between the employer and the employees. The rate is 3.0%.

5. Accident insurance:

Is in an insurance against all types of accidents caused to the employee on the way to, during or on the way back from work 100% paid by the employer. Dependable on the nature of the job and the amount differs from one company to the other. In order to get an exact value for this type of insurance, an official quote has to be submitted to the insurance company by the employer stating the structure of the company, the activities the company is involved in and the types of the employees in the company.

Reasons for choosing TK insurance (Statuary health insurance):

1- Additional fees for other health insurance providers can reach up to 1.8% with basically the same benefits. While TK only adds 1%.
2- Private insurance companies do not accept all applications and they have the right to refuse applications if they want to.
3- Private health insurance rates depend on a number of issues like age, illness, gender etc.
4- Private health insurance companies can add your family members with different rates and they are not added for free.

Limitations:

Insurance with public companies cannot be changed within the first 18 months, after that, the employee can change their insurance company giving at least 2 months' notice to their insurance provider.

Table 9: Overview Social Insurance for Managing Directors

Social Insurance type	Insurance Percentage from income	Total insurance rate in Euro (annually)	Percentage covered by managing director	Insurance rate covered by managing director in Euro (annually)
Health insurance	15.6%	8,424	50%	4,212
Long-term care insurance	2.55%	1,377	50%	688.5
Pension insurance	18.7%	10,098	50%	5,049
Unemployment insurance	3.0%	1,620	50%	810
Accident insurance	0%	-	0%	-
Total	39.85%	21,519	50%	10,759.5

7   Customer Relations

Customer relationship explains the way we are going to deal with our customers. It is a collection of policies that we want to follow in order to maintain a healthy long lasting relationship with our customers and make sure that the service we are providing is satisfying.

From customer relationship management, customer privacy, customer satisfaction, customer service, marketing campaigns, promotions…

To be able to manage this relationship, we are going to use the help of Customer Relationship Management (CRM) software.

7.1   Customer Relationship Management (CRM)

Customer relationship management (CRM) is a strategy used to record, store, organize and enhance the relationship between a business and all its interactions with customers and service providers throughout the business process.

Customer relationship management software records, saves and organizes all the customer data, interactions and activities that are taking place to and from a business in one place. It is easier to have all the data concerning customers and other business units in one place. It is very essential to have such software to avoid any loss of information and keep all the insights,

the sales data and the customer segments easily accessible to enhance the performance of a company and increase profitability.

In our start-up we are going to use Platformax software. The software has many effective features that will act as a tool that will help us manage our business. Some of the features the software provides are:

1) Managing the customer contacts, interactions and all ongoing activities with the business.
2) Segments customers into different categories to make the communication to each individual group easier and more specific.
3) Creates reports and insights based on customers´ data to make business decisions more result oriented.

Cost: (30 euro / month)
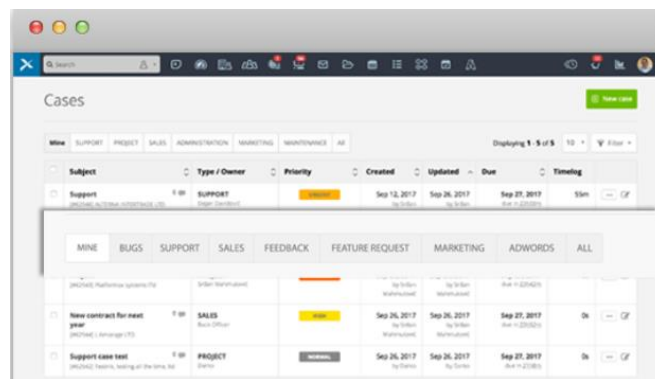
Figure 6: Platformax organizes cases and interactions with customers

7.2   Customer Privacy (Data Security)

Storing customers' data is very important for a successful follow up on the customer buying profile, customer usage, interactions etc. but it is also very risky if not properly secured. Our App development team and our legal representatives will maintain 100% customer privacy and data security in compliance with the German privacy law. All the safety measures will be taken into account to enhance our databases and avoid any leakage of personal data that may put our customers at risk.

7.3   Customer Retention

Customer retention is a very important part of the business. Being able to retain lost customers or the unsatisfied customers about make a decision and abandon the service we are providing helps increase our database and maintain our presence in the market.

Our strategies to maintain a high level of customer retention include building good reputation in the first place. We will work promptly on any issues that customers face and, with the help of our well trained customer service representatives, we will try and resolve the issues in ways that leaves the customer satisfied with the result. We will offer promotions, discounts and compensations for customers who have faced difficulties using our application whether it was a technical issue, a service shortage or misleading information.

Our frustrated customers will be constantly updated with the status of their issue and regularly contacted prior to the solution of their issue to ensure that they are still willing to use our application. Also, with the help of our customer relationship management software we will track and monitor the usage pattern of those customers to make sure that the unfortunate incident did not have a negative effect on their overall experience with the app.

7.4   Customer Help Desk and support

Our customer service representatives will be trained to deal with issues facing the customers in the different stages of their experience. Starting from their first inquiry about the app throughout purchasing, using, troubleshooting and doubting whether they should continue using our app or not due to any kind of inconvenience that may take place.

Each stage requires a well experienced and a trained team to be able to handle the issue efficiently and ensure customer satisfaction.

A ticketing software will be helpful for this kind of service because it allows us to keep record of the issue facing the customer and all the series of events that has happened, are happening or will happen later on. Ticketing systems are important because they gather all the customer service related cases in one place and makes a customer profile recording all the communication happening between the customer and the customer service department. It makes it easier to follow up on the customer's issues collectively using this software.

Tool: JitBit help desk software

Cost: 1399 Euro – onetime payment

7.5   Feedback

The process of taking feedback from customers is constant and consistent throughout the time our customers are using the app. After every experience that customers are asked to rate their experience, if they have any side notes or suggestions they are also asked to leave them and we, with the help of our IT team, the help desk and the business analysts try and work on achieving the ultimate satisfaction for our customers.

The rating range from 1 to 5 stars, 1 being the lowest or the worst experience and 5 is the best experience. The customer is also asked to leave a note in a pop up box if they would like to after giving their rating score.

7.6   Marketing campaigns

Our marketing strategy will open to discussion throughout different phases of our start-up.

We will divide our marketing campaigns into different strategies and launch them in accordance with the dates we determine and the customers' feedback after each phase. Some modifications or enhancements might take place according to the available budget and the feedback that we get from customers.

Our planned marketing strategies are sorted in the table below according to their start date and their cost:

Table 10: Different marketing strategies

Marketing Strategy	Start date	Cost
Strategic brand positioning	Prior to app launch	Low
Brand development	Prior to app launch	Low
Web presence	Parallel to app launch	Low
SEO (Search Engine Optimization)	Parallel to app launch	High
Crowdsourcing campaigns	2 – 4 weeks after app launch	High
Social media influencers	2 – 4 after to app launch	High
Viral videos	A series of videos: prior, parallel to and after app launch.	High
Online advertisement	Parallel to app launch	Medium

8 Distribution Channels

A distribution channel is the network of individuals and organizations involved in getting a product or service from the producer to the customer. Distribution channels are also known as marketing channels or marketing distribution channels.

Following are the ways through the customers can reach us:
1) Android App platform
2) Apple iOS platform
3) Web Page
4) Mobile calling
5) Car inbuilt Navigation System

8.1 Android App platform

As Figure 7 shows, the current market share of Android smart phones is 76.3% in February-2017 (Statista, 2017). So we are planning to launch our app on the Android platform first.
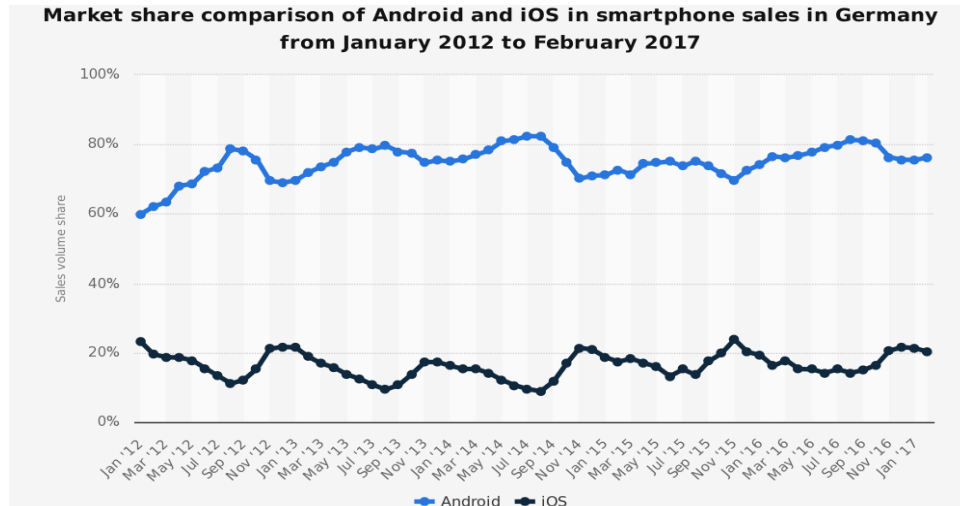
Figure 7: Market share comparison Android and iOS (Statista, 2017)

The customer can go to the Google store and download our app and create a profile. The application fom will include its name, permanent address, billing information, etc. For payment they can choose 'direct bank payment', 'debit/credit card payment' or 'third party payment' like PayPal wallet, etc.

As the application will link with GoogleMaps and money transaction it will cost ca. **31350Euro** (36,300$) (Crew, 2017).
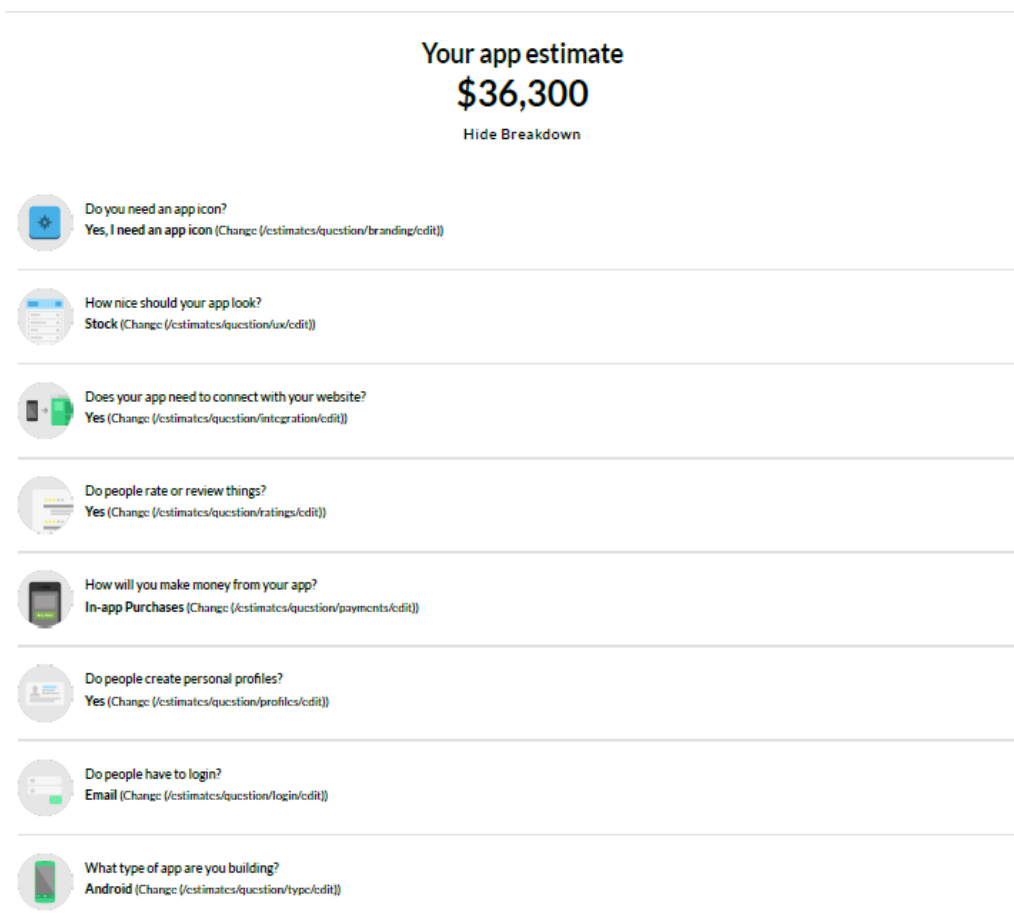
Figure 8: Requirements Android Development (Crew, 2017)

8.2   Apple iOS App platform

Despite the iOS Application has only a 20.2% market share we will also provide our App to these segment customers. By considering the same parameters as the Android app, this app will cost us **33,580Euro** (38,900$) (Crew, 2017).
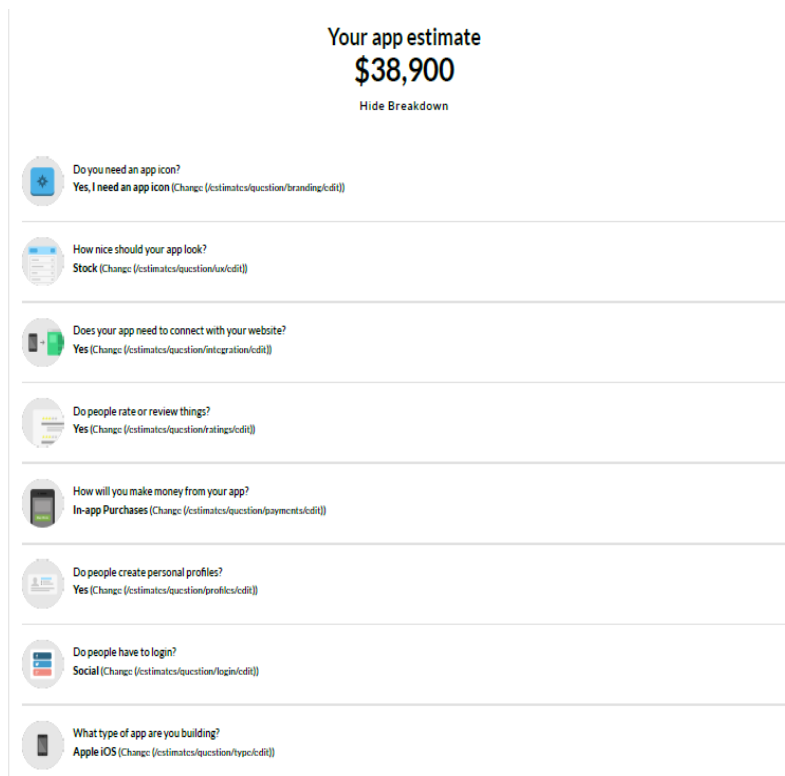
Figure 9: Requirements iOS Development (Crew, 2017)

8.3   Verification of Quotes

For validaiton purposes of the above mentioned prices for the App development for iOS and Android, Parking for Parks contacted an India based developer for an additional estimation/quote. The rates are based on $20/hour. Support is being the highest cost factor (see second part of Table 11), as most of the work comes from bugs, crashes and other reportings which have to be fixed while the app is already in opertation. Therefore, a 24h/7days development support is needed for the first year that provides uninterupted service of our app.

Table 11: Cross-estimation of app development costs

#	Activity	Effort in hours	Cost ($20/hr)
1	Development of the module	640	$ 12,800.00
2	Testing	120	$ 2,400.00
3	Cloud Deployment of Firebase database and functions	480	$ 9,600.00
4	App Store and Google playstore deployment	32	$ 640.00
5	App Store Payment		$ 99.00
		Total	**$ 25,539.00**
Support	Support for 1 year(24*7)	8760	$ 175,200.00

Including taxes and after conversion USD/EUR, the final amount as calculated above will approximate the previously mentioned prices. So the price of developing our app in a range between 30,000 and 40,000 € seems to be an accurate value.

8.4 Web Page

The parking seekers can go to our website for booking their parking plot/plots. The website will run in both English and German Languages. For access, customers have to create a profile there. The creation of website will cost us around 22,960Euro, which include Planning, Design, Development, Testing, and Publishing (Fulfilli, 2017).

Table 12: Estimation for Website (Fulfilli, 2017)

Sr No.	Milestone	Includes	Cost (Euro)
1	**Planning:**	Briefing, computer analysis, keyword research, conceptual planning, site structure planning, wireframing	**4,270**
2	**Design:**	Moodboard, Homepage design, styleguide design, catalog design, cart page design, product page design, checkout design, Login/Register design, User account design	**3,480**
3	**Development:**	Magento CMS setup, Homepage fronted, catalog, Product Page, Cart Page, checkout, Login Page, Register Page, User account, Language module, Newsletter subscription form, Payment modules, Blog/News module	**10,640**
4	**Testing:**	Fronted layout testing, functional testing	**2,800**
5	**Publishing:**	Analytics module, publishing	**770**
Total (Euro)			**22,960**

8.5 Car inbuilt Navigation System

Nowadays, the car manufactures provide navigation systems inbuilt in the cars. With the 'Parking for Parks' software, car owners can also see the free parking lots on the maps and book it immediatelly. This might be an option to evaluated in later stages once the business is running.

9 Key Partners

There are several potential key partners, some of them are important for the startup of the business, while others are recommended for controlled growth and expansion. The below are the entities which should be targeted. They are sorted according to their priority.

City Municipality (essential for startup)

Even though one of the main objectives of this project is to gradually free up public parking places to be eventually converted into more environmental and community friendly structures such as bike lanes and parks, however there might be some places where the dependence on only private garages will not be sufficient due to maybe an overly populated area or even the unavailability of private garages in the first place. If that is the case, then it is essential to establish a partnership with the city's municipality to include the public parking spaces with the offered spaces of the app. This has the advantage of offering a new payment system for the public spaces online instead of depending on street meters. This can also contribute in reducing cruising traffic caused by drivers looking for parking, which would contribute to less pollution and emissions.

Commercial Buildings and Offices (essential for startup)

Those can be partners and/or business customers. Commercial buildings such as malls or supermarkets, usually own parking lots, with the aim of providing higher levels of convenience for their visiting customers. In high density cities, the parking spaces might not be enough for all visitors during rush hours where a lot of customers are visiting at once. This is when those commercial entities would like to acquire extra parking spaces to accommodate the influx of visitors. However, off rush hour times, the unused space can be used to generate extra income if they were to be shared with the app to be used by external visitors. This idea is already implemented in several places, where the customers of the shop can validate their parking and get it for free as long as they have made a purchase inside the shop. Offices on the other hand, would like to reserve parking spots for their employees during working hours, thus becoming a business customer, however if the office building happens to own parking spaces, they can also join the app as partners to offer their free spaces when not in use, such as out of working hours or during weekends and holidays.

Banks (essential for startup)

Having a partnership with a bank/s is very important. The platform needs online banking services to be able to function in a convenient way. In addition, having the names of banks sponsoring the app, adds a whole new dimension of trust for new users especially shortly after launching. This is also important for the company's treasury, payrolls, taxation, etc.

Legal firms (essential for startup)

There are several reasons to sign up with a legal firm specialized in working with small to medium enterprises. The main reasons are listed below.

- Professional drafting of all binding online contracts for all users of the platform is of the essence, since based on it, the liabilities and the terms of agreements will secure the company against any legal claims after launching.
- There will be several negations with the partners mentioned in this section. All partnership agreements have to be revised and approved by lawyers to ensure that the rights of both parties are protected.
- Governmental laws can be tricky and complicated and require expert legal consultants to advise regarding the legality of different forms of business activities.

Insurance Firms (essential for startup)

Insurances can be divided into two sections; internal and external.

- Internally, by law, employees are entitled to Health insurance and Unemployment insurance. As the company grows, more insurances will be required to cover new employees.
- Externally, insurances will mainly be legal insurance and liability insurance.

Airbnb or Similar Hospitality Platforms (recommended for expansion)

Once this app gains popularity and exposure, it can join with larger and more famous platforms such as Airbnb. This can provide a complete solution for customers who are visiting a new city with either their own car or a rented one, and they can then be offered accommodation and a parking place altogether as a package.

Mobile Network Companies (recommended for expansion)

The relationship can be more of a sponsorship, as the app can be used to promote sales through special vouchers and rates for users of specific network carriers.

Car Rental Companies (recommended for expansion)

The mutual relationship is very straightforward, by ensuring that drivers of rented cars could get discounted access to easier parking to boost customer experience on both sides.

Other General Companies (recommended for expansion)

When the app is up and running and has already established a good base of regular customers, the possibility of partnering up with companies which are interested in reaching those customers will be easier. A futuristic thought would be partnering up with car manufacturers. Some car manufacturers are already providing their car buyers with premium car insurances, roadside assistance, vouchers, etc. Parking spots can also be provided in the same manner. Also, with the increasing popularity of electric vehicles, electric car manufacturers can also offer recharging stations at popular parking spaces, to offer more convenience for their customers.

10 Choice of Company's legal form

Companies need to have the correct legal form from the very beginning, to avoid any legal complications which might compromise or suspend business activities temporarily or permanently. In Germany, public administration encourages setting up new businesses with or without the involvement of German individuals, as long as the right procedures are followed, during the company's set up.

Before choosing the company's form, it is essential to first narrow down the different criteria which shapes the day to day business activities and the intended direction of future development. In this section, different company forms are described and checked for compatibility with the business's needs, until a final recommendation for a form is reached.

10.1 Types of German Companies

Kommanditgesellschaft (KG)

As a young startup company consisting of several owners, defining the extent of liabilities needs to be well planned. In the case of a main partner, who happens to be the decision maker and main representative of the company, along with several other partners, the unlimited liability can fall on the main partner, while the other partners can have a liability which extends only to their holdings in the company. This form would be named Kommanditgesellschaft (KG), or a limited partnership, and it is common among small and medium sized enterprises (SMEs). This is not the case in this business, as the agreed upon partnership will be equal liability and ownership of shares divided upon all co-founders, and since this is a fragile startup, the security of a limited liability for every partner is needed.

Gesellschaft mit beschränkter Haftung (UG)

In Germany, a "Gesellschaft mit beschränkter Haftung (UG)", or a limited liability company, can satisfy the requirement of a limited liability for all partners, as in case of an unfortunate breakdown, personal assets of owners will not be lost in the process as payments to creditors. However, this requires a minimum of 25,000 Euros of cash capital, in order to enter the Register of Companies (Handelsregister).

Unternehmergesellschaft (UG)

Requiring 25,000 Euros of cash as initial capital can cause significant funding challenges, since in the beginning, cash is very crucial for initial costs and to get the business running. In 2008, the Unternehmergesellschaft (UG), also known as a mini-UG, a new form of a company was introduced. This is a subtype of the UG which requires initial capital of only 1 Euro and it will also satisfy the need for limited liabilities for all partners. However, a minimum of 25% of annual after taxation revenue has to be injected into the capital, until a total of 25,000 Euros is reached, then the UG will transform into a GmbH.

Aktiengesellschaft (AG) and Offene Handelsgesellschaft (OHG)

Other types of companies are more suited for larger enterprises. The Aktiengesellschaft (AG), or Joint-stock company, requires a minimum capital of 50,000 Euros and shares may be listed on the stock exchange. This form has extra hardly affordable startup capital and has more

administrative complexities such a board of directors. On the other hand, the Offene Handelsgesellschaft (OHG), or a general partnership, does not require a capital but will hold all partners under unlimited liability, which is not recommended as mentioned above.

10.2 Recommended Type of Company

As a conclusion, the recommended type of company for this business would be the Unternehmergesellschaft (UG), mini GmbH, with a startup capital of 600 Euros, paid in equal shares of 100€ by each of the six shareholders/owener. The 25% of annual taxed turnover shall be considered in the books until savings of 25,000 Euros are reached. (Shoemakter, 2017) (Bridgewest, 2017)

11 Financial Planning

11.1 Investment and Operating Costs Breakdown

	Investment Costs [€]	Operating Costs [€]	Depreciation Costs [€]
Physical Resources Costs			
Offices rental		-60,000.00	
Furniture	-12,000.00		-1,200.00 (10y)
Electronics & Informatics	-10,000.00		-2,000.00 (5y)
Human Resources Costs			
Managing Director		-54,000.00	
Operational Director		-50,000.00	
Financial Director		-50,000.00	
Business Development Manager		-50,000.00	
CRM		-50,000.00	
IT Specialist		-50,000.00	
Secretary		40,000.00	
Lawyer - Freelance Contract		-6,000.00	
Tax consultant- freelance contract		-6,000.00	
Financing Costs			
High-Tech Gründerfonds Mgmt GmbH		-10,000.00	
KfW Interests		-4,500.00	
Costs for App			
Android Development	-36,900.00		
iOS Development	-38,600.00		
Support & Maintenance		-175,000.00	
Miscellaneous Business Costs			
Website	-22,960.00	-1,000.00	
JitBit help desk software	-1,399.00		
Platformax CRM software		-30.00	
Marketing Campaign	-50,000.00	-10,000.00	
Other business expenses (assumed)		-30,000.00	
SUM:			
Without depreciated positions:	-149,859.00	-552,030.00	

Investment Sum:	-171,859.00

In order for securing the financing of the initial investment sum of 171,859 € (only 600€ equity provided by owners by foundation, see chapter 10.2) the following options were evaluated:

KfW

ERP Start-up Loan-StartGeld:

- For business founders, self-employed professionals and small enterprises which have been active in the market for less than 5 years and little start-ups
- Loan up to 100,000 € for a payback period of 5 to 10 years
- Fixed interest rate for as long as the term of payback is, starting at 2.07 % for 50,000€ adjusted to current financial loan rates (KfW, 2017)

ERP Start-up Loan-Universal:

- For small and medium sized companies
- Loan with term up to 20 years, loan up to EUR 25 million
- Interest rate can be fixed for first 10 years and / or entire years starting at 1.00%
- 1 to 3 years free from repaying (KfW, 2017)

ERP Capital for Start-ups:

- For small enterprises which have been active in the market for less than 3 years
- Max loan up to 500,000 Euro (**up to 30% of entire investement**) with a term up to 15 years
- Condition: Borrower must have minimum 15% of equity
- Interest rates starting at 0.40 % in the first to third year, after that 2.82 % (KfW, 2017)

→ Choice for ERP Start-up Loan-StartGeld of 100,000€ at an assumed interest rate of 5% and a 10 year term

Year	Balance of Debt	Interest Rate [%]	Interest Cost p.a. [€]	Refund to Bank p.a. [€]
1	100,000.00		5,000.00	10,000.00
2	90,000.00		4,500.00	10,000.00
3	80,000.00		4,000.00	10,000.00
4	70,000.00		3,500.00	10,000.00
5	60,000.00	5	3,000.00	10,000.00
6	50,000.00		2,500.00	10,000.00
7	40,000.00		2,000.00	10,000.00
8	30,000.00		1,500.00	10,000.00
9	20,000.00		1,000.00	10,000.00
10	10,000.00		500.00	10,000.00
Sum of Interests			**27,500.00**	
Sum of Repayments				100,000.00

High-Tech Gründerfonds Management GmbH

- Up to €1 million in seed-stage financing
- Flexible financing – equity model or convertible loan
- Convertible loan is treated as as normal loan that can be converted by HTGM to a 15% stake in equity as to prevent HTGF's stake from being dilute (HTGF, 2017)

→ Choice for convertible loan of remaining 71,859 € at an assumed interest rate of 6% and a 10 year term

Year	Balance of Debt	Interest Rate [%]	Interest Cost p.a. [€]	Refund to Bank p.a. [€]
1	71,859.00		4,311.54	7,185.90
2	64,673.10		3,880.39	7,185.90
3	57,487.20		3,449.23	7,185.90
4	50,301.30		3,018.08	7,185.90
5	43,115.40	6	2,586.92	7,185.90
6	35,929.50		2,155.77	7,185.90
7	28,743.60		1,724.62	7,185.90
8	21,557.70		1,293.46	7,185.90
9	14,371.80		862.31	7,185.90
10	7,185.90		431.15	7,185.90
Sum of Interests			**23,713.47**	
Sum of Repayments				71,859.00

11.2 Revenue

In chapter 4.5, a business potential for only the market of Cologne was determined. In the following, the cities of Berlin, Hamburg, Munich, Frankfurt a.M., Düsseldorf and Stuttgart are included. Three of those cities are bigger and 3 three of them are smaller in population than Cologne. Because of this, the market potential values of Cologne are assumed to be the mean values, so the overall potential for those seven cities where we plan to launch our app is the product of the market potential of Cologne multiple the factor seven.

Market Penetration (realistic percentage of parking spot owners actually offering their space via our App, plus other deductions):	Revenue per month for the city of Cologne (30,5 days) [€]:	Revenue per month for the city of Cologne, Berlin, Hamburg, Munich, Frankfurt a.M., Düsseldorf, Stuttgart (30,5 days) [€]:
100%	2,095,259	14,666,813
75%	1,571,452	11,000,164
50%	1,047,614	7,333,298
25%	523,807	3,666,649
15%	314,289	2,200,022
12.50%	261,907	1,833,352
10%	209,535	1,466,745
7.50%	157,144	1,100,008
5%	104,763	733,341
2.50%	52,381	366,667

11.3 Calculation of Cash Flow

Below is the consolidated cash flow of the investment and operating costs and the expected revenue streams. We assume that within the first year, we only achieve an average market penetration of 2.50%. After that, a growth of 2.50% over every two years is expected due to various reasons, such as increasing brand awareness and reputation, marketing campaings, word-of-mouth, etc.

Table 13: Cash Flow Calculation

Year	1	2	3	4	5	6	7	8	9	10
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Market Penetration	2.50%	5%	5%	7.50%	7.50%	10%	10%	12.50%	12.50%	15%
Revenue p.a.	366,667	733,341	733,341	1,100,008	1,100,008	1,466,745	1,466,745	1,833,352	1,833,352	2,200,022
Investment Costs	-149,859.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Costs	-552,030.00	-552,030.00	-552,030.00	-552,030.00	-552,030.00	-552,030.00	-552,030.00	-552,030.00	-552,030.00	-552,030.00
Depreciation Costs	-3,200.00	-3,200.00	-3,200.00	-3,200.00	-3,200.00	-3,200.00	-3,200.00	-3,200.00	-3,200.00	-3,200.00
KfW Interests	-5,000.00	-4,500.00	-4,000.00	-3,500.00	-3,000.00	-2,500.00	-2,000.00	-1,500.00	-1,000.00	-500.00
HTGM Interests	-6,241.14	-5,617.03	-4,992.91	-4,368.80	-3,744.68	-3,120.57	-2,496.46	-1,872.34	-1,248.23	-624.11
Total Cost p.a.	-716,330.14	-565,347.03	-564,222.91	-563,098.80	-561,974.68	-560,850.57	-559,726.46	-558,602.34	-557,478.23	-556,354.11
Loss carried forward	0	-349,663.14	-181,669.17	-12,551.08	0.00	0.00	0.00	0.00	0.00	0.00
Profit before Tax	-349,663.14	-181,669	-12,551	524,358	538,033	905,894	907,019	1,274,749	1,275,873	1,643,668
Tax (40%)	0	0.00	0.00	-209,743.25	-215,213.33	-362,357.77	-362,807.42	-509,899.71	-510,349.36	-657,467.13
Profit after Tax	-349,663.14	-181,669.17	-12,551.08	314,614.87	322,819.99	543,536.66	544,211.13	764,849.57	765,524.04	986,200.70
Cash Flow (- Depreciation Costs)	-346,463.14	-178,469.17	-9,351.08	317,814.87	326,019.99	546,736.66	547,411.13	768,049.57	768,724.04	989,400.70
Repayment KfW	-10,000.00	-10,000.00	-10,000.00	-10,000.00	-10,000.00	-10,000.00	-10,000.00	-10,000.00	-10,000.00	-10,000.00
Repayment HTGM	-7,180.90	-7,180.90	-7,180.90	-7,180.90	-7,180.90	-7,180.90	-7,180.90	-7,180.90	-7,180.90	-7,180.90
Reinvestment						-10,000.00				
Dividend	-363,644.04	-195,650.07	-26,531.98	300,633.97	308,839.09	519,555.76	530,230.23	750,868.67	751,543.14	972,219.80

It can be retrieved that a positive annual result is projected to be achieved <u>at the beginning of year 4, 2021.</u>
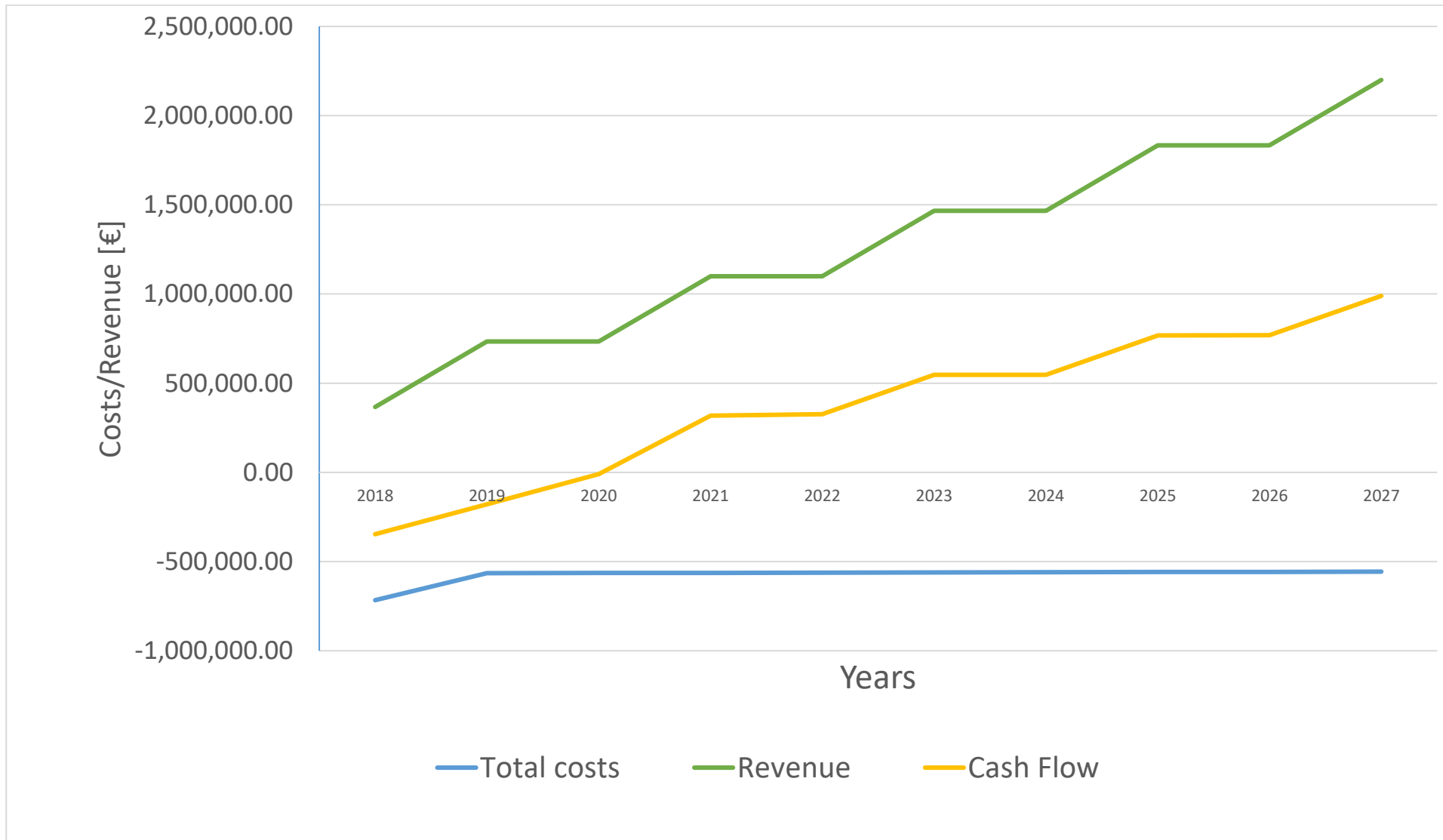
Figure 10: Costs, Expected Revenue and Profit after Tax

11.4 Opening Balance

Assets / €		Liabilities + Equity / €	
Current Assets		**Current Liabilities**	
Bank Account	600		
Marketing Account	50,000		
Intangible Assets			
Android App	36,900		
iOS App	38,600		
Website	22,960		
JitBit Help Desk Software	1,399		
Total Current Assets	**99,859**	**Total Current Liabilities**	**0**
Fixed Assets		**Long Term Liabilities**	
Office Supplies	12,000	KfW	100,000
Electronics	12,000	High-Tech Gründerfonds Management GmbH	71,859
Total Fixed Assets	**12,000**	**Total Long-Term Liabilities**	
		Partner's Equity	600
Total Assets	**172,459**	**Total Liabilities + Equity**	**172,459**

12 Conclusion

With this business plan for *Parking for Parks* we are providing a realistic as possible as template for successfully launching this business into the market. We are convinced, that in today's time, smart solutions are needed which facilitate and de-stress our fast-paced and increasingly complicated lifes. With a convincing and authentic marketing strategy, the success of *Airbnb* for renting accommodations can be transferred to renting parking. Once the business is succeeding in Germany, we are opting for launching *Parking for Parks* in other congested European and international cities.

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Appendix

Article of Association

(1)

Company name, Registered Offices

and Financial Year

The name of the company is

Parking for Parks UG (haftungsbeschränkt)

The registered office of the company is located at

Thielenstraße 28, 50825 Cologne, Germany

The financial year of the company starts on/with

The Calendar Year

(2)

Object of Business

The object of the company's business is providing an online platform, which connects owners of parking spots with motorists. The company is entitled to pursue all business and carry out all measures which appear to serve its object. It may establish branches or subsidiaries abroad or participate in other utilities. The Company is entitled to transfer or relinquish its business fully or partially to other companies, to conclude company agreements and enter into co-operations.

(3)

Share Capital

The total share capital of the company is 600.00 Euro. This amount shall be paid immediately in full and in cash. One sixth's of the mentioned amount is the individual contribution of each of the six partners. As per the German Civil Code, 25% of the taxed annual turnover of the

company shall be added to the capital until a total sum of 25,000.00 Euros is reached. The company will then be eligible to transform into a GmbH (Gesellschaft mit beschränkter Haftung).

(4)

Managing Directors and Representation

The company shall have one or more managing directors.
If only one managing director is appointed, such managing director shall represent the company alone.
If more than one managing director is appointed, the company shall be represented jointly by two managing directors or by one managing director jointly with a holder of a special proxy.

(5)

Announcements

Announcements of the company shall be published exclusively in the Federal Gazette (Bundesanzeiger).

(6)

Formation costs

The Parking for Parks UG shall bear the costs of incorporation.

(7)

Final provisions

Employment Contract – Managing Director

Between

Parking for Parks UG

Represented by its shareholders' meeting of Parking for Parks UG

Hereinafter called "company",

and

Mr./Ms. First Name Last Name

(Thielenstraße 28, 50825 Cologne)

Hereinafter referred to as "managing director",

The following is employment contract

By decision of the Shareholders meeting of Parking for Parks UG

Mr./Ms. First Name Last Name (with effect from 01.12.2017) has been appointed as the managing director of the company.

This contract governs the legal relationships between the company and the managing director.

§ 1 Management and Representation Authority

1. The managing director represents the company in and out of court.

2. The managing director conducts the business of the company in accordance with the law, the partnership agreement of the UG, the respective valid rules of procedure and this contract of employment. He must follow the instructions of the shareholders' meeting.

3. The company may appoint additional managing directors.

§ 2 transactions subject to approval

1. The authority of the managing director includes the execution of all measures that the ordinary business of the company entails.

2. For further measures, the managing director requires the prior consent of the shareholders' meeting, in particular in the cases governed by the articles of association.

§ 3 self-Contracting

The managing director is released from the restrictions of § 181 BGB.

Note: According to § 181 BGB, the managing director can conclude a legal transaction with himself on behalf of the company, unless the legal transaction consists solely in the fulfillment of a liability or is legally advantageous for the UG. If the shareholder agreement provides for the exemption from the restrictions of § 181 BGB, this should also be included in the employment contract.

§ 4 Duties and Responsibilities

1. The managing director shall conduct the business of the company with the due care of a prudent businessman and fulfill the duties incumbent upon him by law, articles of association and this contract exactly and conscientiously.

Regardless whether additional directors are appointed to whom the same rights and obligations have been assigned, each director is responsible for overseeing and monitoring the entire company.

2. The managing director assumes the rights and duties of an employer within the meaning of employment and social law or tax regulations.

3. The managing director must draw up the annual financial statements and a management report (§ 289 HGB) for the past financial year within the term of section 264 (1) HGB and send them to each shareholder immediately after their preparation.

4. At the same time as the annual financial statements and the annual report were sent, the managing director has to convene a shareholders' meeting in accordance with the resolution period of § 42a (2) UG, in which resolution must be passed on the approval of the annual financial statements and the appropriation of profits.

§ 5 Liability of the Managing Director

 1. The company is obliged by the shareholders' meeting annually, at the latest at the time of adoption of the annual financial statements, to pass a resolution on the discharge of the managing director for the preceding activity.

2. The liability of the managing director vis-à-vis the company is limited to intentional and grossly negligent behavior.

3. The managing director is liable to the company for all damages only up to a maximum amount of 5000 €.

4. The managing director is not liable to the company if and insofar as he has acted on the express instructions of the shareholders.

5. For the benefit of the managing director, a financial loss liability insurance with a coverage of 50,000 € is to be concluded and held for the duration of this employment contract, the premiums of which are borne by the company. The company must take the insurance before claiming the managing director.

§ 6 Place of Employment and Working Hours

1. The managing director has to render his services at the registered office of the company.

2. The managing director has to the extent that no other agreements have been made to put his full work force and all his abilities and knowledge into the service of the company.

3. The managing director should as far as possible comply with the company's working hours.

However, it is required to be available for service at all times, if and to the extent that the well-being of society so requires.

§ 7 own business and secondary activity

1. The managing director is permitted to carry out ancillary business, as far as it does not concern the business purpose of the company and/or decrease their productivity in the company.

2. Publications and lectures concerning the areas of activity of the company require the prior written consent of the general meeting of shareholders, unless they are part of normal business operations or are necessary to adequately represent the company.

3. A given consent of the shareholders' meeting can be revoked at any time, taking into account any notice periods to be observed by the managing director.

4. The assumption of offices on supervisory bodies as well as the takeover or participation in other companies and organizations requires the prior written consent of the shareholders' meeting. The consent granted for the assumption of an office can be revoked at any time, whereby in the case of a revocation existing time limits for the termination of the office taken over must be considered.

5. Gifts or other benefits of persons or companies who are in business relationship with the Company or who seek such a connection may only be accepted by the Managing Director with the prior consent of the shareholders' meeting.

§ 8 Non Competition

1. During the term of this contract, the managing director is forbidden to work in a self-employed, dependent or other manner for a company which is in direct or indirect competition with the company. Furthermore, he is prohibited from establishing, acquiring or directly or indirectly participating in such a company for the duration of this contract.

2. The managing director is obliged to keep absolute silence about unauthorized third parties over all operational and business affairs of the company. This obligation also applies after termination of this contract.

3. The managing director undertakes not to work for a period of one year after termination of this contract either as a self-employed, non-self-employed person or in

any other way for a company which is in direct or indirect competition with the company. Furthermore, he is prohibited from building, acquiring or participating directly or indirectly in such a rival company for a period of five years after termination of this contract.

4. This non-competition clause applies to the territory of the Federal Republic of Germany.

5. For the duration of this post-contractual non-competition clause, the company commits itself to pay the managing director compensation in the amount of 60% of his average monthly remuneration within the last six months before his departure. The payment is due on the end of each month.

6. The compensation pursuant to paragraph. 5 shall include the income which the managing director does not achieve or achieve during the period of the post-contractual non-competition clause arising from self-employment, employment or other gainful employment. The income to be credited also includes any unemployment benefit received by the managing director. At the request of the company, the managing director is obliged to provide information about the amount of his income.

7. If this contract is terminated by the retirement of the managing director, the preceding paragraphs 3-6 shall not apply.

8. The company may waive compliance with the post-contractual non-competition clause by means of a written declaration to the managing director. In this case, the obligation to pay the compensation ends with the expiration of three months after submission of the declaration.

9. In the event of extraordinary termination of the contract, the right of termination is entitled to cancel the post-contractual non-competition clause within one month after pronouncement of the extraordinary termination by written declaration to the other party.

10. In the event of a breach of the non-competition clause, the Company's managing director shall pay a contractual penalty amounting to the average monthly compensation paid in the last ... months prior to termination of the contract. At the same time, for the month in which the infringement occurred, the payment of the compensation pursuant to paragraph 5 shall cease to apply.

If the infringement is in a continuing activity, the contractual penalty is forfeited for each commenced month. At the same time, compensation for each started month is waived. Further claims of the company remain unaffected by the above regulation.

§ 9 Remuneration

1. The managing director receives for his activities

a) A gross payment of € 56000 per year, paid in twelve equal installments at the end of each calendar month.

Optional **profit sharing and bonuses**

b) In addition, the managing director receives an annual bonus for his work. This is determined by the Shareholders' Meeting on the basis of the economic result of the last financial year following the adoption of the annual financial statements. In fixing the services of the managing director are taken into account. The minimum amount of the bonus is set at 10,000 €.

c) A Christmas bonus, payable in November for the gross salary of 4,666 €.

d) A holiday pay, payable with the salary for the month of June in the amount of gross 4,666 €.

2. If the employment relationship of the managing director has started during the year, the Christmas bonus and holiday pay will be granted on a pro rata basis for each calendar month begun.

3. Beyond the agreed remuneration, no other remuneration will be granted.

§ 10 Remuneration for service prevention and death

1. In the event of illness or other involuntary loss of service, the Managing Director shall be entitled for a period of three months to the continuation of his contractual remuneration, but at the latest until the end of the employment contract.

2. For a period exceeding this period or other non-obligatory service prevention, the managing director shall receive from the company for a period of three other months a subsidy equal to the difference between a sickness benefit granted by the statutory or private health insurance and the monthly sickness benefit Net amount of his fixed salary.

If there is no entitlement to sickness benefit, the sickness benefit for the purposes of this paragraph shall be based on the amount which the managing director would have received from the responsible local health insurance fund by means of insurance commensurate with his income. The salary and any applicable church tax on the differential payment are borne by the company.

3. upon expiry of the period of payment specified in paragraph. 1, the bonus due to the Managing Director shall be reduced by one twelfth for each calendar month of continuing service prevention commenced.

4. In the event of a breach by a third party, the managing director shall assign all claims against the causer of his invalidity up to the amount of the compensation payment owed by the company under this contract, including any social security contributions thereon.

5. If the managing director dies during the term of this contract of employment, his spouse will be paid the fixed salary for the following months of the month of death. If

the spouse has already died at this time, then this entitlement belongs to the legitimate children of the managing director.

§ 11 Other Services

1. For the duration of this contract, the company grants to the managing director a subsidy to the health insurance in the amount of the employer's contribution, as would be the case with health insurance, but not more than half of the amount which the managing director has to spend on his health insurance.

2. The managing director is entitled to reimbursement of the expenses incurred in the performance of his contractual duties, in particular the travel, entertainment and telephone / fax costs. If the expenses incurred exceed the lump sum permitted by the tax regulations, the expenses must be documented in detail.

§ 12 Leaves

1. The managing director is entitled to an annual leave of 30 working days.

2. The managing director has to choose the time of the holiday and the duration of the holiday taking into account his task and the interests of the company and to agree with the managing director or the majority shareholder.

3. If the manager cannot or not completely take the holiday in the calendar year for business or personal reasons, the holiday can be canceled until 31.03. of the following year. Holidays that have not been taken until the end of the transfer period will expire without a claim for compensation.

4. If the employment relationship is not the entire calendar year, the holiday entitlement according to paragraph. 1 is reduced.

§ 13 Inventions

The results of the work of the managing director belong to the company. Insofar as it concerns inventions or technical suggestions for improvement within the meaning of the Employee Invention Act, these must be offered to the company in writing without delay.

The Company shall be entitled to declare within a period of four weeks after receipt of this notice whether and to what extent it intends to avail itself of the invention. In the event of recourse, the Managing Director receives remuneration in accordance with the provisions of the Law on Employee Inventions and the related remuneration

guidelines. All other work results are compensated with the contractual remuneration of the managing director.

§ 14 Pension Entitlements

1. The company undertakes to conclude in its own name on the life of the managing director a capital insurance with a sum insured of 100,000 €, which is due on the death, the onset of the occupational disability or the completion of the 65th year of the managing director. The premium payment is borne by the company.
2. To accept the insurance benefit, the managing director or persons benefiting from it are entitled. If there is no preferential treatment, then, in case of doubt, his successor is deemed to be beneficiaries.
3. The pre-emptive rights of the managing director no longer apply if the contractual relationship ends before the occurrence of the insured event or if the management commits a gross breach of duty. However, the subscription right will continue to
4.

   exist if the requirements of Section 1 (1) of the Act on the Improvement of Occupational Pensions (BetrAVG) are met.
5. If the contractual relationship ends before the occurrence of the insured event, the entitlement to benefits from the insurance, which have become due by the day of departure, is reduced.

§ 15 contract duration and termination

This contract is effective from 01.12.2017 in force.

It is closed indefinitely.

The contract can be terminated by both sides within a period of 3 months.

(note the minimum statutory notice periods!).

The right to an exceptional termination of the contract for good cause remains unaffected.

An important reason exists for the society in particular, if

a) the managing director resigns from the company as a partner, or is dismissed as managing director for good cause;
b) the managing director violates the provisions on ancillary activity and the non-competition clause;
c) the managing director measures gem. § 2 Abs. 2 is carried out without the prior consent of the shareholders' meeting and the company resulting in damage or the managing director repeatedly commits such violations despite warning;
d) the managing director commits serious violations of the instructions of the shareholders' meeting, unless they demand an unlawful conduct by the managing director;

e) the insolvency proceedings are opened against the assets of the company or the company is liquidated.

Each dismissal must be in a written form.

A termination of the managing director is to be addressed to each additional managing director of the company or, in case no other managing director is present, to the shareholder who has the highest capital participation in the company.

The contractual relationship ends without the need for notice of termination at the end of the month in which the managing director completes the first year of age or a disability is determined.

§ 16 Severance Pay

1. In the event of an ordinary cancellation or non-renewal of the employment contract by the Company, the Managing Director receives a severance payment amounting to one monthly basic salary per year of employment. The calculation of the severance payment is based on the full years of service completed at the end of the contract and the gross monthly salary received during the last service year on a monthly average.
2. The severance payment is due at the expiration of the employment contract and is paid in compliance with the applicable tax provisions.

§ 17 Confidentiality

1. The managing director is obliged to maintain strictest confidentiality about all matters of the company which are not the subject of public knowledge and to use secret information neither directly nor indirectly for the benefit of third parties. If there are doubts about the scope of this secrecy obligation, the managing director is obliged to bring about a decision of the shareholders' meeting. This obligation also exists after the departure of the Managing Director from the services of the Company. The managing director is however entitled to the revelation, as far as a duty fulfilling him exists.
2. By leaving the services of the Company or by exempting from its functions, the Manager is required to submit, without being requested to do so, all documents, records and designs, including copies, duplicates and the like relating to the affairs of the Company and in his possession, as well as all other documents to completely surrender other property of the Company and to delete any data that it has stored in a private computer system. There is no right of retention on this data.

§ 18 Closing Provisions

1. Verbal side agreements to this contract were not made.

2. Amendments or additions to this contract are possible at any time by mutual agreement but require the text form and the approval of the shareholders' meeting in order to be effective. Contract amendments by means of company practice are therefore excluded. The above written form requirement does not apply to agreements that are made orally between the parties immediately after conclusion of the contract. Retroactive changes or additions are inadmissible. All contract changes and additions are only for the future.

3. Should individual provisions of this contract be or become invalid, this shall not affect the validity of the remaining provisions. In such a case, the parties are obliged to replace the invalid provision by a legally permissible and compatible with the

remaining provisions of this contract, which comes closest to the economic content of the invalid provision.

............Cologne, DD.MM.JJJJ..............

Place, Date

………………………   …………………………………….

Shareholders Representative   Managing Director's Signature