



Business Plan

PinnacleDSB

Distribution Inventory Management Solution

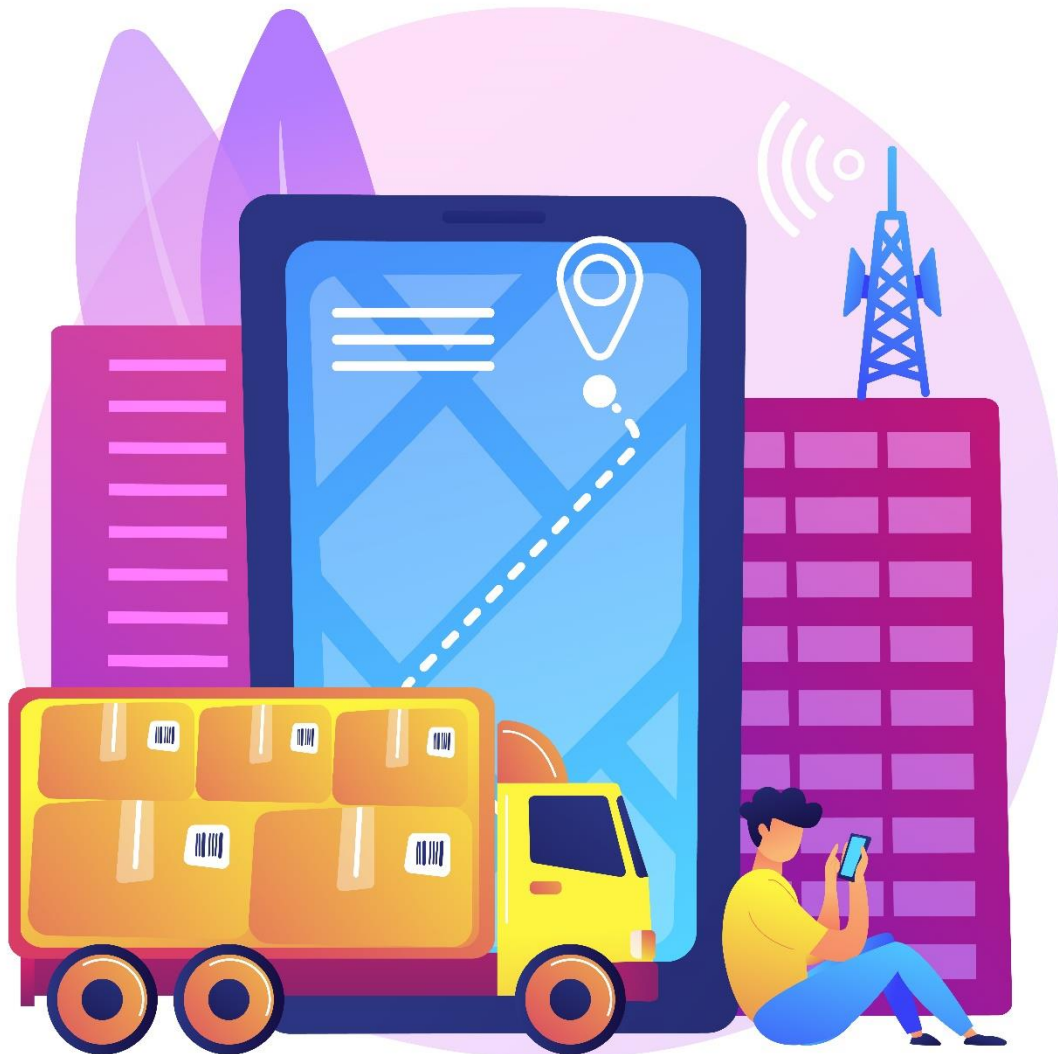


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EXECUTIVE SUMMARY

INTRODUCTION

Management of inventories has been a crucial process for businesses operating in different fields and different countries of the world. The process is even more critical for small and medium-sized retailers and shops operating in rural areas of developing countries. Making difficult decisions about how and when to replenish inventory, and the amounts to buy, pay, and sell are among the complex decisions to be made.

UNIQUE BUSINESS MODEL

PinnacleDSB is a chain of distribution centers offering affordable and easy-to-use inventory management solution for small and medium-sized shops operating in developing countries to manage the process of ordering, tracking, storing, using, and selling products. The solution allows the shops to significantly cut costs, improve cash flow, reduce waste, efficiently manage the resources and keep customers satisfied by ensuring they receive the products they want without waiting.

PinnacleDSB enables retailers to manage inventory in real-time and reduce the amount of resources spent on managing and monitoring the shop's assets. Moreover, it allows to face the risk of unanticipated increase or decrease of demand, thus preserving the competitiveness and reputation of the shop. Once the inventory is structured appropriately, the rest of the shop's supply chain will fall into place. Without it, retailers run the danger of making a long list of errors, including incorrect shipments, shortages, out-of-stocks, spoiling, overstocks, incorrect picking, and so on.

PinnacleDSB aims to create distribution centers between 200 – 300 thousand sq. feet in major cities that have small towns within about 150-mile range, targeting small and medium sized shops in each town that sell products to the market. Instead of these small town people going on a weekly basis to the big town and picking up the products and taking it back to the small town and then selling it, PinnacleDSB has developed a system in place where all the inventory in the distribution center is available in real-time on a server with a customized program available on a locked tablet which will be given to every retailer free of charge. Once the retailers sign in, they will get access to real-time inventory available in the warehouse. They can order products that they want to order, track the orders and take advantage of other available features. Once the order is placed, PinnacleDSB will establish the retailer with a credit and anything over the credit will be paid in cash. The product will be delivered into the town as scheduled on a weekly basis.

Benefits of PinnacleDSB.



MARKET OPPORTUNITY

The global warehousing, storage and distribution industry has been estimated to value **at USD 520 billion to USD 648 billion in 2021**, with a forecast of reaching **USD 920 billion to USD 1,264 billion by the next five years**. The main drivers of the industry are the overall growth of the industrial sector, increased adaption of automation, rise in multimodal transport systems, neighborhood distribution centers and micro fulfillment along with increasing demand for manufactured, processed and frozen food products, and last-mile delivery mechanism in retail and e-commerce sectors.

The global inventory management software market, which is a part of supply chain management solutions market, was valued at **USD 1.53 billion to USD 2.78 billion in 2021** and is anticipated to reach **USD 4.92 to USD 6 billion by the next five years**. The main drivers of the inventory management software market are the increasing usage of smartphones and other mobile devices, the expanding popularity of e-commerce, the increasing need to reduce supply chain inefficiencies, and the rising need for RFID technology as a major component of supply chain networks, among others.

In terms of geographic share, while the markets for both warehousing and inventory solutions are considered to be mature in the developed countries, with highly competitive outlook, on the other hand, considering the rising trade activities, the necessity of efficient operations, and the need to compete in the modern economy, emerging economies are becoming new opportunities for adopting new warehousing and inventory tools, including logistics applications, inventory management, and production planning solutions.

Regions	Warehousing, Storage, & Distribution	Inventory Management Solutions
	Market Share	Market Share
North America	30%	52.8%
Europe	25%	24.6%
Asia Pacific	42%	17.6%
Rest of the World	3%	5%

CUSTOMERS

PinnacleDSB has adopted B2B business model and targets small and medium sized shops that are operating in rural areas of developing countries. In this respect, it should be mentioned that due to recent economic disruptions along with the consequences of regional conflicts and Covid-19, consumer spending has subsequently shifted as people are now more focused on eliminating non-essential expenses from their respective budgets as the general economic status of the majority of people has been severely impacted. On the other hand, according to Statista's 2022 estimates, the global total consumer spending is forecast to continuously increase between 2022 and 2028 by in total 18,781.6 billion U.S. dollars (+33.6 percent). The consumer spending is estimated to amount to 74,677,315.96 million U.S. dollars in 2028. Thus, companies operating in different fields have been trying to adopt flexible business models to meet the changing demand of customers. In these circumstances, adoption of digital tools, automation, advanced and predictive analytics have been gaining momentum.

COMPETITIVE OUTLOOK

The warehousing and inventory management solutions market is projected to be highly competitive in the coming years. This is a result of the rise of several businesses offering solutions integrated with technologies that have the ability to radically revolutionize the warehousing and inventory management industries. As automation grows popularity across a variety of industry sectors, companies operating in the market are implementing technology that can enable automation. In order to preserve their competitiveness in the market, major companies are also buying a range of new and small enterprises with the aim to enhance their product portfolio and get an edge over rivals by utilizing the technology of smaller enterprises. This tactic enables companies to expand faster and strengthen their presence globally.

Considering the high competitiveness of the market, PinnacleDSB will differentiate itself by its unique business model of targeting the niche market of developing countries and shops operating in small towns, where technology has not been utilized and companies like Amazon do not serve these areas, because of infrastructural constraints, delivery costs, and other issues. In some cases, small companies receive deliveries from Amazon and then transport these products to smaller communities, which becomes an expensive service considering the logistic costs, costs associated with the weight of the products added to the margins of these companies. In other cases, consumers may prefer online marketplaces and products that are delivered directly to them, such as Jumia. In this respect, PinnacleDSB offers in-house branded products and delivery centers within 150 miles from shops which significantly cuts costs for the customers (shops), allows consumers to see products in real and not be deceived with images and unverified products, at the same time preserving high profit margins for the company itself.

Moreover, PinnacleDSB gives retailers a free locked tablet with a customized program, which ensures not only increased accuracy and improved inventory visibility, but also real-time updates, inventory management features, such as accounts receivables and payables, logistics management, tracking and counting ensure automation of end-to-end controls and tasks, which results in simplified processes and reduced labor costs. In addition, customers (shops) will get discounts in percentages based on their volume purchase. In terms pricing, PinnacleDSB will have a well-defined and thorough distributor markup pricing strategy that adheres to parameters that ensure profitability, flexibility and reliability for all stakeholders involved. Moreover, there will also be in-house branding as PinnacleDSB will have high volumes therefore will be able to get higher margins by doing high quality products using in-house branding and cut out the middleman for many products.

MARKETING PLAN

One of the important goals of PinnacleDSB is brand recognition, which will be reached through

- Opening distribution centers close to rural areas of developing countries.
- Attracting a large number of small and medium-sized retailers.
- Providing retailers with a free locked tablet for managing inventory, and placing and tracking real-time orders.
- Having in-house branding of products.
- Ensuring an affordable pricing strategy
- Delivering better value
- Ensuring easier and faster distribution strategies

Considering the target market of PinnacleDSB, that is rural areas of developing countries, a marketing strategy has been developed for effectively attracting and retaining customers in these areas and is referred to as 'rural marketing' - the process of producing, marketing, and turning rural people's spending into an effective demand in order to achieve the organization's goals and objectives. To meet the demands and requirements of rural customers, the Four A's of Rural Marketing are considered: Affordability, Availability, Acceptability, and Awareness.

SALES STRATEGY

PinnacleDSB's unique business model has been designed to grow rapidly across different geographic regions around the world targeting rural areas of developing countries.

In respect to customers, the model is based on attracting local small and medium-sized retailers for long-term cooperation by offering distribution and inventory management services within 150 miles of each shop. In respect to suppliers, considering the geographic resources of each region, PinnacleDSB will partner with local farmers, producers and other direct suppliers of products to purchase fast-moving and other products in bulk for a reduced price for in-house branding purposes, which will ensure high profit margins and competitive pricing for retailers. For other products, PinnacleDSB will cooperate with manufacturers or other distributors by ensuring a well-defined and thorough distributor markup pricing strategy that adheres to parameters that ensure profitability, flexibility and reliability for all stakeholders involved.

DEVELOPMENT

To help illustrate the path ahead, Pinnacle DSB has put together a 5-year plan (see Financial Projections section) illustrating the growth in Sub-Saharan lower middle and low-income countries, starting from Kenya as the first market to enter, opening one distribution center in Kisumu and one in Nairobi (capital) during the first year of its operations. During the second and third years of its operations, PinnacleDSB shows expansion to Mombasa and Nakuru, along with expanding to Tanzania (Year 2), Uganda (Year 3), Mozambique (Year 4), and Congo (Year 5).

PinnacleDSB's forecasts are driven by a few central assumptions. First, the analysis suggests that PinnacleDSB can achieve a growth rate of 10% in respect to the number of shops in each region after reaching the predetermined targets. In Kenya, it is estimated that PinnacleDSB will reach 1608 shops by year 5, which is 0.64% of total market of 250,000 small shops that are present in the country.

Number of small shops in Kenya	250,000
Target Number (in 5 years)	1,608
Target % (in 5 years)	0.64%

Considering its replicable business model, the ultimate goal of the company is to operate globally expanding to the developing countries worldwide.

FINANCIAL PROJECTIONS

The table below shows PinnacleDSB's Profit and Loss Projections for the first five years.

Pro Forma Profit and Loss

	Year 1	Year 2	Year 3	Year 4	Year 5
of Targeted shops	225	867	1,922	3,213	4,668
Revenues	6,527,314	25,144,907	55,748,928	96,367,458	140,689,670
COGS	5,058,668	19,487,303	43,205,419	74,684,780	109,034,495
Gross Margin	1,468,646	5,657,604	12,543,509	21,682,678	31,655,176
Gross Margin %	22.50%	22.50%	22.50%	22.50%	22.50%
Total Operating Expenses	814,186	3,086,457	6,676,383	11,323,281	16,360,215
Profit Before Taxes	654,459	2,571,147	5,867,125	10,359,397	15,294,961
Taxes Incurred	196,338	771,344	1,760,138	3,107,819	4,588,488
Net Profit	458,122	1,799,803	4,106,988	7,251,578	10,706,473
Net Profit/Sales	7.02%	7.16%	7.37%	7.52%	7.61%

MARKET OPPORTUNITY

GLOBAL MARKET ANALYSIS

The global warehousing, storage and distribution industry has been estimated to value **at USD 520 billion to USD 648 billion in 2021**, with a forecast of reaching **USD 920 billion to USD 1,264 billion by the next five years**. The main drivers of the industry are the overall growth of the industrial sector, increased adaption of automation, rise in multimodal transport systems, neighborhood distribution centers and micro fulfillment along with increasing demand for manufactured, processed and frozen food products, and last-mile delivery mechanism in retail and e-commerce sectors.

The global inventory management software market, which is a part of supply chain management solutions market, was valued at **USD 1.53 billion to USD 2.78 billion in 2021** and is anticipated to reach **USD 4.92 to USD 6 billion by the next five years**. The main drivers of the inventory management software market are the increasing usage of smartphones and other mobile devices, the expanding popularity of e-commerce, the increasing need to reduce supply chain inefficiencies, and the rising need for RFID technology as a major component of supply chain networks, among others.

Table below illustrates the market values and growth drivers for global warehouse, storage and distribution industry, and the global inventory management solutions market, which is a part of supply chain management solutions market.

Table 1. Market Value and Growth Drivers of Global Warehousing and Inventory Management Markets.

	2021 estimates (in billion USD)	2026 projections (in billion USD)
Global warehouse, storage, and distribution industry	520 - 648	920 - 1,264
<i>Growth Drivers</i>	<ul style="list-style-type: none"> - Growth of the industrial sector - Increased adaption of automation - Neighborhood distribution centers and micro fulfillment - Rise in multimodal transport systems - Last-mile delivery mechanism in retail & e-commerce sector - increasing demand for manufactured, processed and frozen food products 	
Global inventory management solutions market	6.2-7.5	12.5-24.5
<i>Growth Drivers</i>	<ul style="list-style-type: none"> - Widespread adoption of smartphones, tablets and other mobile devices. - Rapidly growing popularity of e-commerce - Need to mitigate supply chain inefficiencies - Increasing demand for the RFID technology - Growing trend of omnichannel retailing 	

In terms of industry usage, the manufacturing segment is anticipated to hold the largest share in both markets (41%), followed by the consumer goods and retail sector, with 30% of market share, attributed to the upsurge in the e-commerce sales and the necessity of providing data-driven technologies to help retailers synchronize their online and offline inventory. It is followed by automotive, oil, and gas and other sectors.

In terms of geographic share, while the market is considered to be mature in the developed countries, with highly competitive outlook, on the other hand, considering the rising trade activities, the necessity of efficient operations, and the need to compete in the modern economy, emerging economies are becoming new opportunities for adopting supply chain management solutions, including logistics applications, inventory management, and production planning solutions. Geographic highlights and regional market share are presented below.

Table 2. Geographic Highlights.

Regions	Warehousing, Storage, & Distribution Market	Inventory Management Solutions Market
North America	<ul style="list-style-type: none"> - 30% market share - The demand for outsourcing warehouse services has been increasing due to the manufacturing sector's expansion of operations and output. - The presence of retail and e-commerce giants, such as Amazon and Walmart contribute significantly to the region's demand for warehouse and storage services. - According to Walmart, as of 2022, the company uses 31 dedicated e-commerce fulfillment centers and 4,700 stores within 10 miles of 90% of the U.S. population to fulfill online orders. 	<ul style="list-style-type: none"> - 52.8% market share - North America dominates the global Inventory Management Solutions market, due to several manufacturers and retailers focused on omnichannel platforms to improve operational efficiencies. - The growing acceptance of cloud-based solutions, which provide significant cost and maintenance savings as compared to conventional inventory management systems, is another driver fueling market expansion. - The region is among the early adopters of new technologies
Europe	<ul style="list-style-type: none"> - 25% market share - Different European countries are at different stages in the process of planning and implementing a strategy for increasing warehouse capacity and using different approaches. - The total demand for warehouse space in European markets in 2021 increased by 35% year-to-year and was approximately 50% higher than the average for the last 5 years. 	<ul style="list-style-type: none"> - 24.6% market share - There has been an increase in the demand for inventory management solutions among the Western European countries, mainly UK, Germany, France and Spain. - Vendors in the region are continuously integrating new technologies to cater to consumer needs and adopting technologies, such as predictive ETAs, and 3D visual warehouses.
Asia Pacific	<ul style="list-style-type: none"> - 42% market share - The growing regional e-commerce industry increases the demand for multi-story warehouses. This is because e-commerce generally requires warehousing facilities such as distribution centers near cities to facilitate faster delivery. - Asia-Pacific is a large consumer of perishable foods, which increases the need for refrigerated warehousing methods. 	<ul style="list-style-type: none"> - 17.6% market share - Asia Pacific is expected to experience the fastest growth rate due to the rising disposable income and internet penetration in the region along with technological innovations and rapid progress of e-commerce sector in the region. - The market in China happens to be the fastest growing in the region, followed by Japan and South Korea.
Rest of the World	<ul style="list-style-type: none"> - 3% market share 	<ul style="list-style-type: none"> - 5% market share

Table 3. Regional Target Market Share.

Regions	Supply Chain Software Market Revenue (2023)	Inventory Management Market Revenue (35%)	Inventory Management Market Revenue from Retail Sector (30%)
Worldwide	19.17 bn	6.7095 bn	2.01285 bn
North America	10.13 bn	3.5455 bn	1.06365 bn
Europe	4.73 bn	1.6555 bn	0.49665 bn
Asia Pacific	3.38 bn	1.1830 bn	0.3549 bn
Latin America	0.39 bn	0.1365 bn	0.04095 bn
Middle East	0.31 bn	0.1085 bn	0.03255 bn
Africa	0.23 bn	0.0805 bn	0.02415 bn

KENYA MARKET ANALYSIS

According to BCG's 'The Future of Traditional Retail in Africa' 2022 Report, despite the advance of supermarkets, convenience stores, and other modern formats, Kenyan consumers buy 77 % of their goods from over 250,000 traditional shops spread across the country. Kenya has several well-established hypermarkets and supermarket chains, but many still prefer these traditional shops. The trend is widespread across the continent. African consumers, on average, continue to buy more than 70 % of their food, beverages, and personal care products from the continent's more than 2.5 million small, independent shops. In Kenya, these shops are known as dukas, and are the cornerstone of socio-economic systems across Africa.

It is predicted that traditional shops will continue to account for 65 to 75 percent of sales in most of the region and be a catalyst for Kenya's vision 2030. Moreover, the expansion of e-commerce and payment services might provide small retailers with a new role in digitized trade and payments. The traditional retail sector will remain at the core of Kenya's commerce for the foreseeable future. Small shops offer the proximity, flexibility, and convenient operating hours needed to serve their communities. They also often allow customers with limited incomes to purchase small quantities on credit. By comparison, many modern retailers in most of Africa have failed to devise a winning model that can be scaled up to address the needs of most customers. Their locations and value propositions primarily cater to upper-class consumers.

Still, traditional retail in Kenya faces many imposing challenges, including the expansion of modern retail, the nascent rise of e-commerce, and changes in consumer behavior that were accelerated by the COVID-19 pandemic. The retailers' profile, willingness to diversify their businesses in response to a challenging environment, the growing availability of digital solutions from technology start-ups, and supportive government policies will enable dukas to build resilient business operating models.

The strategies of modern retailers, such as supermarket and convenience-store chains, and solutions provided by tech companies will also influence the future of traditional retail. In Kenya, for example, 91 % of proprietors surveyed

by the report in Nairobi and Mombasa are equipped with smartphones, compared with 68 % of the general population in those cities. The level of financial inclusion varies widely across the region, however, and is generally in line with the general population. While 85% of Kenyan shop managers have a bank account, only 40% of their counterparts in Nigeria have one. Seventy-nine percent of Kenyan retailers reported that they believe their business will grow in the years ahead. In Kenya, 97% of the small retailers we surveyed said they accept mobile money. Some 50,000 African retailers use the Kenyan procurement marketplace Wasoko (formerly Sokowatch) to order stock on credit via a mobile app and receive it the same day. Around 40% of traditional retailers in Kenya are interested in affiliation or franchise models.

It is predicted that In Kenya, modern retailing will resume growth. Under current conditions, its market penetration could reach around 25% by the end of the decade, led by current market leaders such as Naivas, Quickmart, and Carrefour that have managed to find the right formulas in terms of format and assortment to address the market. We expect local modern chains to try to expand with small supermarkets and convenience stores and by franchising. Traditional retailers will remain resilient in low- to middle-income areas and will likely diversify by adding more services and leveraging digital platforms. Eagerness to modernize in response to challenges will also be critical. In Kenya, the portion of retailers offering remote ordering rose from 27 % in early 2019 to 39 % in late 2021.

OPPORTUNITIES FOR ECOSYSTEM PLAYERS

Given the central role that traditional shops will continue to play in Kenya's retail landscape, there will be a number of opportunities for various players in the ecosystem as the environment evolves. Some are already pursuing these opportunities in the following ways:

Private equity funds. Investment funds can find opportunities to provide capital and management expertise that enable local retail chains to scale up. In Kenya, for example, private equity funds are playing an important role in backing local modern chains, such as Naivas and Quickmart, that target middle-income areas in major cities.

Fast-moving consumer goods companies. It is increasingly important for providers of fast-moving consumer goods, such as food, beverages, and toiletries, to engage with the changing traditional sector to enhance their market presence. Digital solutions can help manufacturers improve their control over go-to-market strategies and provide data to better understand retailers. Unilever, Danone, and other consumer goods providers, for example, are leveraging partners such as Wasoko in Kenya.

Banks and telecom companies. Banks and telecom providers can achieve growth by developing new business models and offers that are adapted to traditional retailers' needs. For instance, Kenya's KCB Bank, in partnership with Unilever and Mastercard, launched a cashless "buy now, pay later" initiative called Jaza Duka that enables retailers to get small loans to purchase goods beyond what their working capital allows them.

Government. The public sector can upgrade the business environment for traditional retailers by enacting policies that foster financial and digital inclusion and accelerate their modernization. For retailers who want to digitize, it can offer tax relief, favorable regulations, financial support, and training. Some African governments, such as Egypt and Kenya, tax less than 1% on sales of small traders.

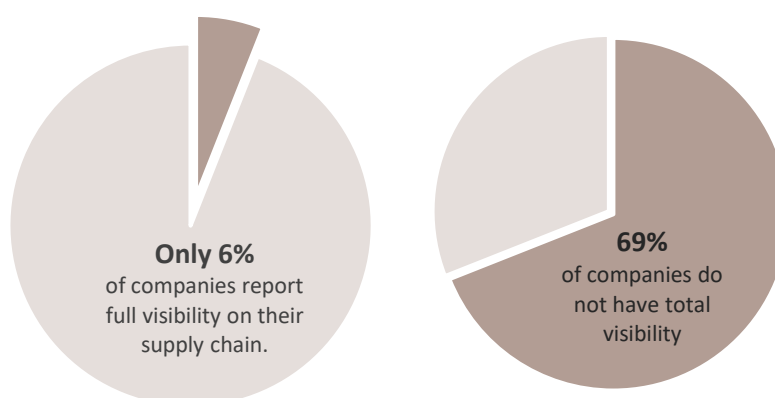
TARGET CUSTOMERS

CUSTOMER SEGMENTS

Due to recent economic disruptions along with the consequences of regional conflicts and Covid-19, consumer spending has subsequently shifted as people are now more focused on eliminating non-essential expenses from their respective budgets as the general economic status of the majority of people has been severely impacted. On the other hand, according to Statista's 2022 estimates, the global total consumer spending is forecast to continuously increase between 2022 and 2028 by in total 18,781.6 billion U.S. dollars (+33.6 percent). The consumer spending is estimated to amount to 74,677,315.96 million U.S. dollars in 2028.

In respect to companies, flexible business models are being adopted in different fields to meet the changing demand of customers. Some of the models that have been gaining momentum include adoption of digital tools, automation, and advanced and predictive analytics. Thus, several companies operating in the technology sector have seen increased revenue due to significant changes in consumer preferences towards technological services. Furthermore, the growth of the market is mainly driven owing to the increased demand for inventory accuracy, propelling the growth of the market across both developed and developing countries. Some statistics in respect to supply chain management by small retailers is highlighted below.

- The supply chain costs for industrial suppliers is estimated to be above 9%, and reducing supply chain costs from 9% to 4% can double profits (Zippa, 2022).
- Only 22% of companies have a proactive supply chain network, the lack of which makes retailers to be more vulnerable to stockouts or overstocking. (Zippa, 2022).
- 67.4% of supply chain managers use Excel spreadsheets as a management tool (Zippa, 2022).
- Supply chain visibility is one of the top strategic priorities for companies around the globe (EY, 2021).
- The most commonly used KPI for supply chain monitoring is daily performance (40%) (Zippa, 2022).
- Only 6% of companies report full visibility on their supply chain. 69% of companies do not have total visibility (Zippa, 2022).
- Approximately 72% of all retailers plan to leverage real-time inventory visibility, enabled by automation, sensors, and analytics, to reinvent their supply chains (Zippa, 2022).



PinnacleDSB has adopted B2B business model and targets small and medium sized businesses that are operating in rural areas of developing countries. The target countries have been grouped in 3 categories based on income level. **Table 4** below illustrates demographic data of countries based on target groups.

Table 4. Target Customer Groups.*Target Group 1. Lower middle-income countries.*

#	Countries	Region	Income Group	Population	Rural Population	Consumption Expenditure (USD)	Consumption per capita (USD)
1	Kenya	Sub-Saharan Africa	Lower middle income	53,005,614	37,902,724	96,700,945,022	1,824
2	Angola	Sub-Saharan Africa	Lower middle income	34,503,774	11,227,528	34,330,797,498	995
3	Benin	Sub-Saharan Africa	Lower middle income	12,996,895	6,632,056	13,685,991,353	1,053
4	Côte d'Ivoire	Sub-Saharan Africa	Lower middle income	27,478,249	13,140,099	53,383,492,634	1,943
5	Cameroon	Sub-Saharan Africa	Lower middle income	27,198,628	11,383,170	38,437,974,669	1,413
6	Congo, Rep.	Sub-Saharan Africa	Lower middle income	5,835,806	1,850,943	8,628,656,628	1,479
7	Comoros	Sub-Saharan Africa	Lower middle income	821,625	578,317	1,388,503,298	1,690
8	Cabo Verde	Sub-Saharan Africa	Lower middle income	587,925	193,416	1,699,922,016	2,891
9	Ghana	Sub-Saharan Africa	Lower middle income	32,833,031	13,794,798	62,123,647,959	1,892
10	Lesotho*	Sub-Saharan Africa	Lower middle income	2,281,454	1,608,881	798,508,900	350
11	Mauritania	Sub-Saharan Africa	Lower middle income	4,614,974	2,024,451	6,430,295,636	1,393
12	Nigeria	Sub-Saharan Africa	Lower middle income	213,401,323	100,840,661	296,526,418,168	1,390
13	Senegal	Sub-Saharan Africa	Lower middle income	16,876,720	8,674,634	22,962,675,211	1,361
14	São Tomé and Príncipe*	Sub-Saharan Africa	Lower middle income	223,107	55,614	78,087,450	350
15	Eswatini	Sub-Saharan Africa	Lower middle income	1,192,271	901,726	4,036,755,239	3,386
16	Tanzania	Sub-Saharan Africa	Lower middle income	63,588,334	40,725,784	44,562,929,738	701
17	Zimbabwe	Sub-Saharan Africa	Lower middle income	15,993,524	10,827,136	25,531,363,270	1,596
18	Djibouti*	Middle East & North Africa	Lower middle income	1,105,557	240,823	386,944,950	350
19	Algeria	Middle East & North Africa	Lower middle income	44,177,969	11,370,967	101,848,451,553	2,305
20	Egypt, Arab Rep.	Middle East & North Africa	Lower middle income	109,262,178	62,430,223	391,809,241,555	3,586
21	Iran, Islamic Rep.	Middle East & North Africa	Lower middle income	87,923,432	20,798,288	206,395,182,241	2,347
22	Lebanon	Middle East & North Africa	Lower middle income	5,592,631	609,988	28,034,081,817	5,013
23	Morocco	Middle East & North Africa	Lower middle income	37,076,584	13,323,470	111,483,117,317	3,007
24	West Bank and Gaza	Middle East & North Africa	Lower middle income	4,922,749	1,132,085	20,197,800,000	4,103
25	Tunisia	Middle East & North Africa	Lower middle income	12,262,946	3,692,618	44,276,292,718	3,611

26	Bangladesh	South Asia	Lower middle income	169,356,251	103,398,765	310,775,839,502	1,835
27	Bhutan	South Asia	Lower middle income	777,486	443,105	2,160,701,143	2,779
28	India	South Asia	Lower middle income	1,407,563,842	909,384,771	2,245,422,293,928	1,595
29	Sri Lanka	South Asia	Lower middle income	22,156,000	17,977,378	64,109,717,258	2,894
30	Nepal	South Asia	Lower middle income	30,034,989	23,725,239	33,491,664,705	1,115
31	Pakistan	South Asia	Lower middle income	231,402,117	144,765,164	328,372,720,651	1,419
32	Micronesia, Fed. Sts.*	East Asia & Pacific	Lower middle income	113,131	87,034	39,595,850	350
33	Indonesia	East Asia & Pacific	Lower middle income	273,753,191	116,919,988	768,477,262,140	2,807
34	Cambodia	East Asia & Pacific	Lower middle income	16,589,023	12,496,843	19,633,544,692	1,184
35	Kiribati*	East Asia & Pacific	Lower middle income	128,874	56,273	45,105,900	350
36	Lao PDR*	East Asia & Pacific	Lower middle income	7,425,057	4,682,315	2,598,769,950	350
37	Myanmar	East Asia & Pacific	Lower middle income	53,798,084	36,879,663	42,890,428,968	797
38	Mongolia	East Asia & Pacific	Lower middle income	3,347,782	1,045,010	10,381,835,103	3,101
39	Philippines	East Asia & Pacific	Lower middle income	113,880,328	59,577,632	357,961,477,604	3,143
40	Papua New Guinea*	East Asia & Pacific	Lower middle income	9,949,437	8,610,641	3,482,302,950	350
41	Solomon Islands*	East Asia & Pacific	Lower middle income	707,851	529,982	247,747,850	350
42	Timor-Leste	East Asia & Pacific	Lower middle income	1,320,942	902,269	2,098,338,870	1,589
43	Vietnam	East Asia & Pacific	Lower middle income	97,468,029	60,379,495	238,156,402,211	2,443
44	Vanuatu	East Asia & Pacific	Lower middle income	319,137	237,230	857,878,989	2,688
45	Samoa	East Asia & Pacific	Lower middle income	218,764	179,951	826,442,792	3,778
46	Kyrgyz Republic	Europe & Central Asia	Lower middle income	6,691,800	4,206,064	8,648,361,074	1,292
47	Tajikistan*	Europe & Central Asia	Lower middle income	9,750,064	7,046,761	3,412,522,400	350
48	Ukraine	Europe & Central Asia	Lower middle income	43,792,855	13,244,273	174,687,864,195	3,989
49	Uzbekistan	Europe & Central Asia	Lower middle income	34,915,100	17,308,463	52,499,017,728	1,504
50	Bolivia	Latin America & Caribbean	Lower middle income	12,079,472	3,566,464	34,967,556,681	2,895
51	Honduras	Latin America & Caribbean	Lower middle income	10,278,345	4,215,972	28,334,617,162	2,757
52	Haiti	Latin America & Caribbean	Lower middle income	11,447,569	4,812,100	21,943,232,134	1,917
53	Nicaragua	Latin America & Caribbean	Lower middle income	6,850,540	2,789,745	12,462,625,458	1,819
54	El Salvador	Latin America & Caribbean	Lower middle income	6,314,167	1,634,233	29,622,560,000	4,691

Note: Figures for Consumption Expenditure and Consumption per capita have been estimated by taking the lowest number as per capita expenditure for the given countries and dividing it by two, due to lack of data.

Target Group 2. Upper middle-income countries.

#	Countries	Region	Income Group	Population	Rural Population	Consumption Expenditure (USD)	Consumption per capita (USD)
1	Botswana	Sub-Saharan Africa	Upper middle income	2,588,423	736,148	14,061,350,275	5,432
2	Gabon	Sub-Saharan Africa	Upper middle income	2,341,179	224,215	8,947,299,216	3,822
3	Equatorial Guinea	Sub-Saharan Africa	Upper middle income	1,634,466	432,136	10,595,341,250	6,482
4	Mauritius	Sub-Saharan Africa	Upper middle income	1,266,060	749,824	10,341,767,385	8,168
5	Namibia	Sub-Saharan Africa	Upper middle income	2,530,151	1,189,044	12,373,187,954	4,890
6	South Africa	Sub-Saharan Africa	Upper middle income	59,392,255	19,096,392	340,749,228,541	5,737
7	Iraq	Middle East & North Africa	Upper middle income	43,533,592	12,572,937	141,577,071,829	3,252
8	Jordan	Middle East & North Africa	Upper middle income	11,148,278	933,557	47,451,767,238	4,256
9	Libya	Middle East & North Africa	Upper middle income	6,735,277	1,280,107	19,479,222,045	2,892
10	Maldives	South Asia	Upper middle income	521,457	307,128	2,867,336,037	5,499
11	American Samoa*	East Asia & Pacific	Upper middle income	45,035	5,778	28,056,805	623
12	China	East Asia & Pacific	Upper middle income	1,412,360,000	529,465,517	9,628,174,910,560	6,817
13	Fiji*	East Asia & Pacific	Upper middle income	924,610	390,740	576,032,030	623
14	Marshall Islands	East Asia & Pacific	Upper middle income	42,050	9,183	317,429,795	7,549
15	Malaysia	East Asia & Pacific	Upper middle income	33,573,874	7,488,317	263,401,877,730	7,845
16	Palau*	East Asia & Pacific	Upper middle income	18,024	3,338	11,228,952	623
17	Thailand	East Asia & Pacific	Upper middle income	71,601,103	34,251,820	355,353,518,612	4,963
18	Tonga	East Asia & Pacific	Upper middle income	106,017	81,523	655,721,059	6,185
19	Tuvalu*	East Asia & Pacific	Upper middle income	11,204	3,945	6,980,092	623
20	Albania	Europe & Central Asia	Upper middle income	2,811,666	1,041,188	15,757,879,678	5,604
21	Armenia	Europe & Central Asia	Upper middle income	2,790,974	1,020,631	12,170,829,744	4,361
22	Azerbaijan	Europe & Central Asia	Upper middle income	10,137,750	4,381,941	36,014,411,765	3,553
23	Bulgaria	Europe & Central Asia	Upper middle income	6,877,743	1,648,939	64,931,381,666	9,441
24	Bosnia and Herzegovina	Europe & Central Asia	Upper middle income	3,270,943	1,654,279	20,767,999,516	6,349
25	Belarus	Europe & Central Asia	Upper middle income	9,340,314	1,876,469	46,363,493,126	4,964
26	Georgia	Europe & Central Asia	Upper middle income	3,708,610	1,488,191	18,159,112,264	4,896
27	Kazakhstan	Europe & Central Asia	Upper middle income	19,000,988	8,014,427	121,967,387,989	6,419
28	Moldova	Europe & Central Asia	Upper middle income	2,615,199	1,490,716	13,502,290,233	5,163

29	North Macedonia	Europe & Central Asia	Upper middle income	2,065,092	851,107	11,573,012,817	5,604
30	Montenegro	Europe & Central Asia	Upper middle income	619,211	199,225	5,433,769,813	8,775
31	Russian Federation	Europe & Central Asia	Upper middle income	143,449,286	35,956,998	1,206,655,958,987	8,412
32	Serbia	Europe & Central Asia	Upper middle income	6,834,326	2,962,612	52,222,670,150	7,641
33	Turkmenistan*	Europe & Central Asia	Upper middle income	6,341,855	2,980,799	3,950,975,665	623
34	Turkey	Europe & Central Asia	Upper middle income	84,775,404	19,863,725	559,825,437,585	6,604
35	Kosovo	Europe & Central Asia	Upper middle income	1,786,038	N/A	9,023,212,300	5,052
36	Argentina	Latin America & Caribbean	Upper middle income	45,808,747	3,559,798	373,885,266,948	8,162
37	Belize	Latin America & Caribbean	Upper middle income	400,031	215,213	1,885,500,000	4,713
38	Brazil	Latin America & Caribbean	Upper middle income	214,326,223	27,182,995	1,288,179,862,802	6,010
39	Colombia	Latin America & Caribbean	Upper middle income	51,516,562	9,406,924	277,438,476,663	5,385
40	Costa Rica	Latin America & Caribbean	Upper middle income	5,153,957	957,348	50,591,667,418	9,816
41	Cuba*	Latin America & Caribbean	Upper middle income	11,256,372	2,556,097	7,012,719,756	623
42	Dominica*	Latin America & Caribbean	Upper middle income	72,412	20,713	45,112,676	623
43	Dominican Republic	Latin America & Caribbean	Upper middle income	11,117,873	1,866,357	73,394,323,611	6,601
44	Ecuador	Latin America & Caribbean	Upper middle income	17,797,737	6,342,935	81,387,407,000	4,573
45	Grenada*	Latin America & Caribbean	Upper middle income	124,610	78,886	77,632,030	623
46	Guatemala	Latin America & Caribbean	Upper middle income	17,109,746	8,170,759	83,679,191,107	4,891
47	Guyana*	Latin America & Caribbean	Upper middle income	804,567	588,163	501,245,241	623
48	Jamaica	Latin America & Caribbean	Upper middle income	2,827,695	1,225,749	12,837,827,609	4,540
49	St. Lucia*	Latin America & Caribbean	Upper middle income	179,651	145,625	111,922,573	623
50	Mexico	Latin America & Caribbean	Upper middle income	126,705,138	24,053,703	990,950,841,982	7,821
51	Peru	Latin America & Caribbean	Upper middle income	33,715,471	7,248,826	166,757,717,879	4,946
52	Paraguay	Latin America & Caribbean	Upper middle income	6,703,799	2,514,193	29,857,939,797	4,454
53	Suriname*	Latin America & Caribbean	Upper middle income	612,985	207,072	381,889,655	623
54	St. Vincent and the Grenadines*	Latin America & Caribbean	Upper middle income	104,332	48,564	64,998,836	623
55	Venezuela, RB	Latin America & Caribbean		28,199,867	3,292,334	17,568,517,141	623

Note: Figures for Consumption Expenditure and Consumption per capita have been estimated by taking the lowest number as per capita expenditure for the given countries and dividing it by two, due to lack of data.

Target Group 3. Lower income countries.

#	Countries	Region	Income Group	Population	Rural Population	Consumption Expenditure (USD)	Consumption per capita (USD)
1	Burundi	Sub-Saharan Africa	Low income	12,551,213	10,786,763	2,938,414,636	234
2	Burkina Faso*	Sub-Saharan Africa	Low income	22,100,683	15,196,430	2,585,779,911	117
3	Central African Republic	Sub-Saharan Africa	Low income	5,457,154	3,129,787	2,515,331,902	461
4	Congo, Dem. Rep.	Sub-Saharan Africa	Low income	95,894,118	51,557,473	39,956,939,127	417
5	Eritrea*	Sub-Saharan Africa	Low income	3,620,312	2,100,324	423,576,504	117
6	Ethiopia	Sub-Saharan Africa	Low income	120,283,026	93,611,468	90,181,772,746	750
7	Guinea	Sub-Saharan Africa	Low income	13,531,906	8,489,377	14,299,281,072	1,057
8	Gambia, The	Sub-Saharan Africa	Low income	2,639,916	970,908	1,806,624,919	684
9	Guinea-Bissau*	Sub-Saharan Africa	Low income	2,060,721	1,141,289	241,104,357	117
10	Liberia*	Sub-Saharan Africa	Low income	5,193,416	2,463,081	607,629,672	117
11	Madagascar	Sub-Saharan Africa	Low income	28,915,653	17,578,693	13,905,504,780	481
12	Mali	Sub-Saharan Africa	Low income	21,904,983	12,118,494	17,116,110,491	781
13	Mozambique	Sub-Saharan Africa	Low income	32,077,072	20,007,111	13,824,421,804	431
14	Malawi*	Sub-Saharan Africa	Low income	19,889,742	16,370,252	2,327,099,814	117
15	Niger	Sub-Saharan Africa	Low income	25,252,722	21,022,639	13,331,455,873	528
16	Rwanda	Sub-Saharan Africa	Low income	13,461,888	11,096,904	9,901,345,789	736
17	Sudan	Sub-Saharan Africa	Low income	45,657,202	29,406,434	33,008,774,203	723
18	Sierra Leone	Sub-Saharan Africa	Low income	8,420,641	4,768,441	4,582,591,235	544
19	Somalia	Sub-Saharan Africa	Low income	17,065,581	9,090,664	11,397,000,017	668
20	South Sudan*	Sub-Saharan Africa	Low income	10,748,272	8,543,371	1,257,547,824	117
21	Chad	Sub-Saharan Africa	Low income	17,179,740	13,094,226	10,191,001,147	593
22	Togo	Sub-Saharan Africa	Low income	8,644,829	4,896,604	7,341,391,559	849
23	Uganda	Sub-Saharan Africa	Low income	45,853,778	34,136,762	33,252,995,084	725
24	Zambia	Sub-Saharan Africa	Low income	19,473,125	10,672,830	11,045,582,836	567
25	Syrian Arab Republic*	Middle East & North Africa	Low income	21,324,367	9,356,279	2,494,950,939	117
26	Yemen, Rep.*	Middle East & North Africa	Low income	32,981,641	20,268,538	3,858,851,997	117
27	Afghanistan*	South Asia	Low income	40,099,462	29,547,690	4,691,637,054	117
28	Korea, Dem. People's Rep.*	East Asia & Pacific	Low income	25,971,909	9,702,586	3,038,713,353	117

Note: Figures for Consumption Expenditure and Consumption per capita have been estimated by taking the lowest number as per capita expenditure for the given countries and dividing it by two, due to lack of data.

COMPETITIVE OUTLOOK

COMPETITORS

The warehousing and inventory management solutions market is projected to be highly competitive in the coming years. This is a result of the rise of several businesses offering solutions integrated with technologies that have the ability to radically revolutionize the warehousing and inventory management industries. As automation grows popularity across a variety of industry sectors, companies operating in the market are implementing technology that can enable automation. In order to preserve their competitiveness in the market, major companies are also buying a range of new and small enterprises with the aim to enhance their product portfolio and get an edge over rivals by utilizing the technology of smaller enterprises. This tactic enables companies to expand faster and strengthen their presence globally.

Some of the major players operating in the global warehouse, storage and distribution market are: 3G Warehouse, Barrett Distribution Center, Atlanta Service Warehouse, Beltmann Integrated Logistics, Bradford Global Logistics, ARROWPAC, Kuehne + Nagel, DHL, GENCO, Belacon Enterprises, APL Logistics, AmeriCold Logistics, Brown Integrated Logistics, Atlantic Relocation Systems, Burris Logistics, Atlas Cold Storage, CEVA Logistics, ADAMS Warehouse, Absolute Logistics.

Some of the major players operating in the global Inventory Management Software market are: Manhattan Associates (U.S.), Blue Yonder Group, Inc. (U.S.), HighJump (U.S.), Oracle (U.S.), IBM Corporation (U.S.), SAP SE (Germany), ACL Digital (U.S.), VMware Inc. (U.S.), Telefonaktiebolaget LM Ericsson (Sweden), Hewlett Packard Enterprise Development LP (U.S.), Softeon (U.S.), Telco Systems (U.S.), NEC Corporation (Japan), Juniper Networks Inc. (U.S.), Infor. (U.S.), Versa Networks Inc., (U.S.), Cisco Systems Inc.(U.S.).

These major players operating in the market are in strong competition in terms of technology, innovation, product development, and product pricing.

COMPETITIVE ADVANTAGES

Considering the high competitiveness of the market, PinnacleDSB will differentiate itself by its unique business model of targeting the niche market of developing countries and shops operating in small towns, where technology has not been utilized and companies like Amazon do not serve these areas, because of infrastructural constraints, delivery costs, and other issues. In some cases, small companies receive deliveries from Amazon and then transport these products to smaller communities, which becomes an expensive service considering the logistic costs, costs associated with the weight of the products added to the margins of these companies. In other cases, consumers may prefer online marketplaces and products that are delivered directly to them, such as Jumia. In this respect, PinnacleDSB offers in-house branded products and delivery centers within 150 miles from shops which significantly cuts costs for the customers (shops), allows consumers to see products in real and not be deceived with images and unverified products, at the same time preserving high profit margins for the company itself.

Moreover, PinnacleDSB gives retailers a free locked tablet with a customized program, which ensures not only increased accuracy and improved inventory visibility, but also real-time updates, inventory management features, such as accounts receivables and payables, logistics management, tracking and counting ensure automation of end-to-end controls and tasks, which results in simplified processes and reduced labor costs.

In addition, customers (shops) will get discounts in percentages based on their volume purchase. In terms of product pricing, PinnacleDSB will have a well-defined and thorough distributor markup pricing strategy that adheres to parameters that ensure profitability, flexibility and reliability for all stakeholders involved. Moreover, there will also be in-house branding as PinnacleDSB will have high volumes and therefore will be able to get higher margins by doing high-quality products using in-house branding and cutting out the middleman for many products.

MARKETING PLAN

BRANDING

One of the important goals of PinnacleDSB is brand recognition, which will be reached through

- Opening distribution centers close to rural areas of developing countries.
- Attracting a large number of small and medium-sized retailers.
- Providing retailers with a free locked tablet for managing inventory, and placing and tracking real-time orders.
- Having in-house branding of products.
- Ensuring an affordable pricing strategy
- Delivering better value
- Ensuring easier and faster distribution strategies

MARKETING STRATEGY

Considering the target market of PinnacleDSB, that is rural areas of developing countries, a marketing strategy has been developed for effectively attracting and retaining customers in these areas and is referred to as 'rural marketing' - the process of producing, marketing, and turning rural people's spending into an effective demand in order to achieve the organization's goals and objectives.

Around two-thirds of the world's population, particularly in developing countries, resides in rural regions, making them important areas for business expansion. As rural areas consume a huge number of products produced in cities. Therefore, the rural market is becoming more important than the urban market.

For targeting and efficiently unlocking the market of rural areas, crucial features to be considered are listed in the table below.

Table 5. Peculiarities of Rural Market

Large, Diverse, and Scattered Market	rural population is expanding at a faster rate as compared to the urban population, it is dispersed and has great potential for development.
Major Income of Rural People	Agriculture provides a significant portion of rural people's income. However, in recent years, there has been a steady reduction in the rural economy's sole reliance on agriculture, as other industries have begun to play a larger role.
Standard of Living	Small-scale farming and associated occupations employ the rural population. Furthermore, this unreliability element in rural income causes rural customers to be especially cautious in their purchasing decisions. It is because they are doubtful of their future revenues.

	In addition, the majority of the rural population is poor, with low literacy rates, low per capita income, and social backwardness, among other factors. Moreover, there are certain roadblocks to societal advancements. It includes religious restrictions, traditions, cultural standards, and deep-seated superstitions.
Traditional Perspective	Villages are slow to develop and maintain a traditional mentality. Although change is a constant cycle, most rural residents accept it eventually. However, most of them are generally resistant to change. Nevertheless, this is progressively changing as a result of literacy, particularly among the youth, who has started to modify the villagers' perspective.
Infrastructure Development	The single most critical issue that divides urban and rural markets is insufficient infrastructure. In rural areas, infrastructure such as warehouses, concrete roads, communication systems, and financial services are insufficient. Additionally, promotion and physical distribution become exceedingly difficult in rural areas.
Market Growth	Over time, the rural market has grown substantially. Demand for conventional products such as bicycles, agricultural supplies, and fast-moving consumer goods (FMCG) has also increased over time. This was the outcome of new job opportunities and possibilities. And, income sources were made accessible through rural development programs. All these aspects lead to the growth of the market and an increase in the potential of rural areas.
Socio-Economic Background	Rural people have different socio-economic backgrounds. It is generally due to geographical dispersion and uneven land fertility, which has an impact on the rural market. Moreover, villagers come from a variety of religious, cultural, and social backgrounds. In various domains, customer readiness to embrace innovations and new products is influenced by socio-cultural factors. Geographical, occupational, demographical, and behavioral variances in consumer behavior— influence lifestyle and produce entirely different sets of needs in various places.
Literacy Rate	Rural areas have a lower literacy rate than metropolitan areas. It further may create a communication difficulty for marketing purposes.
Higher Purchasing Capacity	The dependency on electronic media – film, radio, and television – is greater, yet rural literacy has progressed in the past. Moreover, people from rural areas are progressively shifting to cities to pursue higher education. Furthermore, a variety of rural education programs have been launched by the government. Farmers are more informed about the world around them as a result of improved awareness. Ultimately, they're also learning about new technology and striving for a higher quality of life.
Urbanization	The rural population is migrating to urban regions for a variety of reasons.
Communication and Transportation	The most significant tool for expanding the scale of rural marketing is modern transportation and communication. Moreover, the market for farm products has broadened as transportation and communication infrastructure have improved. However, the transfer of products from one place to another is constrained in the absence of this infrastructure. And, a product's consumption is limited to the areas of production or, at most, surrounding locations.
Technological Advancements	A significant rise in farm production has resulted from technological advancements in agriculture. As a result, the agricultural produce market surplus has increased. The marketing system has grown as a result of this.

To meet the demands and requirements of rural customers, the Four A's of Rural Marketing are considered:

1. Affordability

People in rural areas have a low standard of living. This is why many find it difficult to spend money on overpriced things. Furthermore, they are primarily concerned with obtaining the required products.

PinnacleDSB targets rural consumers by identifying and meeting their unique demands at an affordable price.

2. Availability

Ensuring constant product availability is another important part of rural marketing. It is known that most rural people are daily wage workers that spend money on their needs regularly. In case, they cannot obtain products in the rural markets, then they opt for different options.

Therefore, PinnacleDSB will keep consistency and reach out to a rural marketing environment on time.

3. Acceptability

Consumers in rural locations should be able to use the offered products and services. Rural consumers' willingness to spend more money on a product reflects their brand acceptance. As a result, PinnacleDSB's business model has been developed in a way that meets the requirements of consumers.

4. Awareness

A rural consumer's access to media, such as smartphones or television, is limited. Furthermore, they have a very different perspective than a metropolitan customer. As a result, PinnacleDSB will concentrate on the communication and entertainment mediums that are widely available in rural areas.

In this respect, PinnacleDSB will tailor a variety of techniques to break into the rural market. The techniques will be different at different stages of the business. Some of the techniques are listed below:

- Account Based Marketing
- Meetings/Events/Trainings
- Field Marketing
- Partner Marketing
- Traditional Media
- Display/Retargeting
- Word-of-Mouth/Referrals
- Direct Mail
- Social Media
- Digital marketing (where appropriate)

SALES STRATEGY

PinnacleDSB's unique business model has been designed to grow rapidly across different geographic regions around the world targeting rural areas of developing countries.

In respect to customers, the model is based on attracting local small and medium-sized retailers for long-term cooperation by offering distribution and inventory management services within 150 miles of each shop. In respect to suppliers, considering the geographic resources of each region, PinnacleDSB will partner with local farmers, producers and other direct suppliers of products to purchase fast-moving and other products in bulk for a reduced price for in-house branding purposes, which will ensure high profit margins and competitive pricing for retailers. For other products, PinnacleDSB will cooperate with manufacturers or other distributors by ensuring a well-defined and thorough distributor markup pricing strategy that adheres to parameters that ensure profitability, flexibility and reliability for all stakeholders involved.

EXPANSION STRATEGY AND ASSUMPTIONS

To help illustrate the path ahead, Pinnacle DSB has put together a 5-year plan (see Financial Projections section) illustrating the growth in Sub-Saharan lower middle and low-income countries, starting from Kenya as the first market to enter, opening one distribution center in Kisumu and one in Nairobi (capital) during the first year of its operations. During the second and third years of its operations, PinnacleDSB shows expansion to Mombasa and Nakuru, along with expanding to Tanzania (Year 2), Uganda (Year 3), Mozambique (Year 4), and Congo (Year 5).

PinnacleDSB's forecasts are driven by a few central assumptions. First, the analysis suggests that PinnacleDSB can achieve a growth rate of 10% in respect to the number of shops in each region after reaching the predetermined targets. In Kenya, it is estimated that PinnacleDSB will reach 1608 shops by year 5, which is 0.64% of total market of 250,000 small shops that are present in the country.

Number of small shops in Kenya	250,000
Target Number (in 5 years)	1,608
Target % (in 5 years)	0.64%

The table below shows yearly estimates for Kenya market considering the four distribution centers.

Table 6. Kenya Market: Number of Target Shops.

Target	Year 1	Year 2	Year 3	Year 4	Year 5
Kisumu	350	385	424	466	512
Naikuru	100	200	220	242	266
Nairobi		250	500	550	605
Mombasa			175	350	385
Total	450	835	1,319	1,608	1,769

Table 6. Kenya Market: Number of Annual Average Target Shops.

Target average	Year 1	Year 2	Year 3	Year 4	Year 5
Kisumu	175	350	385**	424**	466**
Naikuru	50	150	200	220**	242**
Nairobi		125	375	500	550**
Mombasa			88	263	350
Total	225	625	1,048	1,406	1,608

*Average open that year

** 10% increase over the previous year

The average amount of purchases of each shop from PinnacleDSB has been estimated considering the population of Kenya, consumption expenditure per capita, the average number of people each shop serves, and average monthly revenue of each shop.

The table below shows data related to Kenya market.

Table 7. Kenya Market Data.

Classification	Data
Country	Kenya
Region	Sub-Saharan Africa
Income Group	Lower middle
Area	
Area (km ²)	582,646 km ²
Target area (every 150 miles) per one DSB*	388 km ²
Population	
Population	53,005,614
Rural Population	37,902,724
People per km ²	91
Number of people per every 150 miles	35,343
Consumer spending data	
Consumption Expenditure per capita	USD 1,824
Target % of consumer spent on shop per person per year	30%
Target USD of consumer spent per person per year per shop	USD 547
Shops data	
Number of small shops	250,000
Calculations	
Shop to number of people served ratio	212
Revenue of shop per year	USD 116,041
Revenue of one shop per month	USD 9,670
Targets	
Estimated % of purchases from PinnacleDSB per month	25%
Estimated purchases from PinnacleDSB per month per shop	USD 2,417
Estimated purchases from PinnacleDSB per week per shop	USD 604
Estimated purchases from PinnacleDSB per year per shop	USD 29,010

As PinnacleDSB targets rural population, expansion assumptions have been made considering rural population of each country in respect to sales. Table below shows the target shops for Global operations in the listed markets.

Table 8. Global Expansion Estimates in terms of number of targeted shops and revenues.

	Year 1	Year 2	Year 3	Year 4	Year 5
Kenya 100%					
Rural Population: 37,902,724					
Targeted Shops	225	625	1,048	1,406	1,608
Revenue	6,527,314	18,131,427	30,388,272	40,788,459	46,644,184
Tanzania 107%					
Rural Population: 40,725,784					
Targeted Shops		242	672	1,126	1,511
Revenue		7,013,479	19,481,887	32,651,643	43,826,453
Mozambique 53%					
Rural Population: 20,007,111					
Targeted Shops				119	330
Revenue				3,445,470	9,570,749
Congo 136%					
Rural Population: 51,557,473					
Targeted Shops					276
Revenue					7,996,641

DESIGN AND DEVELOPMENT

BUSINESS MODEL

PinnacleDSB is a chain of distribution centers offering affordable and easy-to-use inventory management solution for small and medium-sized shops operating in developing countries to manage the process of ordering, tracking, storing, using, and selling products. The solution allows the shops to significantly cut costs, improve cash flow, reduce waste, efficiently manage the resources and keep customers satisfied by ensuring they receive the products they want without waiting.

PinnacleDSB enables retailers to manage inventory in real-time and reduce the amount of resources spent on managing and monitoring the shop's assets. Moreover, it allows to face the risk of unanticipated increase or decrease of demand, thus preserving the competitiveness and reputation of the shop. Once the inventory is structured appropriately, the rest of the shop's supply chain will fall into place. Without it, retailers run the danger of making a long list of errors, including incorrect shipments, shortages, out-of-stocks, spoiling, overstocks, incorrect picking, and so on.

PinnacleDSB aims to create distribution centers between 200 – 300 thousand sq. feet in major cities that have small towns within about 150-mile range, targeting small and medium sized shops in each town that sell products to the market. Instead of these small town people going on a weekly basis to the big town and picking up the products and taking it back to the small town and then selling it, PinnacleDSB has developed a system in place where all the inventory in the distribution center is available in real-time on a server with a customized program available on a locked tablet which will be given to every retailer free of charge.

Once the retailers sign in, they will get access to real-time inventory available in the warehouse. They can order products that they want to order, track the orders and take advantage of other available features. Once the order is placed, PinnacleDSB will establish the retailer with a credit and anything over the credit will be paid in cash. The product will be delivered into the town as scheduled on a weekly basis.

Benefits of PinnacleDSB.



PRODUCT SOURCING AND CATEGORIES

PinnacleDSB plans to cooperate with local farmers, producers, manufacturers and other suppliers for in-houses branded products, which ensures economies of scale and provides cost advantages to the company. For any other products, PinnacleDSB will have a well-defined and thorough distributor markup pricing strategy that adheres to parameters that ensure profitability, flexibility and reliability for all stakeholders involved.

Main product categories are listed below:

- Bakery Goods
- Dairy
- Grocery
- Sweets
- Juice and Beverages
- Coffee and Tea
- Tobacco Products
- Meat Products
- Fish and Seafood
- Frozen Products
- Ready-Made Meals
- Canned Food
- Fresh Vegetables and Fruits
- Organic products
- Baby products
- Everything for animals

SOFTWARE

PinnacleDSB provides its customers with a free tablet that has in-house developed and customized software program installed in it. The tablet will be locked and customers will be able to use the tablet only for the PinnacleDSB inventory management purposes accessing the features developed to make the process simpler and faster.

Once the retailers sign in, they will get access to real-time inventory available in the warehouse. They can place orders and track them through the applications.

Main features of the application include:

Inventory Management

- Product Categorization
- Product Measurement
- Product History
- Stock Inquiries
- Cycle Counting
- Collaborative Inventory
- Automatic Stock-out Reports
- Vendor Managed Inventory
- E-commerce

Inventory Tracking

- Real-time Inventory Tracking
- Real-time Inventory Value
- Reorder Points and Low Stock Alerts
- Advanced Inventory Tagging
- Audit Trail

Transfer Management

- Multi-Location Tracking
- Stock Transfer
- Order Picking
- Kitting and Product Bundling
- Voice Picking
- Pick-To-Light (PTL)

Purchasing

- Purchase Order
- Bulk Purchase Orders
- Partial Receiving
- Supplier Management
- Back-ordering

Shipping

- Labeling
- Multi-carrier Shipping
- Multiple Shipment Orders
- Shipment by ID

Reporting and Analytics

- Dashboards
- Customized Reports
- Report Integration
- Drill-down

Demand Forecasting

- Price Policy Formulation
- Finance Arrangement
- Sales Control

Just in Time Inventory Management

- Inventory Forecasting
- Barcode and Tagging
- Inventory Alerts

First In, First Out (FIFO)

- Inventory Valuation
- Bookkeeping

STAFFING

Besides the executive staff of the PinnacleDSB, the company will have the following staffing:

- shipping/receiving staff;
- security staff;
- procurement staff,
- fulfillment and delivery staff;
- sales staff;
- customer service staff that will include those available by telephone
- customer service on-the-ground staff necessary to liaise with customers and provide them training for tablet use.
- IT support staff
- administrative staff

PAYMENT TERMS

A key factor for profitable operations will be the difference between the payment terms for the company's customers and its suppliers.

- Payment terms for the company's customers (shops).
Customers (shops) will pay on the 6th day of the week and the products will be delivered on the 7th day of the week.
- Payment terms for the company's suppliers.
Suppliers will be paid on the 30th day of each month.

DEVELOPMENT

At the first stage of its development, PinnacleDSB targets to open distribution centers in Kenya, mainly one in Kisumu, and one in Nairobi (capital) during the first year of its operations and then expand to Mombasa and Nakuru during the second and third years of its operations, along with expanding to Tanzania (Year 2), Uganda (Year 3), Mozambique (Year 4), and Congo (Year 5).

Considering its replicable business model, the ultimate goal of the company is to operate globally expanding to the developing countries worldwide.

FINANCIAL PROJECTIONS

KENYA MARKET DATA

The table below shows Kenya Market statistics and estimates.

Table 1. Kenya Market Data.

Classification	Data
Country	Kenya
Region	Sub-Saharan Africa
Income Group	Lower middle
Area	
Area (km ²)	582,646 km ²
Target area (every 150 miles) per one DSB*	388 km ²
Population	
Population	53,005,614
Rural Population	37,902,724
People per km ²	91
Number of people per every 150 miles	35,343
Consumer spending data	
Consumption Expenditure per capita	USD 1,824
Target % of consumer spent on shop per person per year	30%
Target USD of consumer spent per person per year per shop	USD 547
Shops data	
Number of small shops	250,000
Calculations	
Shop to number of people served ratio	212
Revenue of shop per year	USD 116,041
Revenue of one shop per month	USD 9,670
Targets	
Estimated % of purchases from PinnacleDSB per month	25%
Estimated purchases from PinnacleDSB per month per shop	USD 2,417
Estimated purchases from PinnacleDSB per week per shop	USD 604
Estimated purchases from PinnacleDSB per year per shop	USD 29,010

KENYA MARKET ESTIMATES.

The tables below show Kenya market estimates in terms of the number and areas of distribution centers, the number of target shops, and projected revenues.

Table 2. Kenya Market: Number of Target Shops

Target	Year 1	Year 2	Year 3	Year 4	Year 5
Kisumu	350	385	424	466	512
Nakuru	100	200	220	242	266
Nairobi		250	500	550	605
Mombasa			175	350	385
Total	450	835	1,319	1,608	1,769

Table 3. Kenya Market: Number of Annual Average Target Shops

Target average	Year 1	Year 2	Year 3	Year 4	Year 5
Kisumu	175	350	385**	424**	466**
Nakuru	50	150	200	220**	242**
Nairobi		125	375	500	550**
Mombasa			88	263	350
Total	225	625	1,048	1,406	1,608
*Average open that year					

** 10% increase over the previous year

Table 4. Revenue Estimates for Kenya Market based on target shops and estimated annual purchases.

Yearly Estimates	Year 1	Year 2	Year 3	Year 4	Year 5
N of Targeted shops	225	625	1048	1406	1608
Estimated purchases per shop	USD 29,010.28	USD 29,010.28	USD 29,010.28	USD 29,010.28	USD 29,010.28
Total	USD 6,527,313.79	USD 18,131,427.19	USD 30,388,271.97	USD 40,788,458.61	USD 46,644,184.34

Revenue Calculations	Year 1	Year 2	Year 3	Year 4	Year 5
Year 1 Kisumu	USD 5,076,799.61	USD 10,153,599.23	USD 11,168,959.15	USD 12,285,855.07	USD 13,514,440.57
Year 1 1/2 Nakuru	USD 1,450,514.18	USD 4,351,542.53	USD 5,802,056.70	USD 6,382,262.37	USD 7,020,488.61
Year 2 Nairobi		USD 3,626,285.44	USD 10,878,856.31	USD 14,505,141.75	USD 15,955,655.93
Year 2 1/2 Mombasa			USD 2,538,399.81	USD 7,615,199.42	USD 10,153,599.23
Revenues	USD 6,527,313.79	USD 18,131,427.19	USD 30,388,271.97	USD 40,788,458.61	USD 46,644,184.34

PROFIT AND LOSS PROJECTIONS (KENYA MARKET)

The table below shows PinnacleDSB's Pro Forma Profit and Loss for the first five years for Kenya market.

Table 5. Five-Year Profit and Loss Projections (Kenya Market).

<i>Pro Forma Profit and Loss</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	6,527,314	18,131,427	30,388,272	40,788,459	46,644,184
Direct Cost of Sales	5,058,668	14,051,856	23,550,911	31,611,055	36,149,243
Gross Margin	1,468,646	4,079,571	6,837,361	9,177,403	10,494,941
Gross Margin %	22.50%	22.50%	22.50%	22.50%	22.50%
Expenses					
Rent	112,500	262,500	300,000	300,000	315,000
Utilities	65,273	181,314	303,883	407,885	466,442
Admin and Wages	228,456	634,600	1,063,590	1,427,596	1,632,546
Logistics/Transport	261,093	725,257	1,215,531	1,631,538	1,865,767
Extra Ordinary Exp					
Misc	146,865	407,957	683,736	917,740	1,049,494
Total Operating Expenses	814,186	2,211,628	3,566,739	4,684,759	5,329,250
Profit Before Taxes	654,459	1,867,943	3,270,622	4,492,644	5,165,692
Taxes Incurred	196,338	560,383	981,187	1,347,793	1,549,707
Net Profit	458,122	1,307,560	2,289,435	3,144,851	3,615,984
Net Profit/Sales	7.02%	7.21%	7.53%	7.71%	7.75%

CASH FLOW PROJECTIONS (KENYA MARKET)

The table below shows PinnacleDSB's Pro Forma Cash Flow for the first five years for Kenya market.

Table 11. Five-Year Cash Flow Projections (Kenya Market).

<i>Pro Forma Cash Flow</i>					
	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Received					
Cash from Operations	1,468,646	4,079,571	6,837,361	9,177,403	10,494,941
Cash Sales					
Subtotal Cash from Operations	1,468,646	4,079,571	6,837,361	9,177,403	10,494,941
Subtotal Cash Received	1,468,646	4,079,571	6,837,361	9,177,403	10,494,941
Expenditures	Year 1	Year 2	Year 3	Year 4	Year 5
Expenditures from Operations	814,186	2,211,628	3,566,739	4,684,759	5,329,250
Subtotal Spent on Operations	814,186	2,211,628	3,566,739	4,684,759	5,329,250
Additional Cash Spent					
	196,338	560,383	981,187	1,347,793	1,549,707
Subtotal Cash Spent	196,338	560,383	981,187	1,347,793	1,549,707
Net Cash Flow	458,122	1,307,560	2,289,435	3,144,851	3,615,984
Accumulated Cash Flow	458,122	1,765,681	4,055,117	7,199,968	10,815,952

	Year 1	Number of days
Accounts Receivable Cash Negative	-28,243	7
Accounts payable cash positive	120,710	30

PROFIT AND LOSS PROJECTIONS (GLOBAL MARKET)

The table below shows PinnacleDSB's Pro Forma Profit and Loss for the first five years for Global markets, including total Kenya, Tanzania, Uganda, Mozambique, and Congo market estimates.

Table 7. Five-Year Profit and Loss Projections (Global Market).

<i>Pro Forma Profit and Loss</i>					
	Year 1	Year 2	Year 3	Year 4	Year 5
N of Targeted shops	225	867	1,922	3,213	4,668
Revenues	6,527,314	25,144,907	55,748,928	96,367,458	140,689,670
COGS	5,058,668	19,487,303	43,205,419	74,684,780	109,034,495
Gross Margin	1,468,646	5,657,604	12,543,509	21,682,678	31,655,176
Gross Margin %	22.50%	22.50%	22.50%	22.50%	22.50%
Total Operating Expenses	814,186	3,086,457	6,676,383	11,323,281	16,360,215
Profit Before Taxes	654,459	2,571,147	5,867,125	10,359,397	15,294,961
Taxes Incurred	196,338	771,344	1,760,138	3,107,819	4,588,488
Net Profit	458,122	1,799,803	4,106,988	7,251,578	10,706,473
Net Profit/Sales	7.02%	7.16%	7.37%	7.52%	7.61%

PROFIT AND LOSS PROJECTIONS (GLOBAL MARKET BY LISTED COUNTRIES)

The table below shows PinnacleDSB's Pro Forma Profit and Loss for the first five years for Global markets, highlighting Kenya, Tanzania, Uganda, Mozambique, and Congo projections.

Table 10. Five-Year Profit and Loss Projections (Global Market by Listed Countries)

Kenya

<i>Pro Forma Profit and Loss</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Number of Targeted shops	225	625	1,048	1,406	1,608
Revenue	6,527,314	18,131,427	30,388,272	40,788,459	46,644,184
COGS	5,058,668	14,051,856	23,550,911	31,611,055	36,149,243
Gross Margin	1,468,646	4,079,571	6,837,361	9,177,403	10,494,941
Gross Margin %	22.50%	22.50%	22.50%	22.50%	22.50%
Total Operating Expenses	814,186	2,211,628	3,566,739	4,684,759	5,329,250
Profit Before Taxes	654,459	1,867,943	3,270,622	4,492,644	5,165,692
Taxes Incurred	196,338	560,383	981,187	1,347,793	1,549,707
Net Profit	458,122	1,307,560	2,289,435	3,144,851	3,615,984
Net Profit/Sales	7.02%	7.21%	7.53%	7.71%	7.75%

Tanzania

<i>Pro Forma Profit and Loss</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Number of Targeted shops		242	672	1,126	1,511
Revenue		7,013,479	19,481,887	32,651,643	43,826,453
COGS		5,435,446	15,098,462	25,305,023	33,965,501
Gross Margin		1,578,033	4,383,425	7,346,620	9,860,952
Gross Margin %		22.50%	22.50%	22.50%	22.50%
Total Operating Expenses		874,828	2,376,354	3,832,396	5,033,688
Profit Before Taxes		703,205	2,007,070	3,514,223	4,827,264
Taxes Incurred		210,961	602,121	1,054,267	1,448,179
Net Profit		492,243	1,404,949	2,459,956	3,379,085

Net Profit/Sales	7.02%	7.21%	7.53%	7.71%
Uganda				

<i>Pro Forma Profit and Loss</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Number of Targeted shops			203	563	943
Revenue			5,878,769	19,481,887	32,651,643
COGS			4,556,046	15,098,462	25,305,023
Gross Margin			1,322,723	4,383,425	7,346,620
Gross Margin %			22.50%	22.50%	22.50%
Total Operating Expenses			733,290	2,376,354	3,832,396
Profit Before Taxes			589,433	2,007,070	3,514,223
Taxes Incurred			176,830	602,121	1,054,267
Net Profit			412,603	1,404,949	2,459,956
Net Profit/Sales			7.02%	7.21%	7.53%

Mozambique

<i>Pro Forma Profit and Loss</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Number of Targeted shops				119	330
Revenue				3,445,470	9,570,749
COGS				2,670,239	7,417,331
Gross Margin				775,231	2,153,419
Gross Margin %				22.50%	22.50%
Total Operating Expenses				429,772	1,167,417
Profit Before Taxes				345,459	986,001
Taxes Incurred				103,638	295,800
Net Profit				241,821	690,201
Net Profit/Sales				7.02%	7.21%

Congo					
<i>Pro Forma Profit and Loss</i>					
	Year 1	Year 2	Year 3	Year 4	Year 5
Number of Targeted shops					276
Revenue					7,996,641
COGS					6,197,397
Gross Margin					1,799,244
Gross Margin %					22.50%
Total Operating Expenses					997,463
Profit Before Taxes					801,781
Taxes Incurred					240,534
Net Profit					561,247
Net Profit/Sales					7.02%

CASH FLOW PROJECTIONS (GLOBAL MARKET)

The table below shows PinnacleDSB's Pro Forma Cash Flow for the first five years for Global markets, including Kenya, Tanzania, Mozambique, and Congo.

Table 11. Five-Year Cash Flow Projections (Global Market).

<i>Pro Forma Cash Flow</i>					
	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Received					
Cash from Operations	1,468,646	5,657,604	12,543,509	21,682,678	31,655,176
Cash Sales					
Subtotal Cash from Operations	1,468,646	5,657,604	12,543,509	21,682,678	31,655,176
Subtotal Cash Received	1,468,646	5,657,604	12,543,509	21,682,678	31,655,176
Expenditures	Year 1	Year 2	Year 3	Year 4	Year 5
Expenditures from Operations	814,186	3,086,457	6,676,383	11,323,281	16,360,215
Subtotal Spent on Operations	814,186	3,086,457	6,676,383	11,323,281	16,360,215
Additional Cash Spent					
	196,338	771,344	1,760,138	3,107,819	4,588,488
Subtotal Cash Spent	196,338	771,344	1,760,138	3,107,819	4,588,488
Net Cash Flow	458,122	1,799,803	4,106,988	7,251,578	10,706,473
Accumulated Cash Flow	458,122	2,257,925	6,364,912	13,616,490	24,322,963

	Year 1	Number of days
Accounts Receivable Cash Negative	-28,243	7
Accounts payable cash positive	120,710	30

BALANCE SHEET AS OF THE END OF EACH YEAR (GLOBAL MARKET)

Table 9. Balance Sheet as of the end of each year (Global Market).

Balance Sheet	Opening	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5
Cash	300,000	804,152	3,394,341	9,379,686	19,951,775	35,688,885
AR		125,525	609,081	1,681,176	3,534,396	6,239,967
Inv		400,000	1,200,000	2,000,000	2,800,000	3,600,000
Fixed Assets		150,000	600,000	1,350,000	2,400,000	3,750,000
Total Assets	300,000	1,479,677	5,803,422	14,410,862	28,686,171	49,278,852
AP		421,556	2,045,498	5,645,949	11,869,681	20,955,889
Capital	300,000	600,000	1,500,000	2,400,000	3,200,000	4,000,000
Net Profit		458,122	2,257,925	6,364,912	13,616,490	24,322,963
Total Liabilities and Capital	300,000	1,479,677	5,803,422	14,410,862	28,686,171	49,278,852