

# MEASURING THE DIFFERENT DIMENSIONS OF VIABILITY

DIMENSIONS OF VIABILITY						
VIABILITY	MEASURE OF VIABILITY	MAIN MEASUREMENT METHOD	MEASURE WEIGHTING	WEIGHTING ASSESSMENT	OBJECTIVE EVIDENCE & SUBJECTIVE	COMMENTS
<b>MARKET VIABILITY</b>						
	Size	Public statistics	2%	1.5%	Objective	World-gazetteer.com
	Segment	User Survey	1%	0.5%	Objective	Components: travel time, age, gender, education, affluence, experience, culture, language.
	Demand: Consumers	Utilization	2%	1.5%	Objective	Both bandwidth and systems monitoring show that when the systems are working reliably, there is high utilization
	Demand: Re-sale	Competitor Analysis	2%	1.5%	Subjective	Supernet had no problem selling links to other businesses/NGOs. Pricing competitive compared to PTT and other ISPs.
	Competition	Competitor Analysis	2%	1.5%	Objective	Strong demand and good reputation (even at other internet cafés)
	Differentiators	User Survey	2%	1.8%	Subjective	Supernet scores well on factors which customers value (Q.18)
	Satisfaction of customers	User Survey	4%	1.7%	Subjective	Many surveys included complementary comments: generally busy even when price is higher than competitors.
	Pricing	Competitor Analysis	1%	1.0%	Objective	Highest price among competitors
	Affordability	User Survey	1%	1.0%	Objective	70% of users think there are of average income (Q.16)
	Distribution: accessibility	User Survey	1%	0.6%	Objective	Q.12 gives average travel times. Could be lower.
	Regulatory framework	Anecdotal Evidence	1%	0.3%	Subjective	Aceh is a semi-autonomous province. It is not clear if national licensing regulations apply. Local authorities issue their own authorizations.
	Economic benefit	Usage Analysis	1%	0.2%	Objective	Usage analysis and user survey show that most use is for entertainment and recreational purposes. Internet café usage of this kind is discretionary spending and might not be a high priority in harder economic conditions.
<b>Overall</b>			20%	13.1%		

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<b>TECHNICAL VIABILITY</b>						
	Speed	Bandwidth analysis	3%	2.0%	Objective	Bandwidth Analysis shows that the connection is performing above its contractual requirement. Probably one of the fastest links in town
	Reliability	Bandwidth analysis	3%	1.0%	Objective	Bandwidth analysis and usage monitoring show a lot of service interruptions for a variety of local reasons
	Consistency	Bandwidth analysis	1%	0.5%	Objective	As above
	Bandwidth management	Bandwidth analysis	1%	0.9%	Subjective	A lot of attention has been given to bandwidth management and this is working well.
	Power management	Anecdotal evidence	1%	0.5%	Subjective	There are increasing grid power outages, which is putting power management and storage under stress, especially at smaller site

	Wireless management	Anecdotal evidence	1%	0.8%	Subjective	Equipment reliability has been an issue. Also central access point tower should have been higher to give better range.
	Network management	Anecdotal evidence	1%	0.8%	Subjective	Some DNS/routing/NAT issues. PC Configuration management, patch and update needs attention.
	Malware management	Anecdotal evidence	1%	0.4%	Subjective	Machines continually getting infected despite presence of anti-virus / spyware software. "Drive by" installations associated with pornography thought to be a major source of malware. This bandwidth utilization, response speed and utilization when computers are getting fixed.
	Scalability / Capacity	Bandwidth analysis	2%	1.4%	Objective	Current VSAT is near capacity due to bandwidth provider available connection configurations. May need another VSAT to scale up.
	Points of failure	Observation	1%	0.6%	Subjective	Equipment is mainly fairly reliable. Failures are generally configuration and user induced.
	Technical Skills availability	Anecdotal evidence	2%	1.2%	Subjective	Supernet has worked to train and upgrade the skills of its staff. Retention may become an issue as awareness of their value increases.
	Utilization	Usage Analysis	3%	2.0%	Subjective	If reliability issues can be overcome, the system is capable of performing at very high utilization rates.
<b>Overall</b>			<b>20%</b>	<b>12.0%</b>		

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#### BUSINESS MODEL VIABILITY

Uniqueness /Competitive advantage	User Survey	4%	3.0%	Subjective	Designed to be fastest internet connection in town, clean, well equipped and reliable.
Scale	Spreadsheet Analysis	5%	4.5%	Subjective	Big enough to get some economies of scale, but not so big that complexity overwhelms.
Utilization	Spreadsheet Analysis	5%	4.0%	Objective	Bandwidth Analysis shows good balance between re-sold bandwidth (peak usage during office hours) and internet café (peak hours during evening and night.)
Intellectual Property	Observation	1%	0.5%	Subjective	There are no individual technologies which are unique to Supernet. However, there are some aspects of configuration and network management which are believed to deliver a competitive advantage.
Replicability	Observation	3%	2.0%	Subjective	If correct utilization / revenue can be generated from the Internet café, this model is highly replicable.
Ability to create wealth	Spreadsheet Analysis	2%	1.8%	Objective	Spreadsheet analysis shows above comment to be true.
<b>Overall</b>		<b>20%</b>	<b>15.8%</b>		

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#### MANAGEMENT MODEL VIABILITY

Ease of doing business	External Sources	1%	0.3%	Objective and Subjective	www.doingbusiness.org shows Indonesia ranked 115 out of 155 economies for ease of doing business. Www.icgg.org shows Indonesia scoring very low on its 2005 corruption index with a score of 2.2 compared to neighbors Malaysia (5.1) and Singapore (9.4) (Low scores mean more corruption.) The Aceh province is probably even more corrupt and difficult due to the instability caused after the tsunami.
Application of Knowledge & skill	Observation	1%	0.5%	Subjective	Knowledge is assessed as quite good. Its application needs to be more strategic and pre-emptive.
Training	Observation	1%	0.3%	Subjective	Technical training has been good, but management skills and application need a lot more work.
Employee management	Observation	1%	0.4%	Subjective	Clearer roles & responsibilities needed. Clear goals and performance targets also. These concepts are somewhat countercultural.
Management of IP	Observation	1%	0.1%	Subjective	The protection and exploitation of Intellectual Property is not seen as significant in a business that exists to assist the economic development of the area. It would be significant if Supernet wanted to go to the market to raise further capital.
Management of Risk	Observation	1%	0.3%	Subjective	Reliability issues demonstrate that risk is not being well identified and managed proactively.
Ability to execute (delegate) through staff	Observation	1%	0.3%	Subjective	This needs improvement. It is not obvious that there is a clear plan that is being executed. Management has many other responsibilities including other businesses, and again, actions tend to be reactive rather than proactive.
Suitable organizational structure	Observation	1%	0.3%	Subjective	Other than a manager, there does not appear to be a very clear definition of roles and responsibilities.
Procedures and Protocols	Observation	1%	0.2%	Subjective	There did not appear to be any written procedures and protocols.
Measurement of business process	Observation	1%	0.2%	Subjective	There does not appear to be any formal measurement of the business other than revenue.
<b>Overall</b>		<b>10%</b>	<b>2.9%</b>		

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<b>ECONOMIC &amp; FINANCIAL VIABILITY</b>					
Access to capital	Interview	3%	2.0%	Subjective	Interview with CEO suggests that expatriate capital is relatively easy to obtain as the business is positioned as a sustainable project run by a not-for-profit organization. However, indigenous capital would be more difficult to access. Bank lending ???
Start up costs	Financial Analysis	1%	0.7%	Objective	These are not high. Costs are containable and so long as revenue is maintained, business is cash positive very early on.
Working capital / operating costs	Financial Analysis	1%	0.8%	Objective	So long as revenue is maintained, profitability is acceptable
Profitability	Financial Analysis	2%	0.7%	Objective	Good but not outstanding.
Return on investment	Financial Analysis	3%	0.7%	Objective	

	Ability to service debt	Financial Analysis	2%	0.6%	Objective	Debt can be serviced adequately if normal 'Developed World' interest rates are used. This does not adequately reflect the higher risk levels in Indonesia. It is unlikely that a reasonable return could be produced if debt had to be serviced at local market interest rates.
	Ability to finance growth	Financial Analysis	2%	0.6%	Objective	Funding model is currently 'Loan and repayment' rather than investors buying equity with the expectation of capital growth. Funding growth whilst repaying the loan would be difficult, but growth through additional loans would be very possible.
	Ability to fund upgrades / refurbishment	Financial Analysis	2%	1.8%	Objective	This is absolutely crucial to maintaining competitive advantage, and is built into the business model.
	Attractiveness to indigenous investors	Financial Analysis	2%	0.7%	Objective	Indigenous investors would most likely need much higher rates of return.
	Economic outlook / Stability	Anecdotal evidence	2%	0.5%	Subjective	There will probably be substantial instability in the short-medium term. In the medium to long term, a reduction in NGO activity in the area could substantially deflate the Acehese economy.
<b>Overall</b>			<b>20%</b>	<b>9.1%</b>		

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<b>EXIT STRATEGY VIABILITY</b>						
	Ability to demonstrate value	Financial Analysis	2%	1.8%	Objective	Especially once the initial loan has been repaid, this business will become a cash cow.
	Ability to define exit strategy	Interview	3%	0.5%	Subjective	The ability to dispose of the business may be constrained by legal issues and tax issues. There is no viable stock market. Private sale is probably the only option.
	Ability to identify potential buyers	Interview	5%	3.0%	Subjective	Once the business becomes a cash cow, there would probably be interested buyers.
<b>Overall</b>			<b>10%</b>	<b>5.3%</b>		

<b>TOTAL</b>			<b>100%</b>	<b>58.2%</b>		
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