PROJECT PROFILE

ON

COMPUTER SOFTWARE

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COMPUTER SOFTWARE

INTRODUCTION

Computer software refers to a group of programmes to accomplish a particular function. Computer software is the user and system programme of a computer system, all of the programmes required to perform the processing tasks of the computer system. Computer software is the collection of programmes owned by the computer system and or computer user which aid a computer user in fulfilling the computational requirements (i) conveniently by using a programming language (and other programming facilities) of his own choice and (ii) by building on his own or other people's earlier work so as to minimise the fresh effort involved in having his requirements fulfilled. The system is commonly known as Application Package / Package programme. The package for example may comprise of a simple pay roll system, Inventory control, Production Scheduling, Sales analysis or an Accounting package etc.,

PRODUCT SPECIFICATION & USES

There is no specific standard for testing of the programmes developed with reference to standards already set. The programme developed should be customer friendly and easy for use.

MARKET POTENTIAL

Computer in modern world has emerged as a major driving force for the progress of a nation. No machine has ever undergone such a rapid change over last forty years as the computer has.

The modern computer is known as Fifth Generation Computer. They are small in size,speedy and having a large memory.

The computer is used for preparing Pay Rolls, Inventory Controls, Statistical Quality Control, Building Management and information system for production planning and control, Project monitoring and design calculations, analysing and tabulating data, monitoring examinations and its results, storing and forwarding telegrams, handling reservations in Railways and Airlines, repair of locomotives, control of freight movement and deposit and credit management and so on.

The computer has been well accepted in all walks of life and therefore there is an immediate necessity for making available large number of computers in houses, schools, business houses, industries, hotels, hospitals, trading houses etc.

The computers are widely used in all the areas of business and service industries like Airlines, Railways, Hotel Industries etc. The following applications of computers have developed in India.

1. **Elementary Tasks:**
   a. Preparing Pay rolls
   b. For inventory controls
   c. For Statistical Quality Control
   d. For Building Management Information System
   e. For Production Planning and Control
   f. For Project Monitoring and Design Calculation.

2. **In Government departments:**
   a. For Planning
   b. For Analysing and Tabulating Data
   c. For Monitoring Preparation of Statements.

3. **In Police Departments:**

a. For Preparing Crime Statistics

b. For Maintaining Criminal Records

4. **In Educational Departments:**

a. In Monitoring Examinations and its results

b. Maintaining Students' Records

c. In General University Administration.

5. **In Posts and Telegraphs & Telephone Departments:**

a. Storing and Forwarding Telegrams

b. In the operation of Electronic Exchange Systems

c. Preparing telephone bills

6. **In Transport Sectors:**

a. For Handling Reservations in Airlines and Railways

b. For Cargo dispatch and Records

c. For Ports' Inventory Controls

d. For General Management Functions

e. For Repairs of Locomotives in the workshops in railways

f. For Monitoring Wagon and control of freight movements in Railways

7. **In Banking Sectors:**

a. For Deposit Management

b. For Credit Management

c. For Inter Branch and Inter Reconciliation work

8. **In Manufacturing Units:**

a. To direct process control in any large units

b. In Thermal Power Stations.

In developed countries computers are used for doing personal items of work also, like assisting family budgeting, keeping records of bills and payments etc. Attempt is being made to incorporate artificial intelligence in computer and USA has already introduced a computer which can learn as well. Japan is planning for a computer city, where no human beings will be required to perform any activity. New invention in this direction will, beyond doubt, increase the utility of computer and thus boost computer and allied industries.

The software industry is continuously expanding in India. It is a leading destination for the IT and IT-enabled services worldwide. Per NASSCOM, the leading body for the software industry in India, the gross revenue has grown from 1.2% from 1997–1998 to 5.8% from 2008–2009.

India is the preferred destination for companies and their business needs. The factors that attract potential investors are the huge talent pool offered by India, good infrastructure, and low costs. What's driving the software industry in India is the quality of services being offered. Most of Indian companies are CMM level 5 certified.

The software solutions industry is a major revenue earner. The BPO (Business Process Outsourcing) and KPO (Knowledge Process Outsourcing) industry is surging with more companies looking to offshore their customer service departments. Besides, there are newer areas that are emerging that are making India a potential winner for investors.

The BPO industry is continuously growing. Per the NASSCOM study, the BPO sector is set to reach US$ 30 billion in exports by 2012 and has been growing at a rate of 35% for the past 3 years. The verticals, such as banking, retail, and telecom, offer more possibilities for the future.

The KPO industry that is currently estimated at US$ 4 billion is set to grow to US$ 10 billion by 2012. Internet publishing is gaining popularity with more offshore deals being made.

Software giants, such as Infosys, Wipro, and TCS, are providing software solutions to clients overseas. IT parks have been developed in all major Indian cities. Bengaluru in particular is referred to as the silicon valley of India. Many MNCs, such as Capgemini and Yahoo, have forayed into the Indian market and are tapping the huge talent base in India. The software solutions industry is thus expanding continuously.

The web development and design industry is also a prominent area. It is the web site of the company that a potential customer first views and rates. And with the growth of the Internet as a medium for all forms of business, this sector offers immense growth potential.

The animation industry is growing fast in India and is attracting investors. This sector is showing signs of achieving a growth rate of about 30%. Another area is the gaming industry. This industry also shows a lot of promise.

According to a study by CRISIL, engineering services outsourcing (ESO) is likely to be the next big thing in the outsourcing industry. This sector is projected to increase to US$ 7.5 billion by 2012.

Realizing the potential of the IT industry, the government has created Special Economic Zones and is contemplating to create Investment regions to further boost this industry.

TECHNICAL ASPECTS
INSTALLED CAPACITY

With the infrastructure and man power provided, the proposed unit can turnout software programmes at the rate of 25 nos. per month. (300 nos per annum). An average price of programme is assumed with a nominal value of Rs.25,000 each. The annual turnover is expected at Rs.75.00 lakhs. The programme content and value will differ from project to project depending upon customers' requirements.

PLANT & MACHINERY

The following items of plant & machinery are required.

	Item	Value (Rs. lakhs)
a.	Computers – 10 No. Pentium IV Dual Core– 2.4 Ghz, 512 MB RAM, 80 GB HDD, 18X CD Writer/DVD ROM ,Multimedia speakers and all other accessories	3.00
b.	Printers – 2 Nos.	0.20
c.	UPS 30 Minutes Backup-10 Nos.	0.20
d.	Furniture	1.00
e.	Air – Conditioners 6 Nos	1.20
f.	Software & Manuals, Books	0.60
g.	Internet Connection	0.15
h.	Other Accessories	0.20
	Total	**6.55**

MANUFACTURING PROCESS

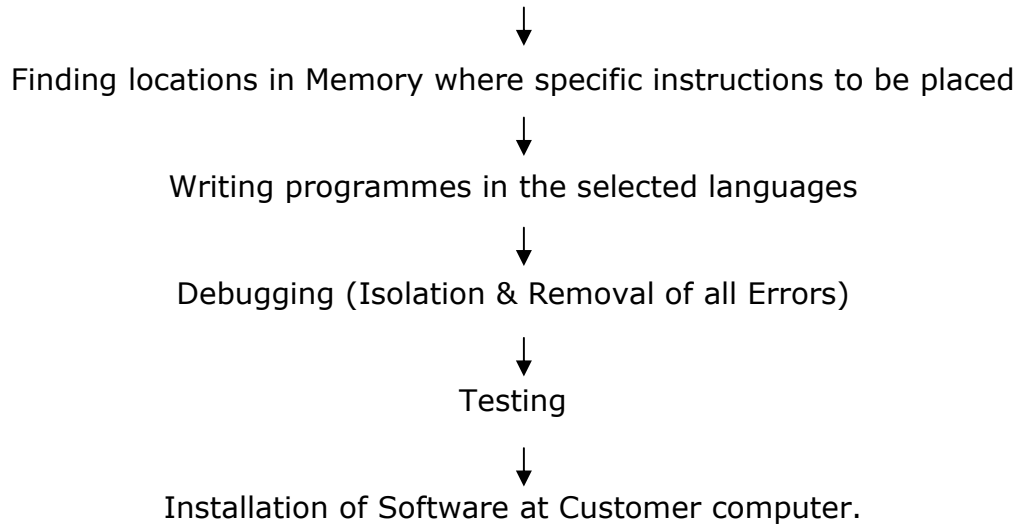The Software development comprises of the following steps:

Identification of the Area where software to be used

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Identification of Logic of the Programme

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Choice of language for writing the programme

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Finding locations in Memory where specific instructions to be placed

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Writing programmes in the selected languages

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Debugging (Isolation & Removal of all Errors)

↓

Testing

↓

Installation of Software at Customer computer.

MATERIALS

There is no raw material requirement for this industry. The consumables like computer peripherals, CDs, stationery, ribbon cartridges, etc. are available from local dealers of these products.

LAND & BUILDING

Building area of 1500 sqft is required, which may be taken on lease basis. The monthly rent Rs.30,000 is provided. An advance will be in the range of Rs.300,000.

UTILITIES

POWER:

The Power for operating computers and Air conditioners a 3 phase connection is sufficient.

WATER:

Water is required only for human consumption.

MAN POWER:

Category	Nos.	Monthly	Total
Chief Executive	1	40000	40000
Manager-Software	1	25000	25000
System Analysts	2	15000	30000
Programmes	5	12000	60000
Admn. Assistants	2	6000	12000
Office Peons	2	4000	8000
Watch & Ward	2	4000	8000
			183000

Add : 20% benefits   36600

219600

Total salary per annum (Rs.lakhs)   Rs.26.35 lakhs

IMPLEMENTATION SCHEDULE

As the computers & Air-Conditioners are available easily, if financing arrangements are made, the project can be implemented in 2 months time.

ASSUMPTIONS

- Installed capacity is 300 nos. of software programmes per annum. During first year 60% capacity utilisation is assumed, This will be increased to 70% and 80% in subsequent years.

- Average selling price is assumed at Rs.25000 per software. This works out to Rs.75.00 lakhs per annum at 100% capacity utilisation.

- Consumables such as CDs, stationery, etc. are estimated at Rs.0.72 lakh per annum. (Rs. 6000 per month)

- Power charge is estimated at the current rate, which works out to Rs.1.20 lakhs per annum. (Rs. 10000 per month)

- Wages & Salaries is estimated at Rs.26.35 lakhs per annum as per the breakup given above.

- Repairs & Maintenance is estimated at Rs.5000 per month.

- Depreciation is calculated on WDV method at 60% on equipment.

- Selling, General & Adm. expenses is Rs.40000 per month, which includes sales promotional expenses and Administrative expenses such as rent, office expenses etc.

- Interest on Term Loan & working capital borrowings are estimated at 12%.p.a.

- Income tax is provided at 33.22% on taxable income.

LIST OF MACHINERY SUPPLIERS

1.   Wipro Infotech Ltd. No.85, TTK Road, Chennai 600 018.

2.   CCS Infotech Ltd., III Floor, No.18-A, Periyar Road, Chennai 600 0017.

And there are several computer dealers located in cities like Chennai, Coimbatore, Madurai, Tirchy, Salem and other major towns in Tamilnadu. Their addresses can be collected respective Yellow Pages. Most of them are dealing with computers manufactured by reputed manufacturing companies. Purchase of assembled sets from reliable suppliers is also economical.

UPS

1.   M/s. American Power Conversion (India) Pvt. Ltd., No.5, A Century Plaza, 560 Anna salai, Chennai 600 018.

LIST OF RAW MATERIAL SUPPLIERS

The consumables can be obtained from dealers of computer peripherals located in cities and all major towns.

FINANCIAL ASPECTS

1. COST OF PROJECT

	[Rs. lakhs]
Building (Advance)	1.50
Plant & Machinery	6.55
Other Misc. assets	0.50
Pre-Operative expenses	1.00
Margin for WC	1.50
	11.05

2. MEANS OF FINANCE

Capital	6.15
Term Loan	4.90

		11.05

3. COST OF PRODUCTION & PROFITABILITY STATEMENTS

Years	1	2	3
Installed Capacity per annum			
No. of Softwares	300	300	300
Utilisation	60%	70%	80%
Production/Sales of Software	180	210	240
Average selling price per software	Rs.25,000	per software	
Total Income per annum	45.00	52.50	60.00
Consumables (Rs.6000 p.m)	0.72	0.76	0.80
Power (Rs.10,000 p.m.)	1.20	1.26	1.32
Wages & Salaries	26.35	27.67	29.05
Repairs & Maintenance	0.60	0.63	0.66
Depreciation	3.93	1.57	0.63
Cost of Production	32.80	31.89	32.46
Selling, Admin, & General expenses	4.80	5.04	5.29
Interest on Term Loan	0.59	0.51	0.37
Interest on Working Capital	0.62	0.62	0.62
Total	38.81	38.06	38.74
Profit Before Tax	6.19	14.44	21.26
Provision for tax	2.06	4.80	7.06
Profit After Tax	4.13	9.64	14.20
Add: Depreciation	3.93	1.57	0.63
Cash Accruals	8.06	11.21	14.83

4. WORKING CAPITAL:

	Months Consumptions	Values	%	Margin Amount	Bank Finance
Consumables	1.50	0.09	25%	0.02	0.07
Power	2.00	0.20	25%	0.05	0.15
Wages & salaries	1.00	2.20	25%	0.55	1.65
Debtors	1.00	3.75	10%	0.38	3.37

Expenses	1.00	0.50	100%	0.50	0.00
		6.74		1.50	5.24

Say ---->   Rs.5.20

5. PROFITABILITY RATIOS BASED ON 80% UTILISATION

$$\frac{\text{Profit after Tax}}{\text{Sales}} \qquad \frac{14.20}{60.00} \quad 24\%$$

$$\frac{\text{Profit before Interest and Tax}}{\text{Total Investment}} \qquad \frac{22.25}{16.25} \quad 137\%$$

$$\frac{\text{Profit after Tax}}{\text{Promoters Capital}} \qquad \frac{14.20}{6.15} \quad 231\%$$

6. BREAK EVEN LEVEL

Fixed Cost (FC):

	[Rs. lakhs]
Wages & Salaries	29.05
Repairs & Maintenance	0.66
Depreciation	0.63
Admin. & General expenses	5.29
Interest on TL	0.37
	36.00

Profit Before Tax (P)   21.26

$$\text{BEL} = \frac{\text{FC x 100}}{\text{FC} + \text{P}} \qquad \frac{36.00}{36+21.26} \quad \text{x} \quad \frac{80}{100} \quad \text{X 100}$$

                          50%   of installed capacity