

# EXECUTIVE SUMMARY

## Introduction

The world is changing fast. The importance of eco-friendly products is greater in a short span of time. The government of Jakarta is aware of this fact and already made a policy of banning plastic use (plastic bags), and this policy can be only a beginning of many more to come. This policy shows that the trend of green products in the future is ever promising.

One of the industries that has the biggest contribution to daily plastic use is the coffee industry. Coffee industry already has a mature and well established market. Its increasing trend of consumption had changed into a lifestyle for many consumers, especially Indonesian. With growing awareness of the necessity of using eco-friendly products among its loyal consumers, this gives KapKopi a perfect chance in developing innovative and eco-friendly coffee products.

## Product & Services

KapKopi offers a Tumbler-Cup which is made mostly of coffee waste material. Reusing the waste of the coffee industry will ease the environmental burden and also provide the public with a product that can always be reused all over again (even after the product itself is worn out or broken).

## Competitive Advantages

KapKopi is the first business who offers a one-of-a-kind coffee waste made Tumbler-Cup. This will give KapKopi a first mover advantage over other similar businesses or upcoming newcomers as KapKopi has a big differential value in their customer's eyes. Coffee waste material also enables KapKopi to make various unique designs with engravings that will please the consumers touch and visual sensory. The design itself will always change according to seasons, trends, and public events, providing the consumers with Tumbler-Cup as collectable items.

Regarding its eco-friendliness, KapKopi even goes further by making a policy that enables end users to send back their broken or worn out Tumblers to the production facility, and will be given discount vouchers in return. The products that are sent back will then be sterilized and remixed with new materials to be made into a whole new product, cutting the number of waste even further in the environment.

## The Market

KapKopi has two business models, one is B2B (Business to Business), and also B2C (Business to Consumers). KapKopi aims to use the already-well-established coffee shops as retail partners whose focus are Quality and Brand. KapKopi's end user target segment are loyal coffee enthusiasts, which are those who appreciate all kinds of coffee related products, and also have a collective lifestyle especially when purchasing coffee tumbler products.

### **Financial Projection**

Based on the projection, KapKopi needs 12,7 Billion rupiah in its first year as asset investment and operating necessities and expected to reach its payback period in 2023. The source of the funding will be 100% from internal management (owners). In return, KapKopi is expected to give the owners 30% of net income yearly as dividends.

The IRR (Internal Rate of Return) if KapKopi doesn't use terminal value is 30%, and 54% if KapKopi uses terminal value. Both cases show a promising result, as both numbers are above the Cost of Capital (23,39%). KapKopi risk level is somewhere in the middle if the company does not use terminal value which assumes that the business will end in 2025. This can be concluded from the coefficient of variation number of said assumption of 62,23%. However, if the company expects to continue their business long over 2025 or uses terminal value, it becomes a very low risk investment because the number of the coefficient of variation falls to 11%.

KapKopi also uses three scenarios (Optimistic, Most Likely, and Pessimistic) in calculating NPVs and IRRs. The calculation shows a promising result. Even in pessimistic scenario, KapKopi still manages to gain a positive NPV of 32 million rupiah without terminal value and 10 Billion rupiah if they use terminal value. It shows that even in the worst case scenario, the business is still a good investment to make.