Global Enterprise Experience 2006

Concept:

International Recycled Computer Education Programme

Group 7:

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Executive Summary

Our concept for financing economic development in developing nations is the International Recycled Computer Education Programme. This program will enable developed nations to send their outdated computers to the developing world where they are recycled. From there the computers will then be used to teach people of various age groups not only how to use a computer and its different functions but also as an educational tool whereby software is used to teach mathematics and science for example and other educational material such as basic reading and writing.

Concept Outline

For our concept we have decided as a group to start an International Recycled Computer Education Programme. This concept we will aim to establish an organisation that purchases previously owned computers that are relatively inexpensive, from wholesalers, manufacturers, business, schools and other organizations that are in the process of upgrading their current IT systems. Purchases of these systems will take place in technologically advanced nations, such as Japan or the United States, these computers and software programs will than be exported to developing nations. The recycled computer systems will serve as an educational tool for the people of the developing world. In accordance with purchasing of previously owned computers the organisation will also source and purchase educational software that is being used in countries that have similar education systems. By incorporating educational software in the proposal we can simultaneously help people of developing nations attain new skills in both basic education and the use of technology.

Through this program we will be providing people of developing nations with basic skills not previously available to them, at the same time helping to advance the technological infrastructure in the country. At the final stage of implementation graduates from the program will be trained in delivering the educational content and running the day to day operations, responsibility previously held by people from foreign nations, creating jobs for locals and promoting education and economic growth in the developing nations.

Required Resources

In the initial stages, the project will need to establish operations in the developing countries as well as make contact with various firms/organisations, computer suppliers, software developers, computer technicians and teaching volunteers in developed nations to get the project up and running.

Background to Concept

Our initial thoughts were to establish a recycling operation in developing nations because of the positive effect it would have on the environment; however, due to the complexities of coordinating national collection of waste, and sanitation problem that exist in developing nations we narrowed the scope. By focusing our efforts on computers and

software we are able to tap into a wide variety of sourcing because of there widespread use in the developed world, the speed at which they become outdated in developed nations and their potential as an educational tool. The proposal also provides the opportunity to serve markets in developing nations by increasing access to information through lower costs and more readably accessible outlets.

Objectives

The rationale for this proposal is to serve the following objectives:

- Reduce global waste by extending the product life cycle in developing nations
- Increase/develop computer skills of people in developing countries
- Increase/develop educational opportunities for people in developing countries
- Help bring a technological equilibrium between developed and developing nations
- Gradually implement a completely self sufficient operation within developing nations

By meeting these objectives, the proposal will help foster economic growth in developing countries, and provide further exporting opportunities for developed nations.

Implementation

The key factors in the implementation of this proposal are proximity, market similarity, corresponding educational systems and languages, as well as basic infrastructure, primarily, accessible locations and electricity. At start-up initial county selection will be based largely on nations that already are receiving aid from international assistance bodies like the World Bank, Canadian International Development Agency or similar operations located in most developed nations. By using countries already receiving aid as the initial step in the country qualification criteria, it indicates that these nations have or are developing the basic infrastructure required for this proposal. In addition to the infrastructure indicators nations who receive aid generally are showing a trend toward the abandoning of protectionist international trade law, increased efforts to protect intellectual property, and an overall trend toward market liberalization.

In order to develop a system that is cost efficient it is crucial to link developed and developing nations that are close in proximity to ensure the lowest transition costs. A link between cultures, languages, and education systems are also important to avoid cross-cultural misunderstandings between instructors and students, and ensure students of developing nations the best education available. For example, developing country in Asia would receive equipment and instructors from Japan, Australia or New Zealand, South America from North America and Africa from Europe or South Africa.

Once a country fits the evaluation criterion four major steps in the implementation process remain:

- Establish Methods of Funding
- Source Computers/Software
- Establishing Sites in Developing Countries
- Finding Volunteer Teachers

The first step and basis of this proposal, establish methods of funding because in developing nations there is no shortage of recycled computers or individuals willing to sacrifice their time to aid those in need. The major issue this proposal will face is funding, for both supplies and establishing operation sites in the developing nations, which will be discussed in the following section.

Financial (Sources of Funds for Proposal Implementation)

Donations: Funding for the establishment of the facilities can be obtained through charitable organizations in developed nation, and from individual philanthropists.

Aid organisations: CIDC and World Bank offer funding to companies who work to promote the economic development in under developed nations.

Computer related organisations: Computer related organizations will see this project as a way to saturate a developing market with their product, companies such as Dell or Apple can develop a low cost labour force trained exclusively on their products, as well as corner the market on future sales through good will and first in class status.

Corporate write offs: In developed nations reward companies who donate deprecated assets in the form of tax credits. Institutions like schools and individual businesses usually find this the most attractive way to rid themselves unproductive equipment.

Fund raising: An attractive option for funding a project that promotes economic development of impoverished nations, citizens of developed nations are willing to give to those less fortunate than them.

In addition to obtaining funding from various outside sources, the operation provides the opportunity to create revenue through various ways as follows; charging a disposal fee for the collection of dated computers in the developed nation. Small fees can be imposed on adult entrants into the programs in the developing nations. Finally revenue or significant cost reduction will be realized through promoting companies as strong supporters of this organization, which will in turn benefit these companies by promoting an image of social responsibility in developed nations where worldly consumers are more likely to support a company who has a social conscious.

Financial/Costing Estimates	NZ Dollars
Setting up buildings in the Developed Countries	20,000 each (x 3)
Computer Purchasing Costs	30,000 ($150 average)
Software Purchasing Costs	15,000
Freight charges	11,600
Insurance	9,300
Back up electricity generator	6,000 (x 3)
Security Wages	13,700
Unexpected Expenses	10,600
TOTAL	**$168,200.00**

Cost Analysis

School	Building	Computers / Software	Electricity Generator	Insurance	Freight	Security Wages	Hidden Costs	Total Cost
Namibia	$20,000	$15,000	$6,000	$3,600	$4,000	$4,200	$3,800	$56,600
Indonesia	$20,000	$15,000	$6,000	$3,200	$4,200	$4,600	$3,600	$56,600
Nicaragua	$20,000	$15,000	$6,000	$2,500	$3,400	$4,900	$3,200	$55,000

Total Cost of Project $168,200.00

Sources of Aid

Organization	Amount of Funding	Country Allocation
CIDA	$ 45,000	Nicaragua
World Bank	$ 50,000	Namibia
Asian Development Bank	$ 43,000	Indonesia
Fund Raising	$30,200	Distribution to all 3 countries

Total Sources of Aid $168,200.00

***Explanatory Note**
Aid figures based on previous similar projects, fund raising will take place until there is no gap between sources of funds and the cost of the project

Revenue from Operations (Years 1-3 of Operations, across all three countries)

Price of Adult Entry per Quarter	Adult Entries Quarter # 1	Adult Entries Quarter # 2	Adult Entries Quarter # 3	Adult Entries Quarter # 4	Total Revenue per Year
Year 1 $18 / Quarter	20	29	45	64	$2,844
Year 2 $ 20 / Quarter	41	51	60	72	$4,480
Year 3 $22/ Quarter	54	62	70	81	$5,874

Total Revenue from Operations $13,198.00

***Explanatory Note**
Students can enter in any quarter however fees cover 12 months of education

We preferred to establish our own buildings to function out of due to the fact that we can make sure they have required equipment and so can set up how we want. Existing schools could require more money in long run in terms of leasing fees for example.

Future Benefits/Outlook

Successful implementation of this of this proposal will ultimately result in an operation that is owned and operated by the local people. This is achievable because contacts and sources in developed nations have already been made; the accesses to technology and education the program provided will provide the tools for further sourcing, and ordering and can ensure compliance with all government regulations for goods entering the company. Previous students can become the instructors and/or administrators of the school and will promote the establishment of more international businesses in the communities because of the low cost well trained workforce.

Risk Analysis

When preparing to enter into a developing nation it is important to realize all the micro and macro risks involved in the targeted country. Careful consideration of and contingency plans made must incorporate the possibility of war, political resistance, terrorism, quick and major changes in government policy, tariffs, quotas, and non-tariff barriers to trade. As all these factors will be analyzed in the country selection criterion it is imperative for our company to stay abreast of all and any changes in the political climate while in the county.

Conclusion

The main objective of this proposal is to assist the flow of aid into developing nations. By devising a system of recycling computers and software from developing nations and using them as a catalyst for education, jobs, and infrastructure development we are not only assisting the flow of aid to developing nations but providing them with a vehicle to become a nation who no longer needs aid. Providing the developing nation the opportunity to expand the ability of their labour pool it will in turn attract other internationals to open operations in these areas which will foster the economic growth even further, and eventually abolish the need for aid in that area all together.

Along the way this proposal not only has positive implications on the developing nations involved but the developed nations as well. It reduces global wastage, by expanding the product lifestyle of computers by introducing them into developing nations it reduces the amount of waste produced by developed nations each year which helps the environment sustaining the ozone layer and reducing the risk of health related issues around the world, because of environmental problems. Participating nations also enjoy an increase in exports on their balance of payment increasing surplus or decreasing deficits. Finally as a developed nation multinationals can seize the opportunity to develop the foreign economy, open operations of there own create jobs for locals and increase the economic situation of their home country through repatriation of profits made in the new market.