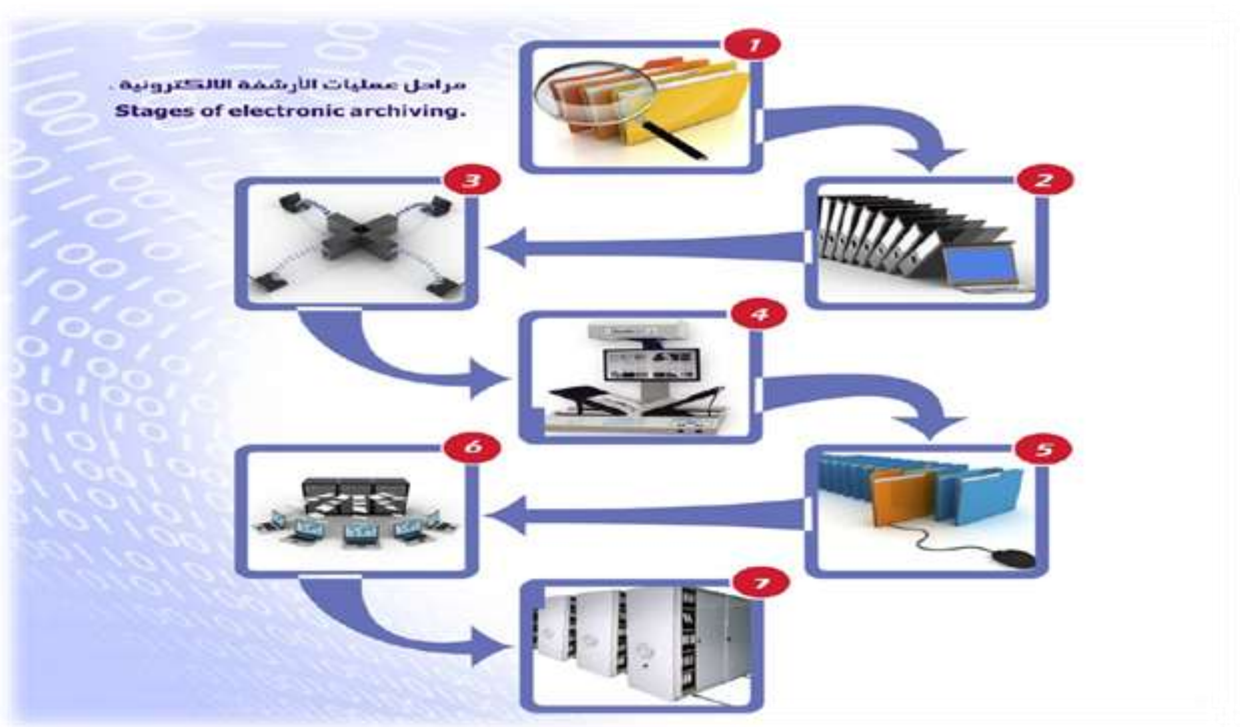
Pre-Feasibility Study

Documents and Information Management Project

The Capital Governorate

April, 2017



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Amman Governorate
Jama'a District
Qasabat Amman District
Wadi Al-Seer District
Al-Quwaismah District
Sahab District
Na'or District
Husban Sub-District

1. Executive Summary

This study aims at identifying the pre-feasibility study for the project of establishing a company for managing documents and information using information technology and modern techniques in managing information and saving files and documents. The company will provide its services for all business sectors, including the financial services sector, telecommunications sector, health care sector, education sector, government institutions sector...Etc. This table below shows the preliminary indicators of the project.

Table 1: initial Indicators of the Project

Project Name	Documents and Information Management
Sector	Telecommunication and Information Technology
Governorate	The Capital
Region	Qastal
Products/Services	• Files Management • Electronic Files Management • Back ups • Shredding and Data Destruction Solutions. • Electronic Devices used for document and information management
Project Description	The project is mainly establishing a company to manage documents and information available in hard copies in the targeted sectors. The aim is to transform these documents in the form of computerized data through the use of modern technology and advanced methods in the management of documents and information. The company will provide its services to all business sectors such as the finance services sector, telecommunications, health care, education, government institutions, etc. The project will employ qualified personnel to provide document and information management services including sorting, classifying, archiving storing, and retrieving data and information and destroying documents when needed on behalf of these targeted companies. The project will be established in the capital governorate to include specialized storage for storing the data either in soft or hard copy of companies within specific standards and specifications to ensure the quality of the service provided. Consequently, this work will benefit these companies, mainly by reducing the cost of storage and saving time and paper and enhance the saving of the institutional memory and manage documents and files in a systematic and structured manner.

Target Market	All sectors in the kingdom
Investment Cost	Project Investment Cost is JD 3.5 million
The Average Return On Investment	The average return on investment during the ten years is about 18.5%
Internal Rate Of Return	The internal rate of return for the project is about 20%
Average Added Value Of The Project	The average added value of the project within ten years is about JD 1 million
Risk Assessment	The sensitivity analysis indicates a **low** risk of the project due to investment cost increase by 10%, or decrease in revenues by 10%, or increase in operating costs by 10%.
The Project Justifications	• Achieving financial savings for companies by improving the efficiency of document and information management and reducing the operational costs associated with the provision of large areas for the storage and management of documents and information in the traditional way as well as the time needed to search for documents and the document loss rates. • Elevating the security and confidentiality of information and to the efficiency of securing documents and help the beneficiaries to meet the needs of customers easily, quickly and efficiently through the provision of excellent services in documents and information management. • Creating new employment opportunities for local employment. • The possibility future expansion of project services to the GCC and the world
Partners/Stakeholders	None

2. The Macroeconomic Environment

2.1 An Overview of the Hashemite Kingdom of Jordan

The Hashemite Kingdom of Jordan is a landlocked country surrounded by land except at its southern extremity at the port of Aqaba, where that area is the only sea exit area in Jordan. The Kingdom is bordered at its west side by Palestine and the Mediterranean Sea, at its south and east by the Kingdom of Saudi Arabia, at north east by Iraq and at north by Syria.

Figure 1: Map of the Hashemite Kingdom of Jordan

Jordan is marked by three climatic zones from west to east including the Jordan Valley, most of which lies below sea level and is considered subtropical, and upland areas to the east of the Jordan Valley, ranging in height from 100 to 1500 meters above sea level and this is one of the areas dominated by Mediterranean climate, and the desert areas stretching to the east of the highlands.

The total area of the Kingdom is approximately 89.3 thousand square kilometers, and the semi-desert conditions prevail in over 80% of this area where there are some wet lands settings like Azraq Basin.

The kingdom is divided administratively into twelve governorates distributed into three regions: the Northern Region (includes the governorates of Irbid, Mafraq, Jerash and Ajloun) while the Central Region (includes the governorates of the capital, Zarqa, Balqa, Madaba) and the Southern Region (includes the governorates of Karak, Tafila, Ma'an, Aqaba), and the major cities are Amman (the capital), Zarqa and Irbid.

2.2 Population

Based on the General Census of Population and Housing in 2015, the population in the kingdom amounted to about 9.5 million people with a population density of 107.3 inhabitants per km^2, where the Capital City knocked off other governorates by population amounting to about 4 million people and a population density of 538.8 inhabitants per km2, mainly because Amman is the most attractive governorate for Jordanians and for those coming to Jordan from other countries, followed by Irbid Governorate with a population of 1.8 million people, and then Zarqa Governorate with a population of 1.4 million. Tafila Governorate which is considered to be the least populous governorate whose population is about 96 thousand people.

Table 2: Number of population and population density in the Kingdom for 2015

Governorate	Population (people)	Area (Km^2)	Population density (people/ km^2)
Central Region			
Capital	4007526	7,579	528.8
Zarqa	1364878	4761	286.7
Balqa	491709	1120	439.0
Madaba	189192	940	201.3
North Region			
Irbid	1770158	1572	1126.1
Mafraq	549948	26551	20.7
Jerash	237059	410	578.2
Ajloun	176080	420	419.2
Southern Region			
Karak	316629	3495	90.6
Tafeileh	96291	2209	43.6
Maan	144082	32832	4.4
Aqaba	188160	6905	27.2
Total of Kingdom	9531712	88793.5	107.3

Source: Department of Statistics, Jordan General Population and Housing Census, 2015

On the other hand, the population growth rate has reached about 3% in 2010 and increased to 9% during the years 2013 and 2014 and then dropped a little during 2015 to reach about 8%, according to demographic surveys for the Department of Statistics. The reason for the high growth rates is attributed to the influx of large numbers of refugees from Syria to the Kingdom which resulted in a marked decline in per capita real GDP index by 5.4% to JD 1,197.4, based on the Statements of the Central Bank of Jordan.

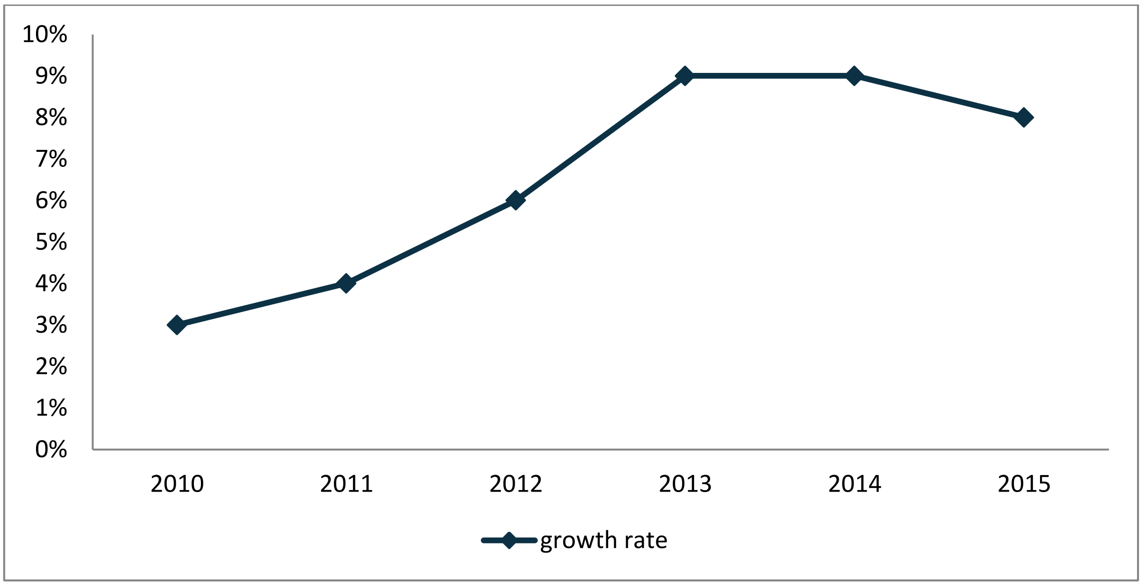
The unemployment rate among Jordanians also witnessed a rise by 1.1 percentage to reach to 13%, due to the structural imbalances that the labor market is suffering from and the acquisition of the low-paid foreign workers on a large number of new jobs in the economy, according to the Central Bank of Jordan.

Table 3: Number of population and population growth in the Kingdom, thousand

	2010	2011	2012	2013	2014	2015
population	6698.0	6993.0	7427.0	8114.0	8804.0	9531.7
growth rate	%3	%4	%6	%9	%9	%8

Source: Department of Statistics

Figure 2: population growth rate in the Kingdom



2.3 Economic Indicators in the Kingdom [1]

Countries across the Middle East are still suffering from instability and closure or partial closure of borders; including the borders of important markets for the Kingdom's products. These factors led to a decline in the performance of many of the economic sectors, including the external sector, national exports, touristic income, and Foreign Direct Investment (FDI), and they contributed to a slowdown in the economic growth to about 2.4% in 2015, compared to 3.1% in 2014. The growth achieved in 2015 came from growth across several economic sectors, especially in the finance, insurance, and real estate services; the transport, storage, and communications services; the mining industry; the manufacturing industry; and the agriculture sector. These sectors contributed a combined 1.8 percentage points (or 75%) of the growth rate achieved during 2015, reflecting the diversity of the economic growth sources in the Kingdom.

Additionally, the general price level registered a decline in the prices of oil, commodities, and other related services in the global markets. Therefore, the general price level, measured by the relative change in the average consumer price index deflated by 0.9% in 2015, compared to the inflation of 2.9% in 2014.

The budget deficit, after aid, increased by 1.2% to a record 3.5% of GDP, compared with 2.3% in the previous year. In addition, the Balance of Payments' Current Account recorded a deficit of 8.9% of GDP, compared with 7.3% in 2014. At the end of 2015, the net public debt amounted to 22,847.5 million Jordanian Dinars (85.8% of the GDP), with an increase of 5.0% of the GDP. However, the total public debt reached 24,876.5 million Jordanian Dinars (93.4% of GDP). This increase resulted from financing both the general budget deficit and the guarantees for loans for the National Electricity Company and the Water Authority, as well as the slowdown of economic growth during 2015. The indebtedness of the National Electricity Company and the Water Authority recorded 6.7 billion Jordanian Dinars at the end of 2015.

On the monetary and banking front, most monetary indicators experienced positive development in performance in 2015, primarily in the Central Bank's foreign reserves, which maintained comfortable levels that amounted to about $14.2 billion. The dollarisation rate decreased, which reflected positive demand for Jordanian Dinars in comparison to other major foreign currencies. With regards to the activities of licensed banks, the outstanding balance of credit increased by 9.5%, to reach 21,103.5 million Jordanian Dinars at the end of 2015. The total deposits registered with licensed banks increased by 7.7%, to reach 32,598.5 million Jordanian Dinars at the end of 2015. The increase in deposits came as a result of the high dinar deposits, which increased by 2,001.4 million Jordanian Dinars (8.3%), and higher foreign currency deposits, which increased by 336.1 million Jordanian Dinars (5.4%).

[1] The Central Bank of Jordan

Furthermore, many of the external sector indicators registered a drop in performance in 2015 due to the deepening instability in the region and almost full closure of the borders with Iraq and Syria. However, the drop in oil prices in the global markets contributed to the decline in the Kingdom’s imports bill for energy, as it dropped by 40.6%, which in turn contributed to a decline in total imports and the trade deficit by 11.4% and 14.0%, respectively. Thus, the Current Account, excluding aid, declined to 11.9% of GDP, compared to 12.4% in 2014.

The Current Account deficit increased after aid, to reach 2,365.6 million Jordanian Dinars (8.9% of GDP) in 2015, compared with a deficit of 1,851.7 million Jordanian Dinars (7.3% of GDP) in 2014. This decline is due mainly to the decline in total exports by 6.6% and the decline in surplus in the services account by 27.7%, as touristic income decreased by 7.1%, and the decline in the surplus in the current transfers account decreased as a result of reduced foreign aid.

Capital and financial accounts resulted in a net inflow of 1,593.7 million Jordanian Dinars in 2015, compared to 909.0 million Jordanian Dinars in 2014; this was due to the Kingdom’s higher net obligations towards the outside world. Foreign Direct Investment registered a net inflow of 909.4 million Jordanian Dinars, and the reserved investment registered an inflow of 918.4 million Jordanian Dinars due to the Kingdom issuing Eurobonds that are worth $2.0 billion in the global markets. The withdrawal of bank loans on behalf of the Central Bank increased the use of funds from the International and Arab Monetary Funds by 543.3 million Jordanian Dinars. This led to the registration of a surplus in the overall Balance of Payments of 328.7 million Jordanian Dinars during 2015, compared to a surplus of 1,550.7 million Jordanian Dinars during 2014.

According to the Central Bank of Jordan, the increased international investment at the end of 2015 showed an increase in the external net liabilities of the Kingdom, which reached 24,357.5 million Jordanian Dinars, compared with 22,578.8 million Jordanian Dinars at the end of 2014. This was due to an increase in the external balance of assets and financial liabilities for all of the economic sectors in the Kingdom, which reached to 18,657.9 million Jordanian Dinars and 43,015.5 million Jordanian Dinars, respectively, during 2015.

Table 4: main economic indicators 2011 to 2015 in millions of dinars

	2011	2012	2013	2014	2015
Population (millions)	6.993	7.427	8.114	8.804	9.532
Unemployment rate	12.9	12.2	12.6	11.9	13.0
Production and Prices					
GNP at current market prices	20,288.8	21,690.0	23,611.2	25,141.2	26,289.6
GDP at current market prices	20,476.6	21,965.5	23,851.6	25,437.1	26,637.4
The rate of growth in GDP at constant market prices (%)	2.6	2.7	2.8	3.1	2.4
The total national disposable income at current prices	23,743.5	24,774.9	28,424.5	30,302.1	30,234.7
The rate of growth in gross national disposable income at current prices (%)	4.7	–0.2	8.6	3.1	–2.4
Change in the index of consumer prices (%)	4.2	4.5	4.8	2.9	–0.9
The change in the GDP deflator (%)	6.4	4.5	5.6	3.4	2.3
Money and Banking					
Exchange rate of the Jordanian dinar to the US dollar	1.410	1.410	1.410	1.410	1.410
Money supply (P2)	24,118.9	24,945.2	27,363.4	29,240.4	31,605.5
Net foreign assets of the banking system	9,370.1	6,665.5	6,923.4	7,932.3	8,137.3
Net domestic assets of the banking system	14,748.8	18,279.7	20,440.0	21,308.1	23,468.2
Net debt of the government	6,701.4	9,461.3	10,494.8	10,473.9	11,386.4
Private sector debts (Residents)	14,925.0	15,953.6	17,222.5	17,852.8	18,704.5
Other factors (1)	–6,877.6	–7,135.2	–7,277.3	–7,018.5	–6,622.7
Deposits in dinars at licensed banks	19,119.1	17,711.1	21,003.0	24,013.1	26,014.5
Foreign currency deposits at licensed banks	5,258.8	7,258.6	6,590.2	6,247.9	6,584.0
Rediscount rate (%)	4.50	5.00	4.50	4.25	3.75
Treasury bills interest rate for 6 months (%)	3.232	3.788	-	-	-
Public Finance					
Total revenue and foreign aid	5,413.9	5,054.2	5,758.9	7,267.6	6,796.4
Ratio to GDP (%)	26.4	23.0	24.1	28.6	25.5
Total spending	6,796	6,878.2	7,077.1	7,851.1	7,722.9
Ratio to GDP (%)	33.2	31.3	29.7	30.9	29.0
Overall deficit/savings (on an accrual basis)	–1,382.7	–1,824.0	–1,318.2	–583.5	–926.5
Ratio to GDP (%)	–6.8	–8.3	–5.5	–2.3	–3.5
Net outstanding balance of the domestic public debt	8,915.0	11,648.0	11,863.0	12,525.0	13,457.0
Ratio to GDP (%)	43.5	53.0	49.7	49.2	50.5
Outstanding external public debt (2)	4,486.8	4,932.4	7,234.5	8,030.1	9,390.5
Ratio to GDP (%)	21.9	22.5	30.3	31.6	35.3

	2011	2012	2013	2014	2015
Foreign Trade and Balance of Payments					
Current account	–2,098.8	-3,344.9	-2,487.7	-1,851.7	-2,365.6
Ratio to GDP (%)	–10.2	–15.2	–10.4	–7.3	–8.9
Trade balance (Deficit)	–6,261.7	–7,486.6	–8,270.1	–8,495.6	–7,249.3
Ratio to GDP (%)	–30.6	–34.1	–34.7	–33.4	–27.2
Commodity exports	5,684.5	5,599.5	5,617.9	5,953.6	5,558.3
Imports of goods (FOB) (3)	11,946.2	13,086.1	13,888.0	14,449.2	12,807.6
Balance of services (net)	896.0	1,332.3	1,209.5	1,778.9	1,286.4
Income account (net)	–187.8	–275.5	–240.4	–295.9	–347.8
Current transfers (net)	3,454.7	3,084.9	4,813.3	5,160.9	3,945.1
Capital and financial account (net)	2,298.9	3,808.9	1,811.1	908.9	1,593.7
Direct foreign investment in Jordan (net)	1,055.0	1,074.3	1,281.2	1,426.7	905.1

Source: Monthly Statistical Bulletin, Central Bank of Jordan

1. Includes the debts of public and financial institutions and other factors, as shown in the Monetary Survey Agenda.
2. This represents the total balance of drawn loans, minus total repayments.
3. Does not include imports of non-resident entities.

2.4 The Jordanian Investment Environment

Investment Law No. 30 for 2014

Investment Law no. 30 for 2014 is considered an appropriate legislative framework to attract foreign investments and stimulate local investments. It is considered a competitor to other investment laws in the region because it contains many advantages, incentives, and guarantees, and it offers a range of incentives and benefits in and outside the Development and Free Zones. The law includes a series of public provisions, such as foreign investment guarantees (depositing and withdrawal of capital, investment management, and transfers) and the inadmissibility of the disbarment of investment property. The law offers provisions to settle investment disputes, protection, and encouragement of mutual investment agreements between the Kingdom and other countries.

The following shows the major incentives granted by the law:

❖ **Incentives and Benefits outside the Development and Free Zones**

- The production inputs for the industrial and crafts sectors are exempted from customs duties.
- The return of the general sales tax on the production inputs for the industrial and crafts sectors within 30 days.
- Production inputs and fixed assets of the industrial and crafts sectors are exempted from customs duties and are granted a reduction in general sales tax to 0%.
- Returning to the sales tax on the services needed to practice economic activity within 30 days.
- The goods that are necessary for the economic activities of the following sectors are exempted from customs duties and are subject to 0% general sales tax:
  - Agriculture and livestock, hospitals and specialised medical centres, hotels and touristic facilities, touristic entertainment and recreation centres, call centres, scientific research centres and laboratories, art and media production, convention centres and exhibitions, transfers and/or distributions and/or extraction of water, gas and oil derivatives, air transport, maritime transport, and railways.

❖ **Incentives and Benefits inside the Development and Free Zones**

- 5% income tax on the income generated from economic activity within the Development Zone.
- 5% income tax on income generated from economic activity in the industrial sector.
- Tax exemptions that are granted in the Kingdom on goods and services exports.
- Reduction of sales tax to 0% on goods and services that are used by the establishment in order to exercise its activity inside the Development Zone.
- 7% sales tax on specific services provided by a registered company in the zone when these services are consumed in the zone.

- Exemptions from customs duties except for a specified number of goods.

❖ **The Reduction of Income Tax in the Least Developed Areas for Regulation No. 44 for 2016**

- The reduction of income tax in the least developed areas for Regulation No. 44 for 2016 was approved. It aims to create an attractive environment for investments that promote economic development through the reduction of income tax outside the Development Zones and in the least developed areas in the Kingdom. The regulation specified the areas that are considered least developed and identified the activities that are excluded from this reduction.
- Under the provisions of Articles 4 and 5 of this regulation, the areas that were categorised as least developed and enjoy the reduction in income tax are divided into four categories; each category enjoys a reduction in income tax on their activities for a period of 20 years.
- Category A includes the Northern Valley District, Deir Alla District, Shouneh Al-Janoubieh District, the Southern Valley District, Rweished District, the Northern Desert District, the North Western Desert District, Al-Azraq Province, Al-Jiza District except for the borders of the new Al-Jiza municipality, Al-Moakar District except for the borders of Al-Moakar municipality, and the Governorate of Aqaba except for the Aqaba Special Economic Zone. The reduction rate for this category is 100%.
- Category B includes the Governorates of Maan, Tafileh, Karak, and Ajloun. The reduction rate for this category is 80%.
- Category C includes the Governorates of Jarash, Mafraq, and Irbid except the borders of the Greater Irbid Municipality. The reduction rate for this category is 60%.
- Category D includes the Governorates of Madaba, Balqa, Amman except for the Greater Amman Municipality, and Zarqa except for the borders of Zarqa Municipality and Russaifeh Municipality. The reduction rate for this category is 40%.

❖ **Trade and Free Trade Agreements**

The most important agreements are:

- Jordan joining the World Trade Organisation in 2000, which led to the opening of the markets of 150 countries for Jordanian exports in goods and services, and provided new opportunities of access to other countries within a clear and transparent environment of laws, regulations, and procedures.
- A series of regional trade agreements, such as the Jordan Partnership Agreement with the European Union, Agadir Agreement, Free Trade Arab Agreement, the free trade agreement between Jordan and the European Free Trade Association, and the adoption of the Euro-Mediterranean simplification of the rules of the Origin System, which includes the decision to simplify the rules of the origins of Jordanian products between Jordan and the European Union came into effect on July 19, 2016, and will remain in effect until December 31, 2026.

- A series of bilateral trade agreements with many countries, such as the free trade agreement between Jordan and the United States of America, the Qualified Industrial Zones Agreement, the free trade agreement between Jordan and Singapore, the free trade agreement with Turkey, the free trade agreement with Canada, and many other agreements.
- Jordan has signed more than 35 agreements with Arab and foreign countries in order to prevent double taxation between Jordan and these countries, thus protecting investors' rights.
- The Agreement of Promotion and Protection of Investments and the Movement of Capital between the Arab Countries was signed in 2000 with 11 Arab countries who are members of the Arab Economic Unity Council, in order to establish an appropriate environment for investments and economic cooperation between investors in the Arab countries, thus pushing and stimulating investment activities by providing encouragement and mutual protection for Arab investments.

Human Development Report for 2015

The Human Development Report that was issued by the United Nations Development Program in 2015 showed that Jordan fell 3 points to number 80. Please note that Jordan's place on the Human Development Report index value has improved slightly.

Global Competitiveness Report

The Kingdom's rank has improved by one point in the Global Competitiveness Report for the year 2016/2017, at 63 out of 138 countries compared to 64 out of 140 countries in the 2015/2016 report. It is considered an insignificant improvement, especially because of the reduction in the number of countries participating in this year's report. Amongst the Arab countries, Jordan was ranked after the United Arab Emirates, Qatar, the Kingdom of Saudi Arabia, Kuwait, and Bahrain, who were ranked 16, 18, 29, 34, and 39, respectively.

Doing Business Report

In the Doing Business Report that was issued by the World Bank Group, Jordan is still ranked 118, up one rank from the 2016 report, because of the variation in the performance of the different sub-indicators. Jordan ranked ninth among the Arab countries; the United Arab Emirates was ranked first among the Arab countries at 26, followed by Bahrain at 63 and Oman at 66.

2.5 The Economic Environment in the Short and Medium Term

Risks analysis implemented by BMI indicates that the Jordan's political and economic risks in the short and medium term are less than the overall average of the world and the Middle East. The state's risks and the operational risk are estimated to be within the acceptable levels. The international institutions' forecasts point out that the economic and foreign trade indicators are expected to achieve acceptable rates of growth with the exception of the continued increase in internal and external indebtedness.

Table 5: Assessment of short and long-term risks

	Long term		Short term		Operational risks	State risks
	political	Economic	political	economic		
Jordan	63.1	39.2	66.6	46.2	58.7	55.4
Turkey	60.2	49.4	58.4	56.9	55.9	56.1
Egypt	53.3	45	52.4	48.7	42.9	47.5
Lebanon	45.8	54	55.4	53.5	44.2	49.5
West Bank and Gaza	33.1	38.1	32.2	36.5	32.5	34.3
Syria	22.9	24.4	22.4	23.6	29.3	26.1
Regional average	49.4	46.9	51.2	48.7	46.6	48.3
global average	64.1	50.7	61.3	51.9	49.8	54.6

Source: the economy and state risks, IHS, 15/09/2016

Table 6: The most important key economic indicators 2016-2020

Indicator	2016	2017	2018	2019	2020
The growth rate of GDP	2.6	2.7	2.8	3.2	3.1
GDP (in USD billions)	39.6	42.1	44.8	47.8	50.9
Population (In millions)	9.8	10.1	10.4	10.7	11.0
Consumer Price Index (% change)	-0.7	1.8	3.3	4	3.2
Exports (in USD billions)	7.3	7.6	8.2	8.8	9.6
Imports (in USD billions)	18.3	19.2	20.1	21.3	22.8
Foreign direct investment, the net value (in USD billions)	1.5	1.5	1.6	1.6	1.7
Foreign direct investment, the net value (% of GDP)	3.7	3.7	3.6	3.4	3.3
Foreign exchange reserves (in USD billions)	13.9	14.9	15.7	16.8	17.7
Total external debt (in USD billions)	24.4	27.8	30.7	33.7	36
Total external debt (% of GDP)	61.6	66	68.6	70.4	70.6
Total external debt (% of foreign currency earnings)	127.3	138.3	143.6	147.5	147.8

Source: the economy and state risks, IHS, 15/09/2016

3. Market Study

3.1 Project Description

The project is mainly establishing a company to manage documents and information available in hard copies in the targeted sectors. The aim is to transform these documents in the form of computerized data through the use of modern technology and advanced methods in the management of documents and information. The company will provide its services to all business sectors such as the finance services sector, telecommunications, health care, education, government institutions, etc. The project will employ qualified personnel to provide document and information management services including sorting, classifying, archiving storing, and retrieving data and information and destroying documents when needed on behalf of these targeted companies.

The project will be established in the capital governorate to include specialized storage for storing the data either in soft or hard copy of companies within specific standards and specifications to ensure the quality of the service provided. Consequently, this work will benefit these companies, mainly by reducing the cost of storage and saving time and paper and enhance the saving of the institutional memory and manage documents and files in a systematic and structured manner.

3.2 Expected Services Description

Expected project services include:

- Files management
- Electronic Files Management
- Backups
- Shredding and data destruction solutions
- Using electronic devices for the implementation of document and information management services

3.3 Demand Analysis

The demand on document and information management services is affected by the following factors:

- Growth rate in a number of economic establishments.
- The level of awareness of the companies and the importance of saving and retrieving information in a timely manner and maintaining the confidentiality and security of information.
- The complexity of the business and the technological development with regard to the implementation of the operations of companies and its services.
- Government instructions related to document management and information storing.

The table below shows the number of the economic establishment working in the kingdom according to the economic sector.

Table 7: The Number of the Economic Establishments Working in the Kingdom According to the Economic sector and the Governorate

Governorate	Economic sector					Total
	Mining and Extractive Industries Sector	Services sector	Construction Sector	Commercial (trade) sector	Manufacturing sector	
Capital	32	21,099	799	37,522	9,886	69,338
Balqa	3	1,981	43	4,929	1,146	8,102
Zarqa	15	5,811	169	14,038	3,498	23,531
Madaba	1	923	10	2,171	507	3,612
Irbid	11	6,175	124	16,334	4,046	26,690
Mafraq	23	1,009	16	3,019	615	4,682
Jarash	1	791	3	2,280	430	3,505
Ajlon	–	605	3	1,756	302	2,666
Al-karak	6	1,224	12	3,416	584	5,242
Al-tafilah	–	364	8	1,122	208	1,702
Ma’an	–	651	10	1,482	272	2,415
Aqaba	2	923	27	2,123	305	3,380
kingdom	94	41,556	1,224	90,192	21,789	**154,855**

Source: Department of Statistics: General Establishments Census: 2011

The study team conducted a field survey to capture the opinion of a sample of 28 companies operating in the targeted sectors in the Capital Governorate such as banking, insurance, health care, education and services. The survey was mainly related to the management of documents and information services and measuring demand trends toward such services. The study showed the following results:

Dealing Currently With the Companies Of Information And Document Management

The establishments indicated that they are not currently dealing with specialized companies to provide them with document and information management services. The main reason is that this establishment still relies on traditional methods of document management and data storage through the use of manual files as well as information storing on the server and its databases. On the other hand, other establishments have been using document and information management systems with specific storage capacity that is provided by IT and office management companies.

Degree of Acceptance to the Idea of Document and Information Management Services

The idea of establishing a specialized company for the provision of document and information management services was met with a high level of acceptance by about 40% of the establishments, while 29% indicated that they did not accept the idea of contracting with a third party to provide such services. This establishment was mainly concerned with the duration of retention of the original paper documents and the need to receive them when needed.

Table 8: Degree of Acceptance

Statement.	Degree of Acceptance			
	Very high	high	medium	low
Accepting the idea of contracting with the companies of information and document management	%11	%29	%31	%29

Source: Field survey, Study Team

Contracting With a Company That Provides Services for Information and Document Management

The results of the analysis showed that a good proportion of the establishments have a tendency to use the expertise of a specialized company to provide document and information management services. 36% of them indicated their seriousness and high probability of contracting with this company compared to 43% with low probability to deal with such company. It should also be noted that the trend in companies operating in the insurance sector, hospitals and education sector, in particular, is to contract with an information and document management company. This is due to the following reasons:

- Increasing the security and confidentiality of their information and reduce data loss rates.

- The number of paper documents is too large for these agencies and therefore requires huge storage space.
- The financial savings of these enterprises by reducing their need for space to be provided for the purpose of storing information and files and the time spent in retrieving documents using the traditional method of document and information management.
- To meet the needs of its customers efficiently and effectively, especially in terms of the time required in the finding and retrieving of information.
- Keeping themselves up rest with the technological developments in the business sector and moving towards cloud storage.

Table 9: The possibility of contracting

Statement.	The possibility of contracting			
	Very high	high	medium	low
Contracting with a company that provides information and document management services.	%4	%32	%21	%43

Source: Field survey, Study Team

The Effectiveness of Document and Information Management Services

68 %of the establishments surveyed confirmed the effectiveness of the idea of dealing with a document and the information management services company and assumed the benefits obtained compared with the traditional methods of used currently. The respondents in these highlighted many challenges they face in the storing and archiving of the documents and files. Including:

- The method of manually retrieving documents takes relatively longer time compared to the electronic method.
- The difficulty of accessing files and documents and the possibility of their loss as a result of their reliance on the traditional method of preserving documents, resulting in the multiplication of effort and time by the staff concerned to extract and retrieve the required information.
- Limited physical resources, spaces and warehouses for documents and files storage.
- Potential risks inherent in the traditional methods in terms of maintaining confidentiality, accessibility and access to information.

Table 10: Degree of Effectiveness

Statement.	Degree Of Effectiveness			
	Very high	High	Medium	Low
The effectiveness of dealing with a company for information and document management compared to the traditional methods.	18%	50%	21%	11%

Source: Field survey, Study Team

Demand for document and information management services

In terms of the services that the companies wish to receive when dealing with a document and information management company. The storage services of documents was ranked first with 32%, followed by the backup service with 31% followed by electronic records management by (27%) while data destruction was needed by (10%) of respondents.

Table 11: Demand on document and information management services

Document and information management services	%
Electronic records management services	27%
Backup services	31%
Document storage services	32%
Data destruction Services	10%

Source: Field survey, Study Team

3.4 Supply Analysis

Based on the results of the market analysis, it has been found that there are two direct competitors for the project in the local market which are providing document and information management services: Talal Abu-Ghazaleh and Infofort (owned by Aramex, which is listed on DFM's list of logistics and transport solution and information management). It should also be noted that the study team analyzed and identified the most important marketing aspects of the competitors in order to determine the following:

- Services provided
- Services price
- Target customers
- Operating centers and warehouses.
- Geographical Covarage.

The following table shows an analysis of the most important marketing aspects of the competing companies.

Marketing Aspects	Infofort Company	Talal Abu - Ghazaleh Archiving Company
Services provided	▪ Management of paper records ▪ Management electronic records and save data and information ▪ Management of tapes and media for the preservation of paper information ▪ Shredding and safe destruction of stored data and information service	▪ Archive and save documents and records ▪ Paper files scanning and store documents ▪ Files storing indexing ▪ File and document electronic storage ▪ Cloud Solutions ▪ Backup services
Price of document and information management services per document	JD 0.56	JD 0.56
The paper storage cost of the document / year	JD .60	-
Target customers	▪ The banking sector ▪ Health Care Sector ▪ Governmental institutions ▪ Telecommunications sector ▪ Insurance sector ▪ Gas and energy sector ▪ Small Business Sector	▪ Health Care Sector ▪ Government Institutions Sector ▪ Education sector ▪ Commercial sector ▪ Small Business Sector
Operating centers and warehouses	Capital Governorate	Capital Governorate, Ma'an, Irbid
Geographical distribution	Jordan , UAE, Egypt, Kuwait, Qatar, Bahrain, Oman, Lebanon, Turkey, Algeria, Tunisia, Nigeria, Kenya, Ghana, Uganda	Jordan

3.5 Marketing strategy

Target Market

- The project targets all private and government establishments operating in various economic sectors in the Kingdom.

Expected Services and Products

The project services include the following:

- Files Management.
- Electronic Files Management
- Backup
- Shredding and data destruction solutions
- Electronic devices for the implementation of document and information management services

To ensure that the project performs its operations and delivers its services within the quality standards which meet the requirements of the target companies and their needs according to the best known practices in providing document and information management services, it is proposed that the project:

- Appoint qualified staff and train them to implement document and information management services and customer interaction skills.
- Engage the best suppliers of document and information management technology to provide the right technical solutions at reasonable rates.
- Installation of a system to protect the security and confidentiality of electronic information stored in the project from any possible piracy
- Equip and supply warehouses with all necessary systems (air conditioning and cooling systems, surveillance systems, fire fighting systems, etc.) to protect files and documents stored from damage and any potential risks
- Prepare semi-annual / annual operational work plans to carry out periodic maintenance work on all techniques, systems and devices used in providing project services
- Build and implement a comprehensive quality management system and obtain relevant international quality certificates
- Designing an integrated system for handling complaints and suggestions received from the companies benefiting from the project services
- Conduct surveys to measure the satisfaction of companies with the services provided to employ the results of these surveys in developing and improving the quality level of services provided.

Price Analysis

In order to achieve the market share of the project, taking into consideration the presence of competitors, it is recommended to follow a pricing strategy that is similar to what prevail in the market and accompanied by intensive promotional efforts to ensure the facilitation of the project's to access the market and penetrate and obtain a distinctive marketing center.

The following table shows average prices of the project services.

Table 12: average prices of the project services

The service	Average price (JD)
▪ Electronic filling and management per document	0.56
▪ Storage per document	0.60

In addition, the project is expected to receive a profit margin of 25% of the selling price of the electronic equipment to be provided to the target companies and used in the provision of document and information management services.

Promotion

The following are the main promotional objectives that the project seeks to achieve:

- Increase corporate awareness of document and information management services in the local market
- Highlight the technical characteristics of the project services and the benefits that will be gained by companies from receiving document and information management services.
- Build and maintain excellent relationships with the target companies

The following table shows the content of the promotional message to address the target companies and the proposed promotional means in delivering the marketing messages.

Target Client	Promotional message	Promotional way
Companies from various economic sectors	▪ Financial savings from the implementation of document and information management solutions ▪ Emphasize the importance of the security, protection and confidentiality of information applicable to the project during the provision of its services ▪ The ability of companies to reduce data loss rates through document and information management ▪ To help companies improve their operational efficiency and their ability to extract and retrieve information easily, quickly and in a short time if project services are complied with	▪ Personal meetings with decision makers ▪ Sponsored business events ▪ Brochures and promotional leaflets ▪ Participation in conferences and exhibitions ▪ Project website

3.6 The Expected Market Share

The market share of the project will be estimated according to of the following assumptions:

- The number of storage units that will be provided are 1,000 units throughout the life time of the project
- Occupancy rates for storage units are 12% in the first year and are expected to increase by 10% per annum to a maximum of 92% in the ninth year of the project.
- The number of targeted companies is about 120 companies in the first year, which is expected to increase annually by 100 companies to reach 920 companies in the ninth year of the project
- The average price of providing the electronic records management service per document is JD 0.56 with a growth rate of 3% annually
- The average cost of paper / document storage service is JD 0.60 at a growth rate of 3% annually.
- The price of electronic devices to be used in the provision of document and information management services per the company is JD 150 with a growth rate of 3% annually

Table 13: Market share of the project

Statement	Years									
	1	2	3	4	5	6	7	8	9	10
Number of storage units	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Occupancy rate	12%	22%	32%	42%	52%	62%	72%	82%	92%	92%
Numbers of companies targeted	120	220	320	420	520	620	720	820	920	920
Average cost of document and information management service	1,800	1,854	1,910	1,967	2,026	2,087	2,149	2,214	2,280	2,349
Average cost of paper records management service	2,000	2,060	2,122	2,185	2,251	2,319	2,388	2,460	2,534	2,610
Cost of Electronic Devices per Company	150	155	159	164	169	174	179	184	190	196

*Note: The average number of expected documents for the companies is 30000.

4. Technical Study

4.1 The Designed Project Capacity

The designed capacity of the project is represented by the number of storage units planned to be provided for the document management and information systems which is about (1000) units.

Table 14: Designed capacity of the project

Item	Number
Storage units	1,000

In order to reach the designed energy, it is required to purchase a land to be purchased of with an area of (4,000 m^2). The establishment of storage warehouses with a total area of (15,000 m^2) distributed over 5 floors, the following table shows the areas required for the project.

Table 15: Areas required for the project

Item	Unit
Land M^2	5,000
Storage warehouses M^2	15,000
Management offices M^2	600

4.2 The Required Fixed Assets

The following table shows the required fixed assists for the project.

Table 10: Material resources required

Item	unit	price	Value (JDs)
Land M^2	4,000	40	160,000
Buildings M^2	15,600	150	2,340,000
Public Services and Infrastructure M^2	–	15	60,000
Furniture and fixture	-	45,000	45,000
Transportation vehicles	4	25,000	100,000
information technology	-	300,000	300,000
Other	-	-	50,000
Total			3,055,000

*Estimated based on the finding of the market study

4.3 The Required Human Resources

The following table shows the human resources required for the first year of the project. The number of administrative staff is about 6 employees with a total salary of JD (118,000) annually.

Table 10: Human resources required for the project - administrative staff

Career/position	Number of employees	Salary (JD/Monthly)	Total salary (JD/Annually)	Operations (JD/Annually)	Administrative (JD/Annually)
General Director	1	4,000	48,000	-	48,000
Marketing Director	1	2,000	24,000	-	24,000
Operations Director	1	2,000	24,000	-	24,000
Accountant	1	700	8,400	-	8,400
Marketing Officer	1	700	8,400	-	8,400
administrative employee	1	500	6,000	-	6,000
total	6	–	118,800	–	118,800

In view of the changing needs of the project's operational cadres in providing its services to the target companies, the following tables show the details of human resources throughout the period of the project. The number of operational staff is about 25 employees and the total salaries are up to JD 90,000 in the first operational year.

Table 10: Human resources required for the project - Operational staff

Career /position	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Customer Service officer	3	5	7	9	11	13	15	17	19	19
Document and Information Management Services Officer	17	34	51	68	85	102	119	136	153	153
Warehouse Officer	5	6	7	8	8	8	8	8	8	8
Total	25	45	65	85	104	123	142	161	180	180

The following table also describes the general job description of the jobs in the project.

Table 10: The general job description of the jobs required in the project

Career/position	Job Description
General Director	Planning, organizing, coordinating and controlling all matters related to the internal management of the company, and participating in determining the company's policy and managing everything related to the work. Review the reports received by the management department and oversee the analysis process, study the problems that arise and develop solutions to them, and technical and administrative supervision of staff and raise their efficiency, and taking into account the application of occupational safety and health regulations.
Marketing Director	To develop appropriate plans, objectives and marketing strategies and to supervise the preparation of sales plans and their adoption according to the company's directions and capabilities and to direct the marketing studies process, which aims to follow up the activities of competitors and to strengthen relations with customers and take into account their affairs.
operations Director	Develop plans, strategies and general objectives for operations and operations activities and supervise their implementation within the means and means available with the highest degree of efficiency and quality and supervise the conduct of maintenance operations and follow-up work by all technicians and ensure the safety and security of these work and to detect the problems and work to solve them to ensure the operation of the required manner.
Customer Service Officer	Implement the operational policies and programs of the marketing department, conduct field visits to the target companies, meet their needs and requests from the project services, address their complaints, study their comments and take action to remedy their problems in future, as well as submit periodic reports on their work to the Marketing Manager.
Document and Information Management Services Officer	To record, encode and save documents and documents manually, electronically and related to the work of the target companies in order to ensure the safety of retrieval and non-loss according to the regulations in force in the company.
Accountant	Proof of accounting restrictions and preparation of monthly statements of accounts sent to each of the customers and suppliers in addition to the audit and reconciliation between the balances of bank accounts in the records with the statements of accounts of these banks.
Administrator	Assisting in all aspects of administrative organization and coordination between departments and units working in solving administrative and operational problems daily, scheduling and coordinating meetings, interviews, events and other similar activities in addition to sending and receiving mail and parcels, preparation of correspondence and keeping and updating personnel files.

4.4 The Required licenses

The following table shows the necessary licenses from different parties to implement the project.

Table 10: required licenses for the project

Statement	Analysis
company registration	▪ Ministry of Industry and Trade
Construction of warehouses and building	▪ The municipality ▪ Engineers Association
Operation	▪ Income and Sales Tax Department, Social Security Corporation, Competent Municipality, Telecommunications Regulatory Commission

4.5 Project Timetable

The following table shows the 18-month implementation period of the project as follows:

stage	First year (in months)												Second year (in months)					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Studies																		
Approvals and registration of the company																		
building and Construction																		
Furnishing																		
Recruitment and Commissioning																		
Total Duration	18 months																	

5. Financial Study

5.1 Financial Assumptions

The following table illustrates the financial assumptions of the project.

Table 16: The Financial Assumptions of the Project

Item	Assumption
Inflation Rate	3%
Financing Structure	Equity constitutes 75% of the investment and loans constitute 25%
Interest Rate	9%
Pre-Operating Expenses	2% of total investment
Working Capital	12 months of annual cost
Tax Rate	5%
Exemptions	Get all exemptions and incentives within free zones law / investment law
Staff Benefits	25% of salaries
Annual Salaries Increase	5%
Staff Incentives	5% of revenues
Assets Depreciation Rate	4%-20% of the asset value
Growth Rate Of Expenses	4.5%
Cost of Water and electricity	4% of total revenues
Other assets	10% of operation costs
Accounts Receivable	16.6% of revenues
Accrued expenses	8.8% of operation costs

5.2 Investment Cost

The project's Investment cost is estimated at JD 3.5 million distributed among fixed assets of JD 3 million, working capital and pre-operating expenses totaled of JD 474 thousand.

The following table shows the project's Investment cost.

Table 17: the project's investment cost

Item	Value (in thousand JD)
Fixed assets	3,055
Pre-operating expenses	71
Working capital	403
Total	3,529

5.3 Financing

The project will be financed with the shareholders by 75% which is estimated at about JD 2.6 million, while the other 25% of the project investment cost will be financed through bank loans of about JD 882 thousand.

The following table shows the financing structure for financing the project, where:

- The interest rate is 9%.
- The loan will be paid during 3 years.

Table 18: Project financing schedule

Item	Value (in thousand JD)	%
Equity	2,646.4	75%
Loan	882.1	25%
Total	3,529	100%

5.4 Revenues

The following table shows the total revenues of the project, where it is noted that the revenues in the first year amounts to about JD 499 thousand, and increased to reach up to JD 4.8 million in the tenth year, due to the growth in occupancy rate.

Table 19: The Expected Revenues

Statement	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Capacity / Storage / Company	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Normal storage service fee *	2,000	2,060	2,122	2,185	2,251	2,319	2,388	2,460	2,534	2,610
Electronic storage service fee-store fee *	1,800	1,854	1,910	1,967	2,026	2,087	2,149	2,214	2,280	2,349
Occupancy rate	%12	%22	%32	%42	%52	%62	%72	%82	%92	%92
Number of participated companies	120	220	320	420	520	620	720	820	920	920
Cost of devices for participated companies	150	155	159	164	169	174	179	184	190	196
Revenues of normal storage	240,000	453,200	678,976	917,891	1,170,529	1,437,500	1,719,435	2,016,993	2,330,857	2,400,783
Revenues of electronic storage	216,000	407,880	611,078	826,102	1,053,476	1,293,750	1,547,492	1,815,294	2,097,771	2,160,704
Revenues of equipments selling	18,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	-
Other revenues	24,947	46,133	68,735	92,652	117,941	144,665	172,886	202,670	234,086	240,078
Total Revenues – Thousand JD	499	923	1,375	1,853	2,359	2,893	3,458	4,053	4,682	4,802

*The average expected number of documents for companies is 30,000 documents

Note: These services were considered the main services to be dealt with companies, while any revenue from other services included within other revenues

5.5 The Projected Costs

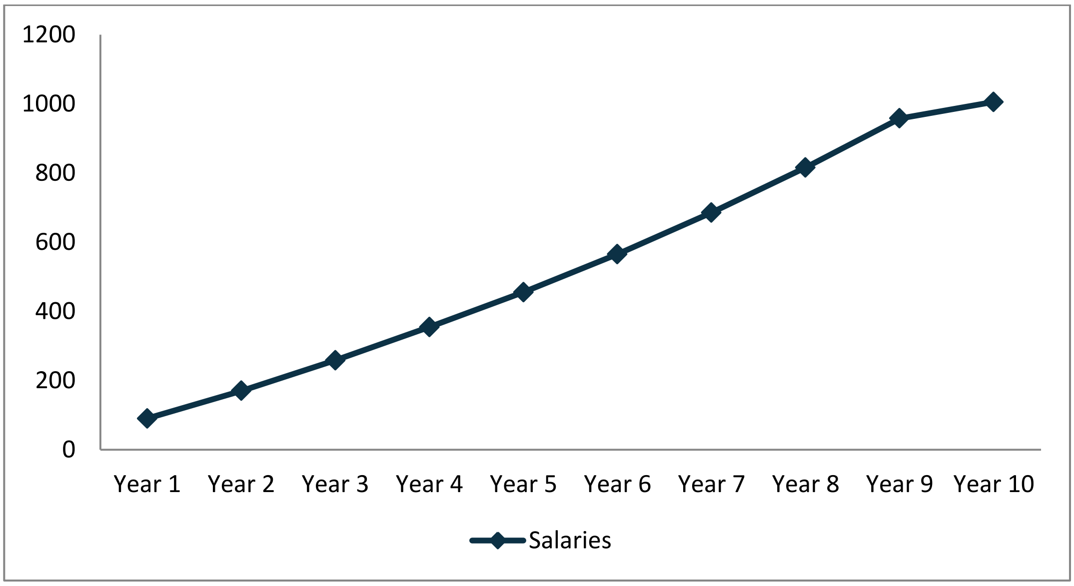
Operating Costs

The following table shows the project's operating costs according to the previous assumption over ten years. Salaries cost in Year 1 amounted to JD 90 thousand which increase to reach JD 1 million in Year 10.

Table 20: Projected Operating Costs

Operating Costs (in thousand JD)										
Statement	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Salaries	90.0	170.1	258.0	354.2	455.1	565.1	685.1	815.6	957.4	1005.3
Staff Benefits	22.5	42.5	64.5	88.6	113.8	141.3	171.3	203.9	239.3	251.3
Staff Incentives	24.9	46.1	68.7	92.7	117.9	144.7	172.9	202.7	234.1	240.1
Depreciation	195.0	195.0	195.0	195.0	195.0	195.0	195.0	195.0	195.0	195.0
Maintenance and other costs	64.9	119.9	178.7	240.9	306.6	376.1	449.5	526.9	608.6	624.2
Cost of sold devices	13.5	11.6	11.9	12.3	12.7	13.0	13.4	13.8	14.3	0.0
Water and Electricity	20.0	36.9	55.0	74.1	94.4	115.7	138.3	162.1	187.3	192.1
Cars expenses	12.0	15.6	20.3	26.4	34.3	44.6	57.9	75.3	97.9	127.3
Total	442.8	637.8	852.1	1084.1	1329.7	1595.5	1883.4	2195.3	2533.9	2635.2

Figure 3: Projected Operating Costs of the Project



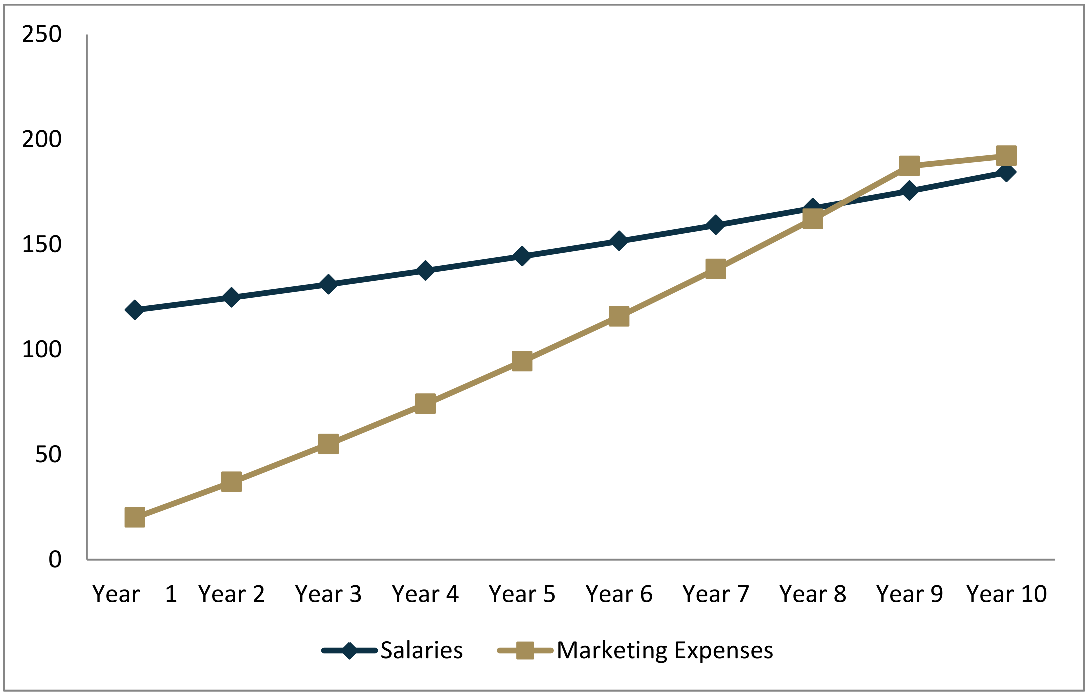
Administrative Expenses

The following table shows the projected administrative expenses of the project. Employees' salaries reach JD 118 thousand in the first year and increase to JD 184 thousand in the tenth year. The marketing expenses are about JD 20 thousand in the first year and increase to reach JD 192 thousand in the tenth year.

Table 21: General and Administrative Expenses

General and Administrative Expenses (in thousand JD)										
Item	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Salaries	118.8	124.7	131.0	137.5	144.4	151.6	159.2	167.2	175.5	184.3
Staff Benefits	29.7	31.2	32.7	34.4	36.1	37.9	39.8	41.8	43.9	46.1
Staff Incentives	10.0	18.5	27.5	37.1	47.2	57.9	69.2	81.1	93.6	96.0
Stationery	15.0	15.8	16.5	17.4	18.2	19.1	20.1	21.1	22.2	23.3
Professional Fees	5.0	5.3	5.5	5.8	6.1	6.4	6.7	7.0	7.4	7.8
Marketing Expenses	20.0	36.9	55.0	74.1	94.4	115.7	138.3	162.1	187.3	192.1
Other Expenses	5.0	5.3	5.5	5.8	6.1	6.4	6.7	7.0	7.4	7.8
Amortization	73.0									
Total	276.5	237.5	273.8	312.0	352.4	395.0	440.0	487.3	537.2	557.2

Figure 4: General and Administrative Expenses



5.6 Projected Financial Statements

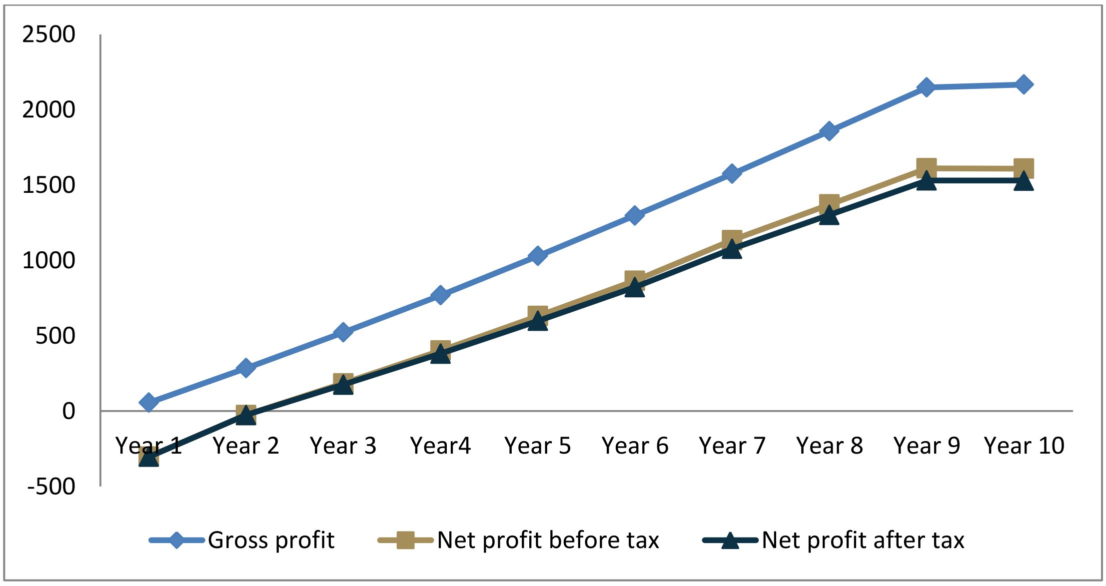
Income Statement

The following table shows the projected income statement of the project. It indicates that gross profit will increase from JD 56 thousand in the first year to JD 2.1 million in the tenth year. It noticed that there is loss in the net profit after tax amounted to JD 302 thousand then the project will make net profit after tax reaches to JD 1.5 million in the tenth year.

Table 22: The Projected Income Statement

Income Statement (in thousand JD)										
Item	Year 1	Year 2	Year 3	Year4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenues	498.9	922.7	1,374.7	1,853.0	2,358.8	2,893.3	3,457.7	4,053.4	4,681.7	4,801.6
Operating costs (cost of sales)	442.8	637.8	852.1	1,084.1	1,329.7	1,595.5	1,883.4	2,195.3	2,533.9	2,635.2
Gross profit	56.2	284.9	522.6	768.9	1,029.1	1,297.8	1,574.3	1,858.1	2,147.9	2,166.4
Administrative expenses	276.5	237.5	273.8	312.0	352.4	395.0	440.0	487.3	537.2	557.2
Net profit	(220.3)	47.3	248.8	456.9	676.7	902.7	1,134.4	1,370.7	1,610.6	1,609.1
financial expenses	82.2	73.2	64.2	55.2	46.2	37.2	-	-	-	-
Amortization	-									
Net profit before tax	(302.5)	(25.8)	184.6	401.7	630.5	865.5	1,134.4	1,370.7	1,610.6	1,609.1
Tax	-	-	9.2	20.1	31.5	43.3	56.7	68.5	80.5	80.5
Net profit after tax	(302.5)	(25.8)	175.4	381.6	599.0	822.3	1,077.7	1,302.2	1,530.1	1,528.7

Figure 5: Projected Income Statement



Projected Balance Sheet

The following table shows the projected balance sheet of the project during the first ten years. It indicates that total assets will increase from JD 3.6 million in the year of incorporation to about JD 4.8 million in the tenth year. The Total liabilities will decrease from JD 852 thousand in the first year to about JD 232 thousand in the tenth year. Moreover, the Shareholders' Equity will increase from JD 2.7 million in the year of incorporation to JD 4.6 million in the tenth year.

Table 23: Projected Balance Sheet

Projected Balance Sheet (in thousand JD)											
Statement	Year of incorporation	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
Cash	524	301	298	367	494	682	123	544	1,026	1,572	2,204
Receivables		83	154	229	309	393	482	576	676	780	800
Other Assets	-	44	64	85	108	133	160	188	220	253	264
Total Current Assets	524	429	515	682	911	1,208	765	1,308	1,922	2,605	3,268
Fixed Assets	3,128	3,128	3,128	3,128	3,128	3,128	3,623	3,623	3,623	3,623	3,623
Cumulative Depreciation	-	268	463	658	853	1,048	1,243	1,438	1,633	1,828	2,023
Pre- Operating Expense	-										
Net Fixed Assets	3,128	2,860	2,665	2,470	2,275	2,080	2,380	2,185	1,990	1,795	1,600
Total Assets	3,652	3,289	3,180	3,152	3,186	3,288	3,145	3,493	3,912	4,400	4,868
Shareholders Equity and Liabilities											
Accrued Expenses and Payables		39	56	75	95	117	140	166	193	223	232
Long Term Loans	913	813	713	613	513	413	-	-	-	-	-
Total Liabilities		852	769	688	608	530	140	166	193	223	232
Shareholders Contributions	2,739	2,739	2,739	2,739	2,739	2,739	2,739	2,739	2,739	2,739	2,739
Retained Earnings		(302)	(328)	(276)	(161)	18	265	588	979	1,438	1,897
Shareholders' Equity	2,739	2,437	2,411	2,464	2,578	2,758	3,004	3,328	3,718	4,177	4,636
Shareholders Equity and Liabilities	3,652	3,289	3,180	3,152	3,186	3,288	3,145	3,493	3,912	4,400	4,868

Cash Flow Statement

The following table shows the projected cash flow statement of the project during the first ten years. It indicates that the cash flow from operation will increase from JD 96 thousand in the second year to JD 1.7 million in the tenth year; while the Cash at the ending period will increase from JD 524 thousand in the year of incorporation to JD 2.2 million in the tenth year.

Table 24: The Expected Cash Flows Statement

قائمة التدفقات النقدية (بالألف دينار)											
Statement	Year of incorporation	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operation Activities											
Net Profit	-	(302)	(26)	175	382	599	822	1,078	1,302	1,530	1,529
Depreciation	-	268	195	195	195	195	195	195	195	195	195
Change In Working Capital	-	(88)	(73)	(78)	(83)	(87)	(92)	(98)	(103)	(109)	(21)
Cash Flow From Operation	-	(123)	96	292	494	707	925	1,175	1,394	1,616	1,702
Investing Activities											
Fixed Assets	(3,128)	-	-	-	-	-	(495)	-	-	-	-
Cash From Investing Activities	(3,128)	-	-	-	-	-	(495)	-	-	-	-
Financing Activities											
Capital (Equity)	2,739	-									
Loan	913	(100)	(100)	(100)	(100)	(100)	(413)	-	-	-	-
Dividends		-	-	(123)	(267)	(419)	(576)	(754)	(912)	(1,071)	(1,070)
Cash Flow From Financing Activities	3,652	(100)	(100)	(223)	(367)	(519)	(989)	(754)	(912)	(1,071)	(1,070)
Net Cash Flow	524	(223)	(4)	70	127	187	(559)	421	483	545	632
Cash At The Beginning Period	0	524	301	298	367	494	682	123	544	1,026	1,572
Cash At The Ending Period	524	301	298	367	494	682	123	544	1,026	1,572	2,204

5.7 Financial, Economic and Social Analysis

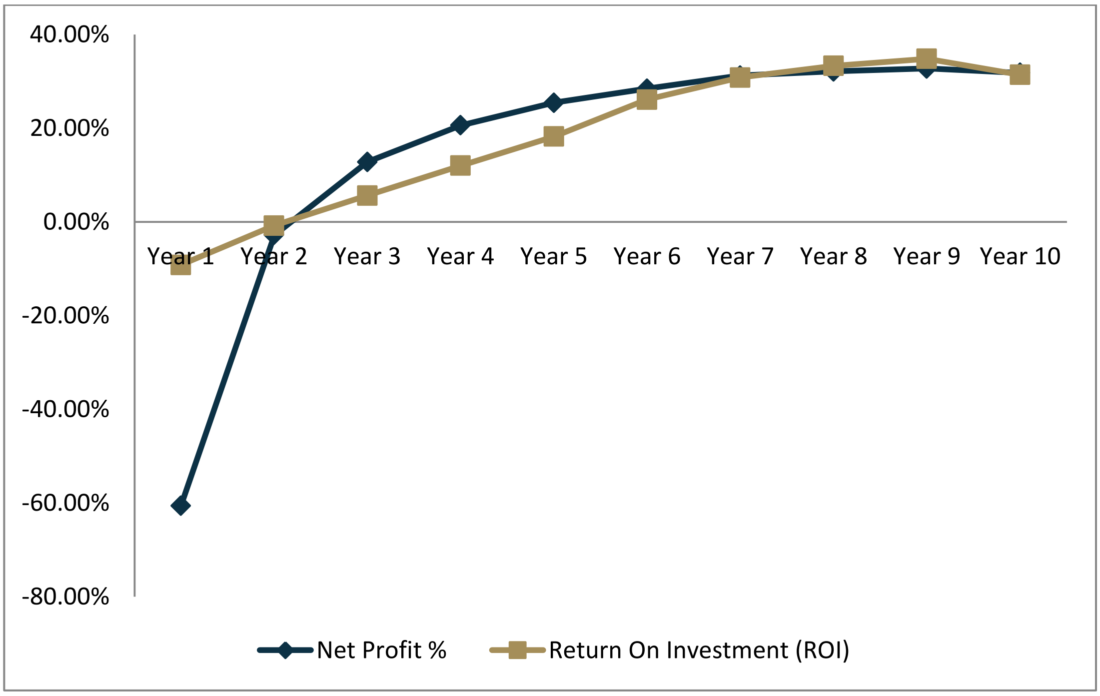
Financial Analysis

The following table shows the financial analysis of the project. It indicates that the net profit ratio will increase from 12.8% in the third year to 31.8% in the tenth year, and the return on investment will increase from 5.6% in the third year to 31.4% in the tenth year.

Table 25: Financial Analysis

Financial Analysis (In Thousand JD)										
Item	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets	3,289	3,180	3,152	3,186	3,288	3,145	3,493	3,912	4,400	4,868
Revenues	499	923	1,375	1,853	2,359	2,893	3,458	4,053	4,682	4,802
Profits	(302)	(26)	175	382	599	822	1,078	1,302	1,530	1,529
Capital (Equity)	2,739	2,739	2,739	2,739	2,739	2,739	2,739	2,739	2,739	2,739
Net Profit %	-60.6%	-2.8%	12.8%	20.6%	25.4%	28.4%	31.2%	32.1%	32.7%	31.8%
Return On Investment (ROI)	-9.2%	-0.8%	5.6%	12.0%	18.2%	26.1%	30.8%	33.3%	34.8%	31.4%
Return On Capital (ROC)	-11.0%	-0.9%	6.4%	13.9%	21.9%	30.0%	39.3%	47.5%	55.9%	55.8%
Net Profit On Revenues	-60.6%	-2.8%	12.8%	20.6%	25.4%	28.4%	31.2%	32.1%	32.7%	31.8%
Assets Turnover (Time)	0.15	0.29	0.44	0.58	0.72	0.92	0.99	1.04	1.06	0.99

Figure 6: The Financial Analysis



Economic Analysis

The following table shows the economic analysis of the project during the first ten years, we conclude that:

- The Internal rate of return is 18.8%. It exceeded five times the risk free rate, which means the economic feasibility of the project
- The present value of the project reached about JD 4.2 million. It exceeds the investment value with JD 2.7 million, which means the economic feasibility of the project.
- The profitability index of the project reached 1.52 times, which means that the expected value of the project will increase by two times the investment value, which proves that the project is feasible.
- The project payback period is 7 years.

Table 26: the Economic Analysis

Economic Analysis (in Thousand JD)											
Statement	Year of incorporation	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Net cash flow from operating and investing activities	(2,739)	(223)	(4)	192	394	607	512	1,175	1,394	1,616	1,702
terminal value											4,636
Net Cash flow	(2,739)	(223)	(4)	192	394	607	512	1,175	1,394	1,616	6,338
Internal Rate of Return (IRR)	18.8%										
present Value	4,179										
Net present value	1,440										
Profitability Index (Time)	1.53										
Payback period (Year)	7										

Social Analysis

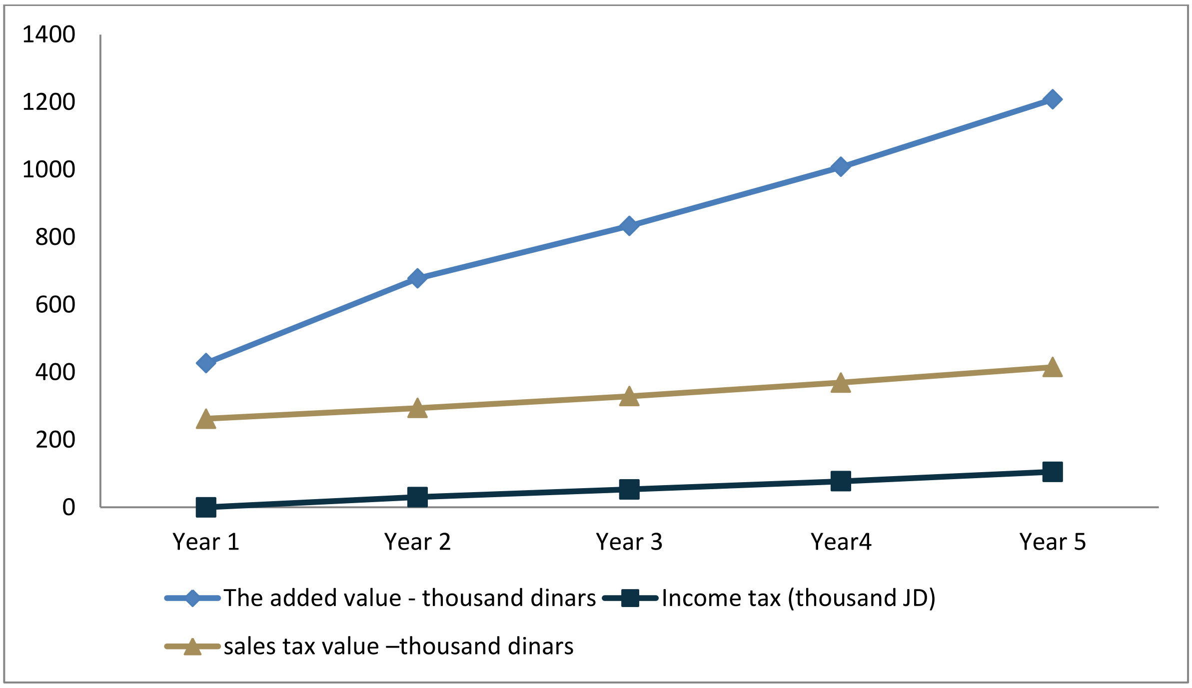
The following table shows the social analysis of the project. It is noticed that the number of staff required for the project is 7 employees in the first year ten years of the project.

The added value of the project will reach JD 2 million in the tenth year. The income tax will increase from JD 0 to reach JD 80 thousand in the tenth year.

Table 27: the Social Analysis of the Project

Social Analysis										
Statement	Year 1	Year 2	Year 3	Year4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Number of Employees	6	6	6	6	6	7	7	7	7	7
Jordanian employees	6	6	6	6	6	7	7	7	7	7
The added value – thousand JD	(49)	246	468	697	939	1,190	1,448	1,715	1,989	2,010
Income tax –thousand JD	0	0	9	20	32	43	57	69	81	80

Figure 7: The Social Analysis



6. Risk and Sensitivity Analysis

6.1 Risk Analysis

The following table shows the risk matrix analysis that may face the project.

Table 28: Project Risk Matrix

Risks	Type of Risks	Risk Assessment
Financial Risks	▪ **Credit Risk** Credit risk represents the risk of the company's financial loss as a result of the customer's default of the contractual obligation or that of the party dealing with the company through a financial instrument. These risks are mainly caused by trade receivables and others. ▪ **Liquidity Risk** Liquidity risk is the risk resulting from the company's inability to meet its financial obligations at time. The company's liquidity management is to ensure as much as possible that the company always maintain enough liquidity to meet its obligations as they become due and payable in normal and emergency conditions without incurring unacceptable losses or risks that affect the company's reputation. ▪ **risk of currency fluctuation** Currency risk is the risk of the fluctuation of the value of financial instrument, due to fluctuations in foreign	▪ The financial risks that may face the company are low, because the company deal with big enterprises ▪ There is no risk of currency exchange, because the company sales and purchases by local currency ▪ There is no risk of inflation because the company's pricing is based on a periodic basis

Risks	Type of Risks	Risk Assessment
	currency exchange rates. ▪ **inflation risk** It is the risk associated with the possibility that the inflation or the rise in the cost of living might lead to the decrease the real value of the investment.	
Business risk (sector risk)	▪ **Strategic Risk** It is the risk resulting from taking bad decisions by the company's management, or implementing the decisions in a wrong way, or not taking the decisions at the right time; which leads to losses or causes loss of alternative opportunities. ▪ **Legal and Regulatory Risks** These risks are reflected as a result of non-compliance with laws, guidelines and instructions governing the work. Legal risks are caused by the company's break of the laws governing the work in the state in which the company operates. While regulatory risks arise from the company's violation of laws and standards issued by the regulatory authorities. ▪ **Reputation Risk** Reputation risk arises from influential negative public views which result in great losses of customers or money. It includes the actions of the company's management or its	▪ The risks are considered moderate before the company's establishment, because of getting the approval of the official authorities ▪ Reputational risk is very high, as the company deals with very sensitive issues ▪ Market risk in the short term will be moderate because of the competition from other companies

Risks	Type of Risks	Risk Assessment
	employees which project a negative image of the company, its performance and its relationships with customers and other stakeholders. Reputation risk also results from circulating rumors about the company and its activities. ▪ **Competition Risk** Competition risk results from domestic and external competitors and reduces sales and profits.	
Operational Risk	Operational risk involves losses resulting from the failure of internal operations, human resources and systems. It includes: ▪ **IT Risks** They are losses arising from downtime or systems failure due to the infrastructure, information technology, or the lack of systems, and any failure or malfunction in the systems. They include: the crash of computer systems, breakdowns in communication systems, programming errors, computer viruses and opportunities losses due to breakdown. ▪ **Human Resources Risk** Losses caused by employees or related to them (intentionally or unintentionally). It also	▪ Operational risks are very low, for the company will contract with specialized technical bodies to develop the required information systems, in order to manage operations ▪ Competitive salaries will be paid ▪ Information security plan will be put in place to safely keep the company information

Risks	Type of Risks	Risk Assessment
	includes acts that are intended as methods of cheating, abusing property or circumvent the law, regulations or company policy by officials or employees, as well as losses arising from the relationship with the customer, shareholders, regulators and any third party.	
State Risk	State Risk includes politicians' interference, civil unrest, wars, financial and monetary policies and high level of debts.	▪ State Risk is considered to be low, due to security and political stability; international reports indicate that State Risk is low both in medium and long terms

6.2 Sensitivity Analysis

First: Increase of Investment Cost By 10%

The following table shows the results of the sensitivity analysis when investment cost increases by 10%.

Table 29: Investment Increase by 10%

Index	Base	Impact	Change
Internal Rate of Return (IRR)	18.8%	17.3%	1.5%
The Present Value at a discount rate of 13% (in Thousand JD)	4,179	4174.3	5.0
Net Present Value at a discount rate of 13% (in Thousand JD)	1,440	1148.5	291.6
Profitability Index (Time)	1.53	1.38	0.1
Payback period (Year)	7.00	7.40	-0.4
The Net Profit Ratio – an average of 10 years	28.4%	28.1%	0.3%
Return on Investment - an average of 10 years	26.1%	24.0%	2.2%
Return on Capital – an average of 10 years	30.0%	26.9%	3.1%
Net Profit On Revenues - an average of 10 years	28.4%	28.1%	0.3%
Assets Turnover (Time) – an average of 10 years	0.9	0.9	0.1
The added value - an average of 10 years (in thousand JD)	1190	1191	-0.4
income tax - an average of 10 years (in thousand JD)	43	43	0.4
sales tax - an average of 10 years (in thousand JD)	0	0	0.0

The above analysis refers to the feasibility of investment in the project, in light of the high cost of the total investment of the project, which increased by 10%. It is noted that:

- The internal rate of return reaches 17.3%, which is considered high for investment purposes
- The new payback period is 7.4 years, and it is reasonable for recovery purposes
- The return on capital is 26.9%, which is suitable for investment purposes

Second: Reducing Revenues by 10%

The following table shows the results of the sensitivity analysis when reducing revenues by 10%.

Table 30: Reducing Revenues 10%

Index	Base	Impact	Change
Internal Rate of Return (IRR)	18.8%	13.4%	5.4%
The Present Value at a discount rate of 13% (in Thousand JD)	4,179	2831.8	1347.5
Net Present Value at a discount rate of 13% (in Thousand JD)	1,440	92.5	1347.5
Profitability Index (Time)	1.53	1.03	0.5
Payback period (Year)	7.00	8.20	-1.2
The Net Profit Ratio – an average of 10 years	28.4%	21.0%	7.4%
Return on Investment - an average of 10 years	26.1%	19.8%	6.3%
Return on Capital – an average of 10 years	30.0%	20.0%	10.0%
Net Profit On Revenues - an average of 10 years	28.4%	21.0%	7.4%
Assets Turnover (Time) – an average of 10 years	0.9	0.9	0.0
The added value - an average of 10 years (in thousand JD)	1190	915	274.9
income tax - an average of 10 years (in thousand JD)	43	29	14.5
sales tax - an average of 10 years (in thousand JD)	0	0	0.0

The above analysis shows the low sensitivity of the project in case of reducing the revenues or demand by 10%. It indicates that:

- The internal rate of return is 13.4%, which is considered high for investment purposes
- The new payback period is 8.2 years, and it is reasonable for recovery purposes
- The return on capital reaches 20%, which is suitable for investment purposes

Third: Increasing the Operating Costs by 10%

The following table shows the results of the sensitivity analysis when increasing the operating costs by 10%.

Table 31: Increasing the Operating Costs by 10%

Index	Base	Impact	Change
Internal Rate of Return (IRR)	18.8%	15.7%	3.1%
The Present Value at a discount rate of 13% (in Thousand JD)	4,179	3383.9	795.4
Net Present Value at a discount rate of 13% (in Thousand JD)	1,440	644.6	795.4
Profitability Index (Time)	1.53	1.24	0.3
Payback period (Year)	7.00	7.80	-0.8
The Net Profit Ratio – an average of 10 years	28.4%	23.2%	5.2%
Return on Investment - an average of 10 years	26.1%	23.0%	3.1%
Return on Capital – an average of 10 years	30.0%	24.5%	5.5%
Net Profit On Revenues - an average of 10 years	28.4%	23.2%	5.2%
Assets Turnover (Time) – an average of 10 years	0.9	1.0	-0.1
The added value - an average of 10 years (in thousand JD)	1190	1039	151.6
income tax - an average of 10 years (in thousand JD)	43	35	8.0
sales tax - an average of 10 years (in thousand JD)	0	0	0.0

The above analysis shows the feasibility of the project in light of increasing the operating costs of the project by 10%. It indicates that:

- The internal rate of return is 15.7%, which is considered high for investment purposes
- The new payback period is 7.8 years, and it is reasonable for recovery purposes
- The return on capital is 24.5%, which is suitable for investment purposes