

AN EXCELLENT AI LANGUAGE BUSINESS

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ABSTRACT

The application of artificial intelligence in the field of education has been increasing in recent years. A good example of this is the intelligent correction of language compositions. A God AI project business plan is a business plan executed for the B-side, and its research is a theoretical implementation of the A God AI project based on its own strengths and the analysis of the current industry scale expansion and the operability of the actual market, and its purpose is to make the successful implementation of the A God AI project expansion with a comprehensive planning of the guidance document. Through the collection of actual data and the active application of the MBA curriculum, an in-depth analysis of the industry environment PEST analysis, 5 Forces Model, SWOT analysis, financial analysis, marketing strategy, and team structure measurement was conducted to provide a detailed theoretical basis for the successful implementation of the project. By conducting a comprehensive and detailed analysis of the project. Investment decision analysis is an important tool to study the feasibility of the project, therefore, we introduced the net present value of investment (NPV) method, the embedded rate of return (IRR) method, and the payback period method to illustrate the feasibility of our project proposal.

Executive Summary

1.1 Introductory Overview

A God Intelligent Technology Co, Ltd, founded on December 04, 2018. Is an artificial intelligence technology applied to language literacy education company, in February 2020, Lithia's big data department after internal incubation, the formation of A God Intelligent Energy Technology Co., Ltd. by Lithia Group's equity investment, officially for the national K12 training institutions to provide AI language curriculum empowerment products. The company continues to innovate in the field of language education, mainly in the development and service of AI technology application products such as intelligent classroom teaching, intelligent lesson preparation for teachers, personalized homework for students, intelligent composition correction and language ability assessment. Its self-developed AI composition teaching and correction system has been successfully used in many schools across China, helping students to form a good way of thinking, cultivate healthy emotions and psychological cognition, and improve and enhance their own personality and humanistic cultivation.

1.2 Market Opportunity

At present, the domestic AI correction essay industry technology development has been relatively mature, but also with a number of areas of mutual integration, the extension of terminal equipment, special services, value-added services and a variety of new products and services, product series up to more than 20 types, AI correction essay industry technology has come to the comprehensive application.

Section 1: Company Description

1.1 Company description

A God Intelligent Technology Ltd. Founded on December 04, 2018. It is a company of artificial intelligence technology applied to language literacy education. In February 2020, Lithia's Big Data Department formed A God Intelligent Technology Co. after internal incubation, and on February 21, 2020, a change of legal representative occurred, and Mr. Lei, Vice President of Lithia, changed to the actual controller, with equity investment by Lithia group, officially for the national K12 training institutions to provide AI language curriculum empowerment products.

1.2 Company Mission statement

Let Every Child Love AI Languages

1.3 Company Products and services

1. ATS Smart Teaching System
2. Essay AI Hybrid Review Technology
3. OMO Customer acquisition and marketing apple

Section 2: Industry Analysis

In the context of the new college entrance examination, the weight of language subjects in the examination has increased, and the demand for language training has been rapidly released.

1. Four major changes after the epidemic:
 - (1) The giant sinks, and the era of “slow business” in the education industry is over;
 - (2) Single-campus, single-subject model profits are getting thinner and thinner, and expanding the subject to increase revenue is a top priority;
 - (3) The principal's awareness of crisis is getting stronger;
 - (4) Good teachers and good products have become the meat and potatoes.
2. The training cycle of language teachers is lengthened, and the threshold of language teachers' access is raised.
3. A systematic curriculum for languages to adapt to the new curriculum, Both public schools and educational institutions need solutions.

Dr. Shen, founder of Leyan Technology, the lead investor of this round, said that A God AI has unique advantages in the productization and intelligence of language courses. Through this round of financing, A God AI's industry accumulation in educational products and services, combined with Leyan Technology's leading technology in cognitive intelligence, will accelerate the amplification of its advantageous capabilities and become the leader in TO B empowerment of language subjects.

Section 3: Market Analysis and Marketing Plan

3.1 Market Analysis

Annual sales and market share estimation

Equivalent to an annual revenue increase of 500,000 RMB for a small campus and 15-20% for a medium to large campus.

5 Forces Model:

Analysis of the basic competitive dynamics of online language education in China.

- Suppliers: training teachers, training institutions.
- Purchasers: parents with children at home, public and private primary and secondary schools.
- Potential entrants: large offline training institutions; foreign language training institutions.
- Substitutes: offline training institutions; schools; individual home teachers.

3.2 Marketing Plan

Pricing Strategy

1. Single-school language expansion cooperation: from 50,000 RMB
2. Single-school essay correction tool partnership: from 15,000 RMB
3. Large customers / city partner cooperation: please call 4001330520

A God AI Language Project Overall Marketing Strategy.

Experiential marketing, one-to-one marketing, membership marketing

A God AI language program distribution and sales.

Creating news events marketing, online marketing

Section 4: Management Team and Company Structure

4.1 Management Team

Board Members as shown on the PowerPoint

Founder & CEO: Mr. Lei

Chief Scientist & Director: Mr. Shen

Shareholder: Ningbo Meishan Free Trade Port Zone Hui Zhi Chuang Win Enterprise Management Partnership

Ningbo Meishan Free Trade Port Zone Wanzhong Yi Xin Enterprise Management Partnership

DouShen Education Technology (Beijing) Co.

Shanghai Leyin Technology Co.

Beijing Chenxing Venture Capital Center

Ningbo Taishi Ujutsu Investment Management Co.

Qingdao Fangxincheng Investment Management Enterprise
 Tianjin Derikosi Technology Co.
 Ms. Yin
 Ms. Hu

4.2 Company Structure

The company structure is shown in the figure.



Section 5: Operations Plan, Production Design and Development Plan

5.1 Operations Plan

1. Accompanying operation empowerment plan

Teaching support、 Teacher management: 、 Enrollment support、 Market support: 、

Teaching support、 System support

2. Comprehensive Faculty Development and Training

There are four categories: original faculty deletion, new faculty selection, course acceptance, and teaching supervision and inspection.

3. One-stop marketing material tool integration

Collect user feedback through the course software system.

5.2 Production Design

OMO model is the future direction of education and training

According to the survey, the industry generally believes that after the end of the pure online model still can not meet the needs of all parents, offline institutions will still return to offline training. During the period, both institutions and students have initial experience with online education, and the trend has been to make education online. Therefore, in the medium and long term, OMO (Online Merge Offline) multi-scene integration, online and offline interaction model will become the mainstream model of the education and training industry. At present, 53% of the institutions have indicated that they will adjust their business model to OMO model.

5.3 Development Plan

Technology innovation model based on consumption upgrade

1. After the 90s and even after the 00s has become the main group of social consumption.

2. China's economy is changing from an investment-led to a consumption-led one, and technological innovation in AI essay correction will certainly lead to an upgrade in consumption.

3.The technological innovation model of AI based on consumer upgrades to correct essays is still the direction of innovation martyrs.

Section 6: Financial Projections

6.1 Estimated company financial statements

It is expected to be profitable from the third year and obtain net profit: 925,000RMB. And the accumulated undistributed profit can be realized by the fourth year: 1,147,000RMB.

	First year	Second year	Third year	Fourth year	Fifth year
(1) Revenue from main business	1.6	18	319.1	606.3	948
Less: Cost of main operations	12	16	20	56	88
Taxes and surcharges on main business	0.4	4.5	79.8	151.6	237
(ii) Profit from main business	10. -8	-2.5	219.3	398.7	623
Less: Operating expenses	42	31	46	50	52
Overhead	30	29	30	36	32
Finance costs	18	16	20	22	20
(iii) Operating profit	-100.8	-78.5	123.3	290.7	516
Less: Income tax expense	0	0	30.8	72.7	129
(iv) Net profit	-100.8	-78.5	92.5	218	387
Less: Surplus reserves	0	0	0	21.8	38.7
Profit Distribution	0	0	0	54.5	96.8
(v) Undistributed earnings	0	0	0	141.7	251.5
(vi) Accumulated undistributed earnings	0	0	0	141.7	393.2

6.2 Company's projected balance sheet

Statement of financial projections for the next five years

The company was not profitable in the first. In the first two years, the company did not make any profit because the market was not yet developed. From the third year, the website has a certain degree of popularity, high click-through rate, and began to gradually profit, and this is the publication of the website magazine, the investment increased, the corresponding income is also increasing. From the long-term development, the site is low investment, risk is also small, profitable ability.

	First year	Second year	Third year	Fourth year	Fifth year
Current assets					
Monetary assets	21	18.2	19.5	27	41.1
Accounts Receivable	0.4	2	3	4	6
Inventory	0	0	1	3	5
Total current assets	21.4	20.2	23.5	34	52.1
Non-current assets					
Fixed Assets	6	4	8	15	20
Intangible assets	1	5	9	15	16
Total non-current assets	4	9	17	30	36
Total Assets	25	26.2	40.5	64	88.1
Current liabilities					
Short-term borrowings	0	0	2	0	0
Employee compensation payable	0.4	1	1.9	3.2	5.5
Taxes Payable		0	1.5	4.62	13.03
Total current liabilities	0.4	1	5.4	7.82	18.53
Non-current liabilities					
Long-term borrowings	0	0	5	5	5
Total non-current liabilities	0	0	5	5	5
Total liabilities	0.4	1	10.4	12.82	23.53
Owner's Equity					
Paid-in Capital	30	30	30	30	30
Surplus reserves	0	0	0.765	1.79	5.19
Undistributed earnings	-5.4	-3.8	4.235	10.11	29.38
Total Owner's Equity	24.6	26.2	35.1	41.9	64.57
Total	25	27.2	40.5	64	88.1

6.3 The company's projected cash flow

Projects	0	1	2	3	4	5
Fixed Asset Investment	-230000					
Working capital advances	-30000					
Operating cash flow		62800	59800	56800	53800	50800
Impairment of fixed assets		30,000				
Working capital recovery		30,000				
Total cash flow	-260000	62800	59800	56800	53800	110800

6.4 Ratio analysis

(1) Profitability analysis

Time Type	First year	Second year	Third year	Fourth year	Fifth year
Sales margin	-6300%	-436.1%	29.0%	36.0%	40.8%
Net Asset Margin	-20.2%	-15.7%	18.5%	43.6%	77.4%

The enterprise has a relatively high sales margin and return on net assets, which can bring the enterprise a good profit and a strong ability to benefit from equity capital. The net asset margin declines slightly as income tax is paid from the third year onwards, but still shows an increasing trend as the scale effect is generated.

(2) Operating Capacity Analysis

It is also a comprehensive reflection of macro-resource allocation and micro-economic management.

Operating capacity analysis

Year Type	First year	Second year	Third year	Fourth year	Fifth year
Current asset turnover ratio	0.02	0.23	3.99	7.59	11.9
Fixed asset turnover rate	0.009	0.1	1.77	3.37	5.27
Total asset turnover ratio	0.003	0.036	0.64	1.21	1.90

(3) Solvency analysis

Short-term solvency is the ability of an enterprise to repay its current liabilities with current assets. It reflects the strength of the enterprise to pay the daily maturity of the debt, whether the enterprise can pay the maturity of the current liabilities in a timely manner, is an important symbol to reflect the good or bad financial condition of the enterprise, and we must pay great attention to the ability to repay short-term debt, to maintain the good reputation of the enterprise.

	First year	Second year	Third year	Fourth year	Fifth year
Current ratio	3.45	4.05	5.86	6.67	8.43
Gearing ratio	78.2%	56.4%	19.2%	15.4%	13.6%
Equity multiplier	4.59	2.29	1.24	1.18	1.16
Interest cover multiplier	2.47	3.34	5.76	6.88	7.01

6.5 Capital Budget

Year	NCF by year	Compound interest present value factor	Present value
1	62800	0.9174	57612.72
2	59800	0.8417	50333.66
3	56800	0.7722	43860.96
4	53800	0.7084	38111.92
5	110800	0.6499	72008.92
Net Present Value (NPV)			1928.18

(1) Net present value of investment

$$NPV = \sum_{t=0}^n NCF_t (1+i)^{-t} \quad NPV = 21.5 \text{ (thousand)}$$

Considering the current low cost of capital, as well as the opportunity cost of capital and the riskiness of the investment, I is taken as 10% (the same below), at this time, NPV = 21.5 (thousand yuan), equal to Two hundred and fifteen thousand RMB which is greater than zero. The profitability is good during the calculation period, and the investment plan is feasible.

(2) Payback period

Payback period = number of years with positive cumulative net present value - 1 + (unrecovered cash / current value of the year)

Through the net cash flow, discount rate, investment amount and other data calculated by interpolation method, the payback period is six years and three months, and the investment plan is feasible.

(3) Implied rate of return

The calculation of the embedded rate of return based on the cash flow statement is as follows:

$$NPV(IRR) = \sum_{t=0}^n NCF_t (1+IRR)^{-t} = 0 \quad IRR = 34\%$$

The embedded rate of return is 34%, which is greater than the cost of capital rate of 10%, so the project can be adopted and the market growth is good in the first 5 years.

Appendix: Conclusion

A God AI project expansion according to the current domestic new college entrance examination background, the language subject in the examination of the weight of the industry development trend and the company to carry out the project, it is expected that the use of A God AI project has matured operation mode, with all the resources integration of business model, priority to build the site leading language education industry intelligent business platform to meet the needs of the economy, not only can help many schools to cope with the epidemic caused by online class model, but also for consumers seeking greater discounts and convenience. At the same time, with the continued support of Lithia Group, the A God AI project has a large profit margin, relatively low risk, high investment value and viability.

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