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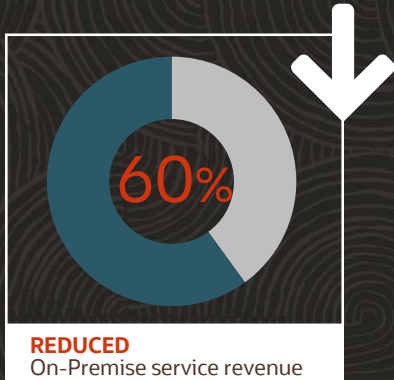
Your Business

Business Model Analysis and Recommendations

Developed by
Oracle Food and Beverage

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Social distance regulations are predicted to result in **60% reduction in on-premises sales in the UK for the foreseeable future.**

Executive Summary

Your Business is a 40 cover bar and restaurant specializing in new cocktails, craft beer and a unique twist on Vietnamese seafood tapas, located in an up-coming area of London.

In 2019, Your Business saw modest and steady profit growth. The COVID-19 crisis however resulted in Your Business closing its doors beginning March 1, 2020 with all staff on furlough.

Your Business are looking to re-open their doors, pending eased government restrictions. The following analysis takes into consideration several factors: 1) historical performance 2) government regulations on social distance and capacity restrictions 3) reliance on 3rd Party deliver aggregators for marketing and fulfillment 4) re-balancing service channels.

Profit and loss cash flow models are based on an 8-week period and examine: 1) New sales split (off-premises versus on-premises); 2) Cost of sales; 3) Gross profit; 4) Net profit.

Two scenarios are provided to illustrate the state of Your Business should the business “Do Nothing” and carry on as they have been, prior to COVID-19, or pursue an “Active Rebound” which includes new service channels, operations, process and technology improvements.

Should Your Business pursue an Active Rebound, we project the following outcomes are achievable:

- **55% on premises, and 45% via offline sales mix**
- **30.9% average cost of sales by week 8**
- **34% gross profit on total sales, and**
- **2.9% net income profit**

Let's dig into the numbers.

** Utilizing industry published figures*

Key Findings

Maximize Your Technology Capabilities

- Speed of service
- Mobile pay
- Upsell dynamically
- Contactless service

2.9% Possible Positive Net Profit Margin by Week 8*

Social distancing affects max covers but biggest impact is loss of customers who may not visit a restaurant in the near term

45% of your sales mix will come from new off-premises service channels

+ Projected Positive Cash position by adopting active rebound strategy

Profitable by week **5**

Oracle Food and Beverage Restaurant Rebound report examines your current operation and considers trends in the industry.

Key Considerations :

- How social distancing regulations will impact business operations, cash flow and profit
- Evaluate available new and emerging sales channels to determine optimal mix
- Identify operational efficiencies which could positively impact cost of goods sold
- Recommendations to navigate short-term challenges and adapt for long-term results

Your Business

Your Business has taken a government grant of £25k to pay business rents and other costs, and staff are currently on UK furlough scheme. Although business rates have been cancelled by UK government, Your Business may need an additional cash injection to cover cash flow for re-opening.

Your Business had considered revising their menu but the required reduction on COGS to maintain profits couldn't be calculated due to lack of in house analytics. In addition, efficiencies in staffing levels had not been considered.

Pre-COVID Off-premises dining via Deliveroo had been considered but the price was deemed too high at 34% commission while terms and conditions such as maintaining current prices and ban on additional aggregators rendered the channel unattractive. Your Business do have a strong social media presence and following.

The following pre-COVID figures provided by Your Business have been used in the predictions.

Pre-COVID Key Stats

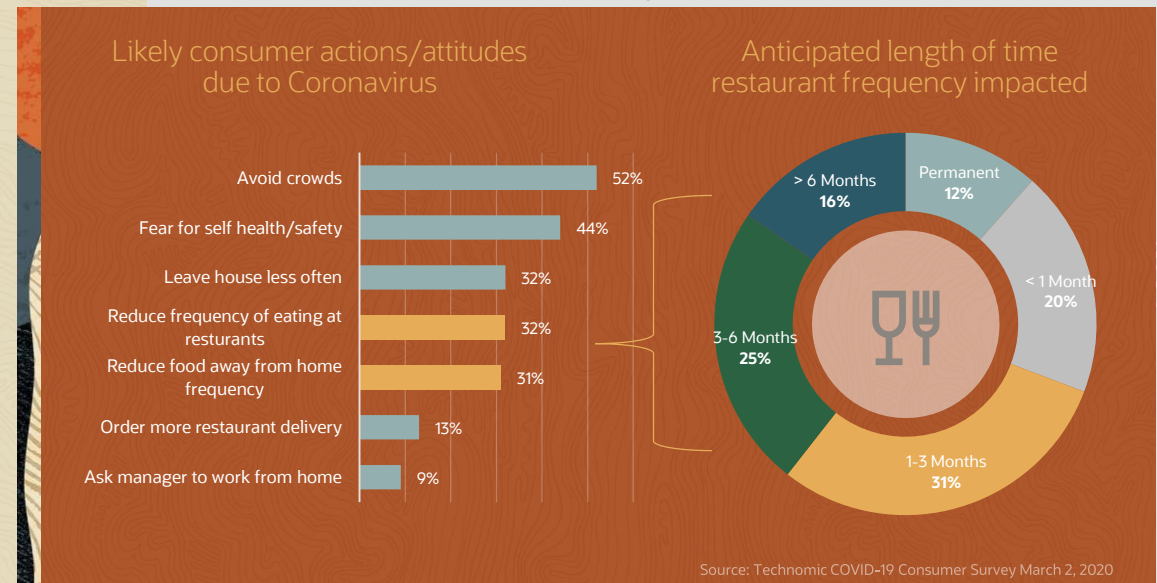
£7,520 Avg. Weekly Revenue

£35 Avg. transaction value per cover

~216 # Customers Per Week

6.79% Avg. Net Profit Margin

Post-COVID Industry Stats



Your Business



35% Food COGS
25% Drinks COGS
28% Labor Costs

6 out of 10 *customers say they will be more likely to use mobile to order & pay after restrictions are lifted...

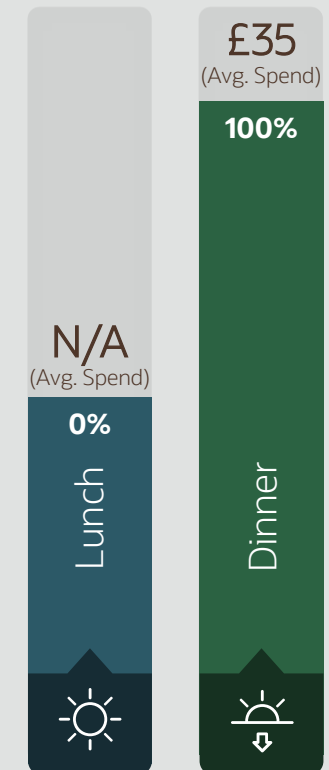
*Reference for quoted stats

How will hospitality customers respond when COVID-19 restrictions are lifted?, Wi5 Consumer research, April 2020

Sales Channels Split:



Occupancy & Spend:



COVID Impacts:

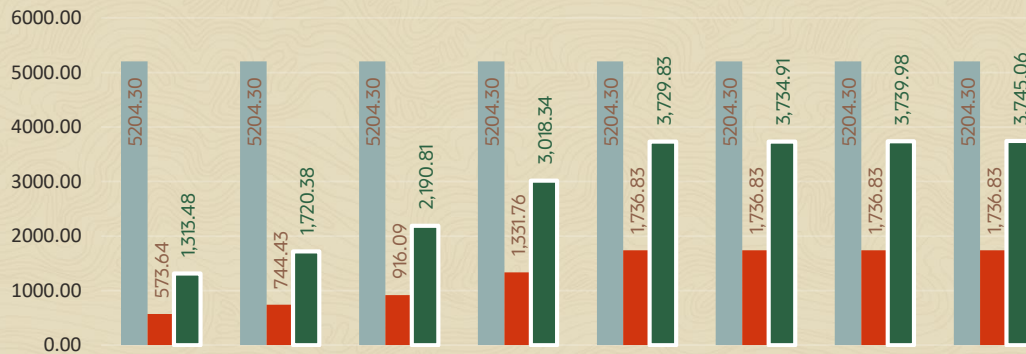
+3% Increased service & labor costs to enforce new hygiene and non contact service requirements**

57% Agree "I will be more likely to use mobile ordering to collect and take away than I was before coronavirus"*

-60% New social distancing rules impact on seating capacity at 2m

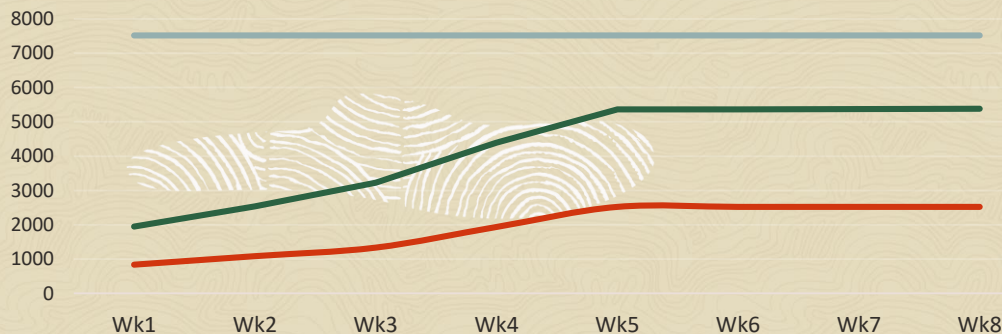
Your Business P&L Analysis

Gross Profit



Over an 8-week period it is possible to increase revenue, albeit unlikely to hit the same levels as before in the short-term. However, the number of transactions is expected to be similar as a result of new and existing customers moving to off-premise service channels.

Revenue



Pre - COVID

Do Nothing

Active Rebound

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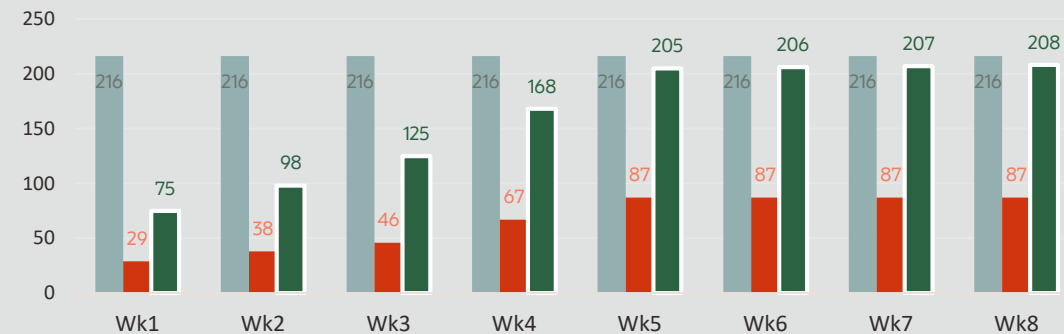
Using Your Business's current business numbers as inputs coupled with market research, we have generated two future business scenarios, over an 8-week period, in the form of familiar food and beverage financial P&L reports.

Throughout the following pages, we will reference up to three scenarios to aid in comparison and help you make an informed decision.

Scenarios used for comparison:

1. Pre-COVID : historical factual data provided by Your Business. Provides a baseline view on how your business was performing.
2. Do Nothing: assumes no actions taken when reopening. Business will continue as before, but fully impacted by new factors out of your control
3. Active Rebound: recommended actions and measures to mitigate as much negative impact as possible as a result of new customer behaviors and post-COVID rules/regulations

Transactions





£1,091
Potential Delivery &
Collection Weekly
Revenue

Active Rebound

The following articulates factors taken into account using the Active Rebound scenario. The most important consideration for Your Business is to ensure they review and analyze their strategy, channels and profitability frequently. Setting targets and KPIs is critical. And don't be afraid to adjust them and review your numbers more frequently than before, its all about marginal gains and sustainability, testing new concepts, remaining agile and continuously improving.

Increase Average Check by 10%

- Upsell and promote more drinks per order
- Increase menu prices (comparables indicate prices are low)
- Introduce set menu deals

29%

Introduce off-premise service channels:

Week on week 29% increase of new delivery & existing collection customers
(includes existing customers shifting to delivery & collection)*

28%
COGS

Improve delivery channel cost of goods sold by -7%

- Online deals
- Meal kits, revised menu & recipe for higher margin

Reduce labor COGS to 34%

Redeploy existing staff to service new operating models

Improve & maintain
COGS by -5%

30%
COGS

- Better menu planning
- Supplier costs management
- Revised menu & recipe for higher margin

Cash Flow

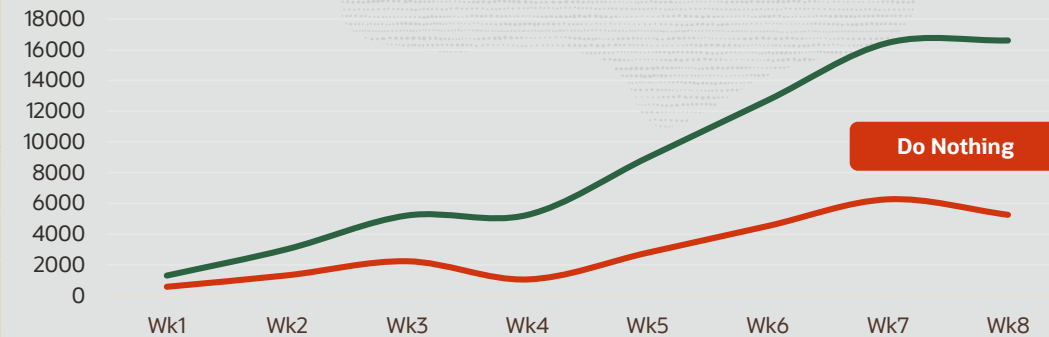
At its very base level, cash flow is an analysis of cash coming in versus the amount of cash going out on a daily, weekly, and monthly basis.

Here we have projected the possible 8-week cash flow using the 'Do Nothing' and 'Active Rebound' scenarios so you can compare the impact. All values are net of local tax such as value added tax.

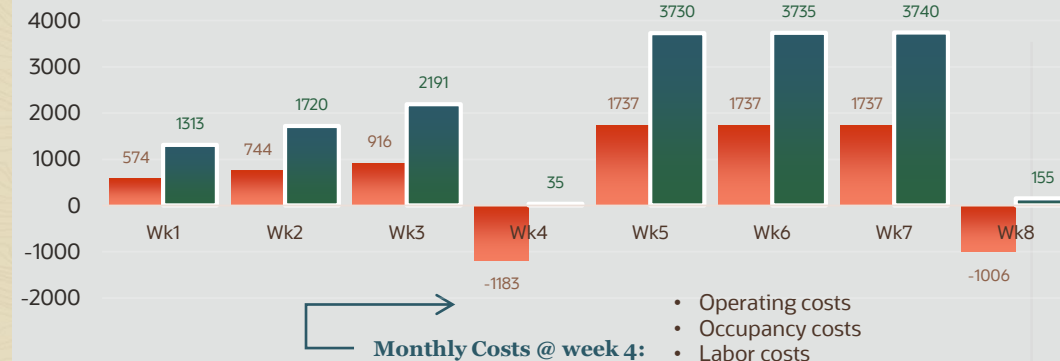
Based on Your Business's input, COGS are paid weekly and all other costs listed below are paid on week 4:

- Operating costs (utilities, subscription, services, supplies & sundries)
- Occupancy costs (premise licenses, business tax, rent & insurance)
- Fixed costs (finance cost, loans, debts)
- Labor costs (staff, fixed labor, pensions)

Cash Flow



Cash In/Out



Cash Flow Scenarios

Active Rebound

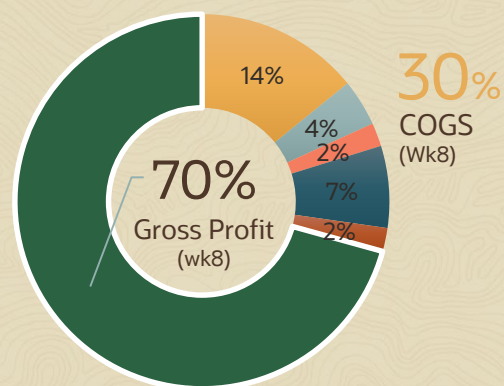
- Positive balance at end of week 4 & 8
- Cumulative cash growth at week 8 after monthly costs

Do Nothing

- Negative balance at both end of week 4 & 8
- Similar negative cash position at week 4 & 8
- Would require cash injection to cover monthly costs

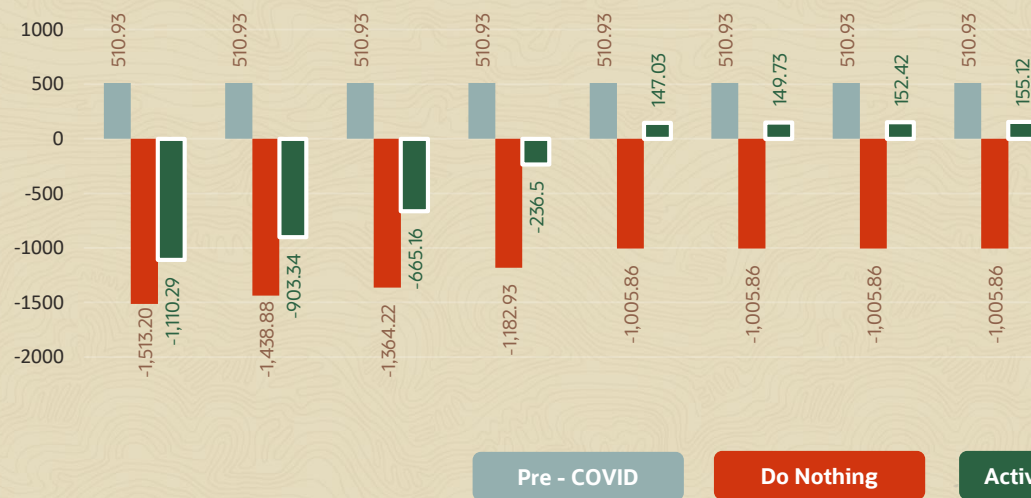
Profit & Loss

The following profit and loss assessment, otherwise known as an income statement, provides an overview of your revenue, costs, and expenses over an 8-week period. This illustration helps articulate your net profit or loss in each scenario.



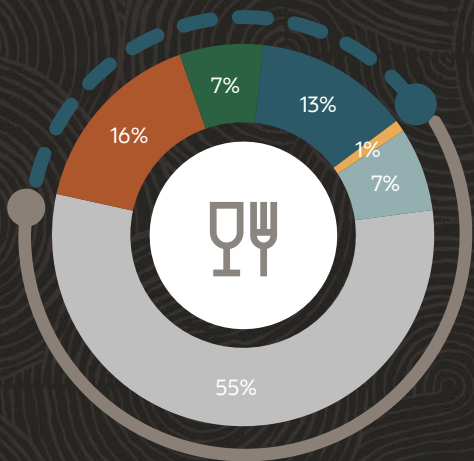
PNL Trend: *Possible Positive Net profit by week 5!*

Net Profit



Bar Om Forecasted PNL Summary

	Week 8		8 Wk Period to Date	
Sales:				
Food	<div><div></div><div></div></div> 3,642.11	67.7% <div><div></div><div></div></div>	22,945.03	68.3%
Beverage	<div><div></div><div></div></div> 1,738.38	32.3% <div><div></div><div></div></div>	10,640.84	31.7%
Other				
Total Sales	5,380.49	100.0%	33,585.87	100.0%
Cost of Sales:				
Food	<div><div></div><div></div></div> 1,073.84	29.5% <div><div></div><div></div></div>	6,754.19	29.4%
Beverage	<div><div></div><div></div></div> 343.38	19.8% <div><div></div><div></div></div>	2,098.67	19.7%
Other (Packaging & Delivery)	218.21	4.1%	1,540.24	4.6%
Total Cost of Sales	1,635.43	30.4%	10,393.09	30.9%
Labor:				
Staff	<div><div></div><div></div></div> 1,829.37	34.0% <div><div></div><div></div></div>	11,419.20	34.0%
Total Cost of Sales	1,829.37	34.0%	11,419.20	34.0%
Prime Cost	3,464.80	64.4%	21,812.28	64.9%
Operating Costs:				
Utilities (gas, electricity, water, commercial waste)	<div><div></div><div></div></div> 153.51	2.9% <div><div></div><div></div></div>	1,228.08	3.7%
Subscriptions & Services	<div><div></div><div></div></div> 54.69	1.0% <div><div></div><div></div></div>	437.53	1.3%
Pension Schemes	<div><div></div><div></div></div> 40.25	0.7% <div><div></div><div></div></div>	322.00	1.0%
Supplies & Sundries	<div><div></div><div></div></div> 23.33	0.4% <div><div></div><div></div></div>	186.67	0.6%
Other Operating	<div><div></div><div></div></div> -	0.0% <div><div></div><div></div></div>	-	0.0%
Total Operating Cost	271.78	5.1%	2,174.27	6.5%
Occupancy Costs:				
Premise Licenses	<div><div></div><div></div></div> 8.79	0.2% <div><div></div><div></div></div>	70.32	0.2%
Business/Real EstateTax	<div><div></div><div></div></div> 74.38	1.4% <div><div></div><div></div></div>	595.04	1.8%
Rent	<div><div></div><div></div></div> 961.54	17.9% <div><div></div><div></div></div>	7,692.33	22.9%
Insurance	<div><div></div><div></div></div> 47.41	0.9% <div><div></div><div></div></div>	379.29	1.1%
Other Occupancy	<div><div></div><div></div></div> -	0.0% <div><div></div><div></div></div>	-	0.0%
Total Occupancy Cost	1,092.12	20.3%	8,736.97	26.0%
Fixed Costs:				
Do you have any other fixed Finance Costs (Loar	<div><div></div><div></div></div> 116.67	2.2% <div><div></div><div></div></div>	933.33	2.8%
What are your fixed Labour Costs Per Month	<div><div></div><div></div></div> 280.00	5.2% <div><div></div><div></div></div>	2,240.00	6.7%
Other Fixed	<div><div></div><div></div></div> -	0.0% <div><div></div><div></div></div>	-	0.0%
Total Fixed Cost	396.67	7.4%	3,173.33	9.4%
Net Income Profit	155.12	2.9%	2,310.99	-6.9%



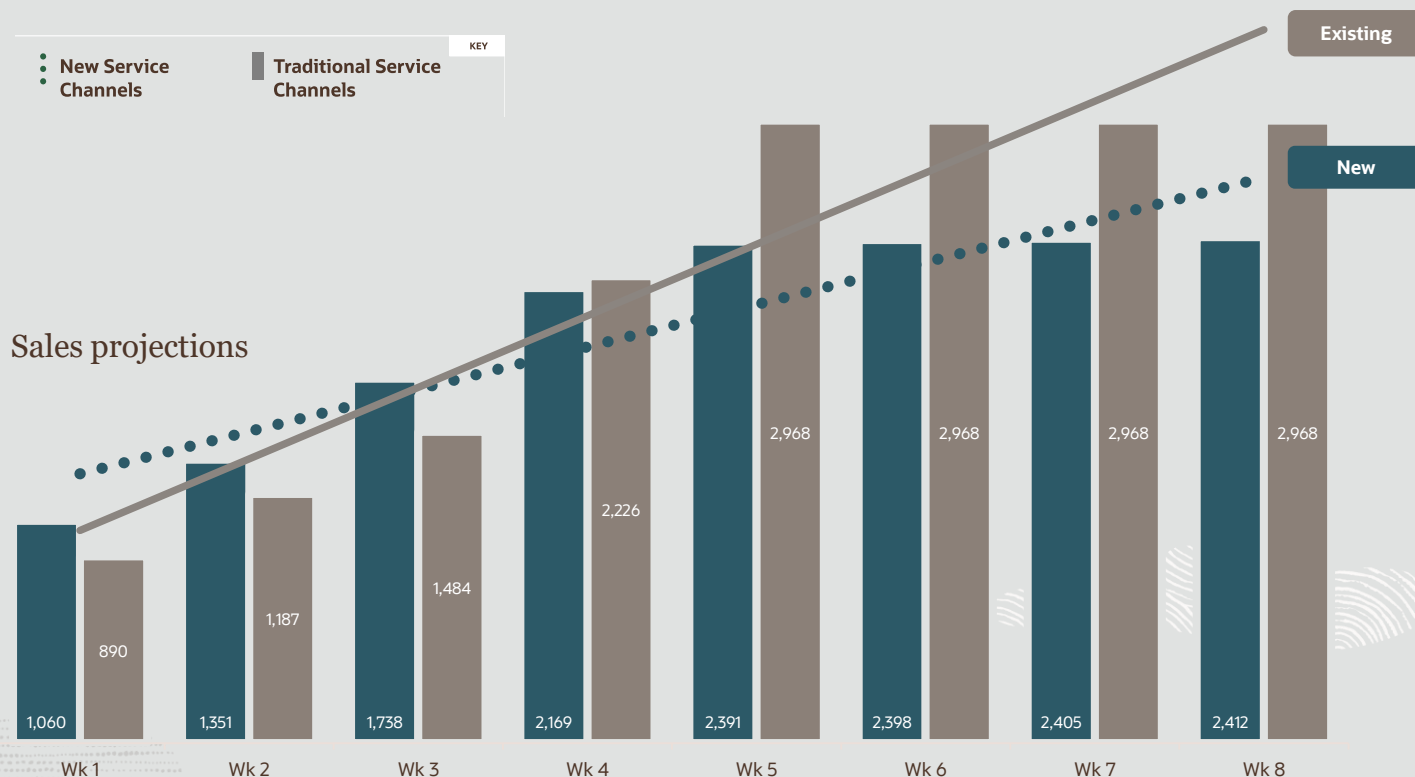
■ Lunch ■ Dinner ■ Afternoon ■ Terrace ■ Delivery ■ Collection ■ Retail

Your Business's historical sales revenue mix by channel averaged 98.2% from on-premises dinner service, and 1.8% for collections or take-out.

Our Active Rebound scenario diversifies your sales revenue mix and re-balances your on-premises contribution to 55% of your total revenue. This is largely expected to be driven by customer behavior as we continue to see a sharp shift to off-premise ordering.

Sales Mix by Channel

New service channels may be critical to your revenue from week 1 of opening until confidence in the market drives more customers back into the restaurant. It is anticipated that your sales revenue mix will rebalance to include growth of collection/take-out to 7% compared to a previous percentage of 1.8%

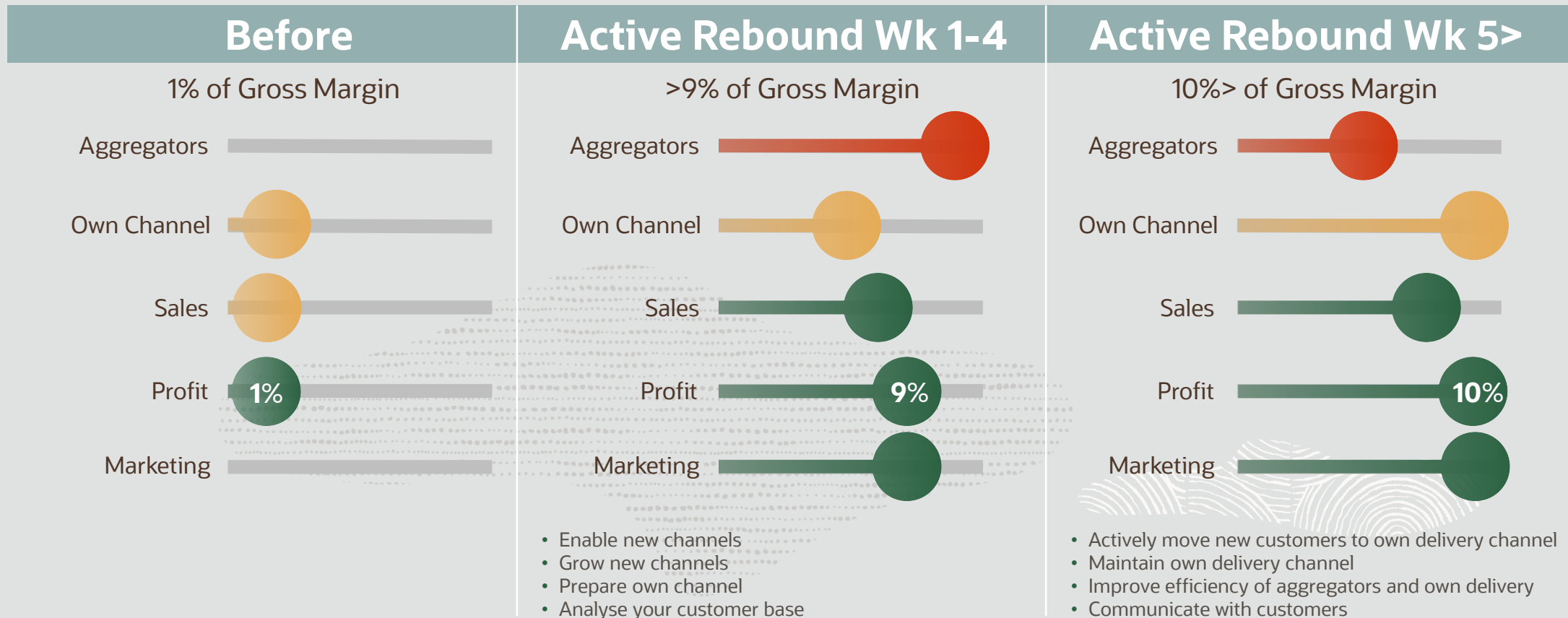




ACTIVE REBOUND

Optimizing Off-premises Channels

In absence of representative historical data, and a significant shift in revenue from on- to off-premises, it will be important for Your Business to actively monitor performance by channel, and adjust strategy regularly. As illustrated below, an Active Rebound relies on a thoughtful use of 3rd Party aggregators to initially market off-premises offerings, and acquire new customers, and then a shift to direct off-premises channels for maximum profitability.



Summary

45% of your sales mix
will come from
new off-premises
service channels

Profitable by week **5**

2.9% Possible Positive
Net Profit Margin
by Week 8*

Your Business has a unique opportunity to not only survive the current economic environment and new operating paradigm, but thrive.

Through a thoughtful re-balance of revenue channels, business process and technology adoption, a cash-positive position is possible in just over a month.

For more information about the contents of this report, or support in implementing the strategies outlined, contact us by emailing: foodbev-central_ww@oracle.com.

About Oracle Food and Beverage

Oracle Food and Beverage is the leading provider of point of sale systems to restaurants, and sports and entertainment venues worldwide.

Our tiered platform and cloud ecosystem provide brands with agility, control, insight, security, stability, and room to grow.

International chains, to independent start ups, rely on Oracle MICROS Symphony to simplify operations, reduce cost, expand revenue channels and deliver a modern customer experience.

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