

BUSINESS PLAN **MaokAI**™



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1. Concept description

Need

MaokAI is an artificial intelligence (AI) tool for the world's most popular esports title *League of Legends* (LoL). LoL as a game has a naturally high skill requirement from the players, and due to the extremely competitive nature of this esports title, the players constantly look for ways to improve their gameplay. The tactical elements of the game are overwhelming for the majority of the playerbase, and therefore there will always be a need for improvement tools, such as coaches or tutorials. It is a game that is extremely unforgiving for beginners and incredibly hard to learn on your own, akin to the experience of a beginner chess player.

Solution

Our business will provide an AI coaching experience that will both help with improving their currently acquired skills and help them understand new elements of the game they previously hadn't thought about. It will act like a regular coach, except it will not have the biases of a human, since it's an AI that will be trained on tens of thousands of hours observing gameplay at the highest levels. It will not be able to bring as much nuance as a professional coach, but it will have a high baseline level of knowledge and be extremely useful for any of the players below the top level, which is the majority as we'll explain later.

However, the most important selling point of MaokAI is not as an all-knowing infallible coach, but as a widely accessible and easy-to-use coaching tool. The main ways to improve without MaokAI is through high skilled friends teaching you the game or hiring an actual coach. And for those unfortunate enough to not have access to a friend that can teach them, or have money to afford a high-level coach, our service will be perfect. Since it can be accessed by anyone, at any skill level, for a fraction of the price that the alternatives have.

Concept division

At the core of our product, we are selling an AI program. It is a video-recognition AI that makes predictions based on the data it's been trained on. As a concrete product MaokAI is a tool for learning and improving at LoL. It is an AI coach that will help the user reach their goals skillwise. As an extended product we are selling futuristic technology with advanced features. The

psychographic profile of the customers interested in our product is likely people that are interested in AI and technological development. To target them, we will brand ourselves as “The Future of Coaching”.

Value Propositions

MaokAI has plenty of value to offer its customers, which can be divided into the unique value proposition (UVP) and the final product vision (FPV). The UVP of our product is that it is an AI coach. AI is a technology none of our competitors utilize in their products, and with the rapid development of AI we are sure that this UVP will make our business knock out all the competition, if executed correctly.

The FPV is an all-in-one LoL hub. This means that as a final product we aim to develop an app that includes everything a LoL player would want to compliment their gaming experience. That includes our UVP, all the features our opponents bring, social platforms, content platforms, discussion forums, scouting platforms etc. Essentially, anything that a player wants they will find in our FPV.

2. Market selection & potential

Target userbase

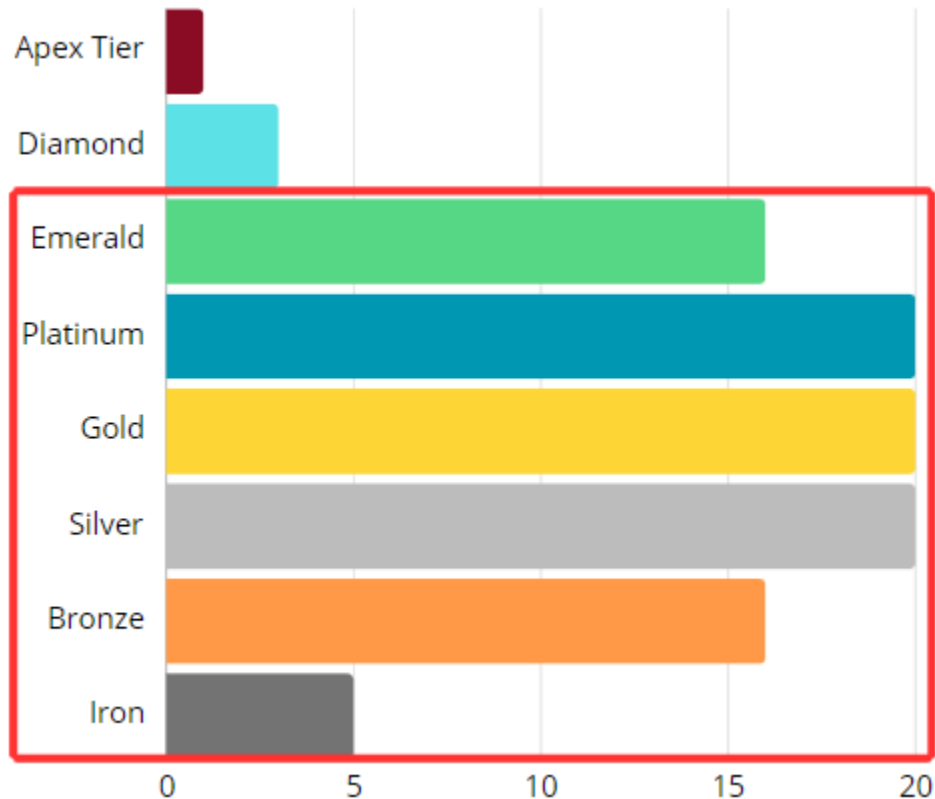


Figure 1: LoL playerbase rank distribution

MaokAI is all about mass distribution of coaching. The goal of our business is to reach as many players as possible, and assist them in reaching their competitive goals. Our market selection is then based on the skill level of the total playerbase of LoL, but ignoring the top ranks such as the Apex tier ranks, and Diamond. This means our target userbase is every player from Emerald and below, which in 2023 was about 96% of the total playerbase (Charlene, 2023). In 2023 the total playerbase for LoL was 152 million players, meaning that the total target audience of our product is 146 million users. (Demirkol, 2024)

On top of its massive potential userbase, esports as an industry has a compound annual growth rate of 7.1%, according to statista.com. (Statista, n.d.). This is also resulting in a projected market volume of \$5.7 billion by the year 2028. (Statista, n.d.).

Target segments

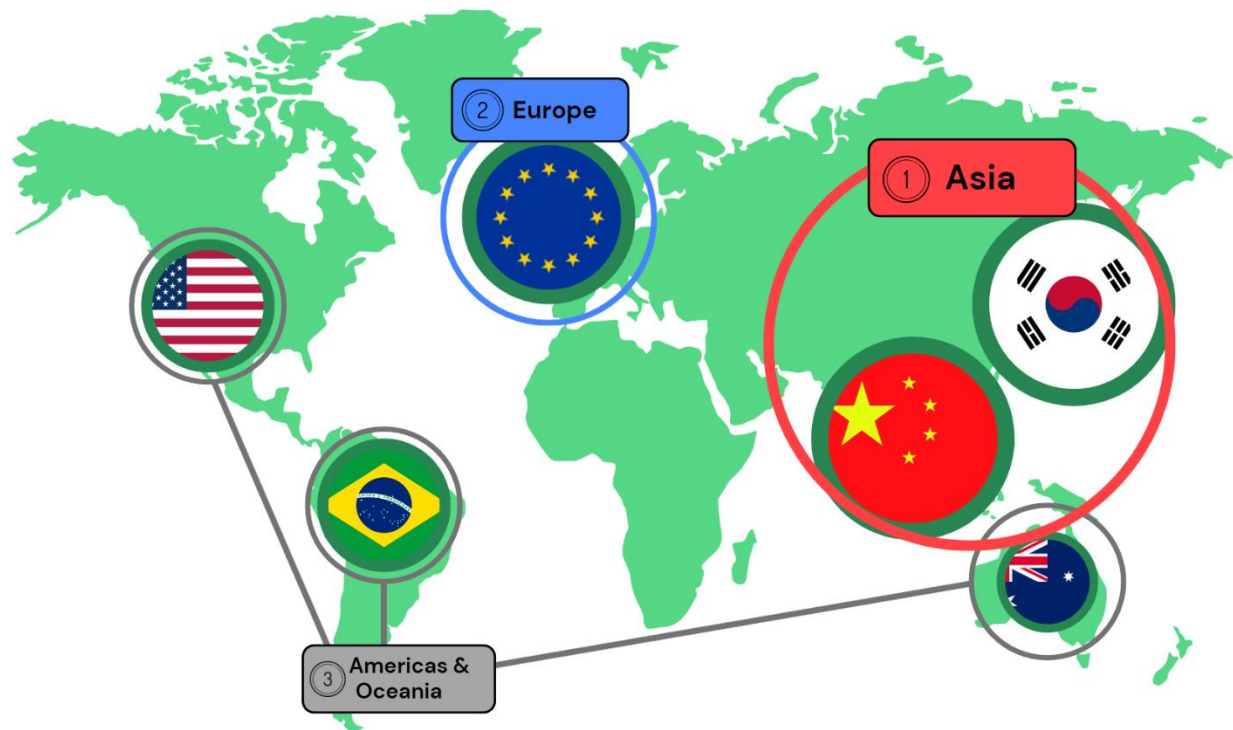


Figure 2: Geographical Target Segments

With MaokAI, our primary geographical focus will be on Asia, more specifically China and South Korea. South Korea is the country where esports originated and is also historically the best country in LoL. They are an important target due to their prestigious history within the game. Additionally, China is the second-best country at LoL historically, and has the largest playerbase by a sizable margin. In 2022 their total playerbase accounted for 67% of the total playerbase for LoL worldwide (James, 2022). Because of this it is crucial that we establish a solid base within the Asian region.

Our secondary geographical focus will be on Europe. This is because we believe they fit our psychological profile of players with the desire to improve and motivation to put in extra time into learning the game. This will also be the easiest region to launch in, due to the majority of the playerbase speaking English. Lastly, we will also target the regions of North America, South America and Oceania, because they still have potential users.

3. Competitor analysis

Competition graph

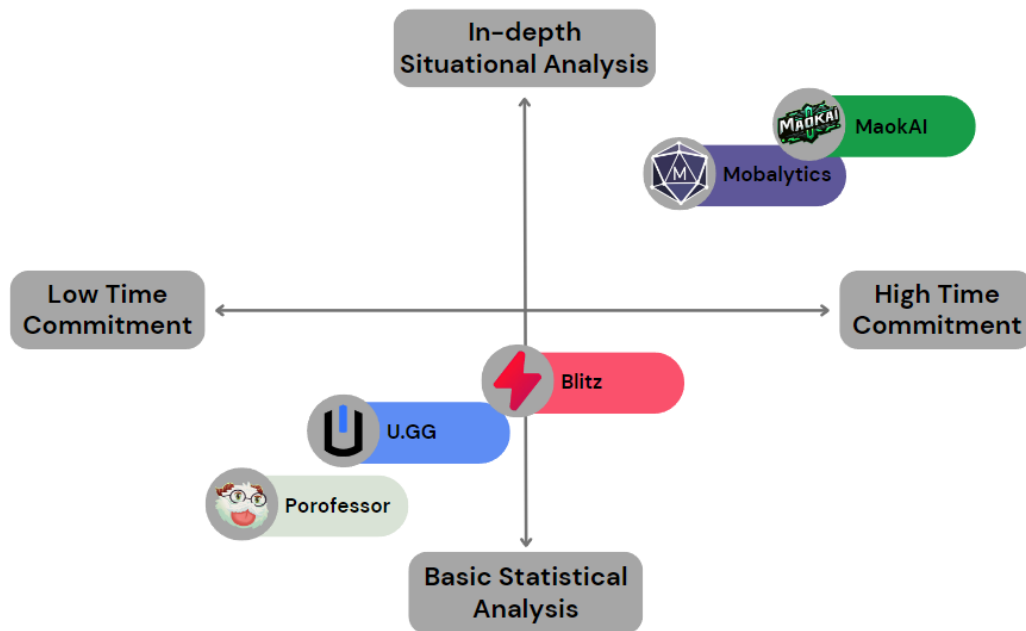


Figure 3: Competitor Analysis Graph, X-axis = time commitment, Y-axis = Analysis depth

After doing research on our potential competitors, we designed a graph which places them based on the depth of the analysis that their product provides, and how much time it takes to set up and use their service. Our main competitor *Mobalytics* offers a rather in-depth scripted analysis. They are the closest to replicating our product, but similar to us, it makes their product require more time and effort from the user.

In general, the rest of our competitors *Blitz.GG*, *U.GG*, and *Porofessor* prioritize basic statistical analysis. They are offering a more straightforward data-driven approach, which appeals to users seeking quick data without considerable time investment, which puts them towards the lower side of the time commitment axis.

Feature Comparison

| |  Blitz |  Moba |  Free |  Prem |  Prem+ |
|----------------------------------|---|--|---|--|---|
| Price | \$4.99 | \$4.99 | \$0 | \$2.99 | \$7.99 |
| AD-free | ✓ | ✓ | ✗ | ✓ | ✓ |
| Advanced Builds | ✓ | ✓ | ✓ | ✓ | ✓ |
| Basic Overlays | ✓ | ✓ | ✓ | ✓ | ✓ |
| Simple Match Report | ✓ | ✓ | ✓ | ✓ | ✓ |
| Player Scouting | ✗ | ✓ | ✓ | ✓ | ✓ |
| Matchup Advice | ✗ | ✓ | ✓ | ✓ | ✓ |
| Combos | ✗ | ✓ | ✓ | ✓ | ✓ |
| Post-Game AI Coach | ✗ | ✗ | 1 Game / Day | Unlimited | Unlimited |
| Mid-Game AI Coach | ✗ | ✗ | ✗ | ✓ | ✓ |
| Communicating With AI Coach | ✗ | ✗ | ✗ | ✗ | ✓ |
| AI-Powered Pro-Analysis | ✗ | ✗ | ✗ | ✗ | ✓ |
| AI-Powered Meta-Analysis | ✗ | ✗ | ✗ | ✗ | ✓ |
| All-In-One League Of Legends App | ✗ | ✗ | ✗ | ✗ | ✓ |

Figure 4: Features Of Blitz.GG, Mobalytics, MaokAI free, MaokAI Premium, & MaokAI Premium+

We also compared features with our two main competitors, *Blitz.GG* and *Mobalytics*. Where our team found that they both offer a premium version for \$4.99. In our free version MaokAI provides the same features as their premium versions, except our free version will have non-intrusive advertisements. Additionally, the free version offers players a chance to try the post-game AI coach for one game per day. The post-game AI coach gives the user an in-depth match report with time stamps that allow them to watch back the moment the AI coach has highlighted, and get feedback on what they could do to improve in that situation.

Moving on, our premium version only costs \$2.99, which is 40% less expensive than our competitors. Even though it is significantly cheaper, it still includes everything they offer plus unlimited access to the AI coach both post-game and mid-game. The mid-game AI coach will give the players live updates during the game, offering match-up advice and tips, build suggestions and situational guidance.

Finally, our “Premium+” version priced at \$7.99 includes all the benefits of our premium package along with AI-powered pro-analysis, which gives live analysis of a professional player for the user to learn from, and the AI-Powered Meta-Analysis that gives the player detailed analysis every time

the game developer release an update. “Premium+” will also include the opportunity to chat with the AI coach directly, and our FPV with the all-in-one LoL app

4. Consumer survey

To gauge the traction of our product, our marketing team decided to conduct a consumer survey on the LoL players in our class. Our survey got 10 responses and is only taken from a class of mostly Europeans that already go to an esports related study, so we acknowledge the fact that it might not be an exact representation of the wishes of our userbase.

2. How often do you play League of Legends?

10 svar

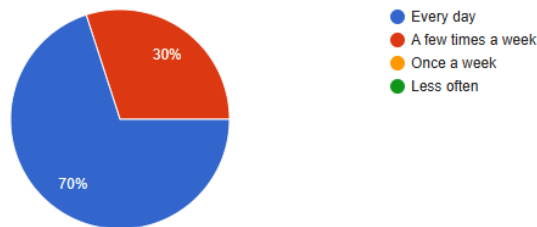


Figure 5: Circle chart of response to answer in survey

To get an indication of the subjects from this survey, it's important to know how many times a week they play the game. As is evident in figure 5, most people played every day, while the rest played every week.

3. Have you ever looked for tips or coaching to improve your League of Legends skills?

10 svar

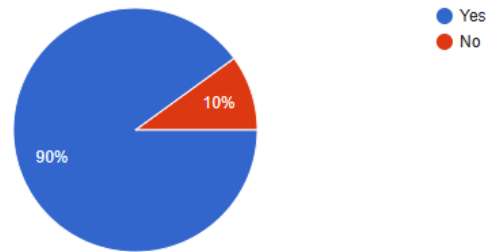


Figure 6: Circle chart of response to answer in survey

Furthermore, it would prove of much value to us to know the psychological profile of the subjects from this survey. As figure 6 shows here, 90% of the subjects from this survey have looked for ways to improve at LoL. This suggests that the majority of the subjects from this survey are a part of our target audience already.

4. What do you think about the idea of an AI Coach that helps you improve at League of Legends?

10 svar

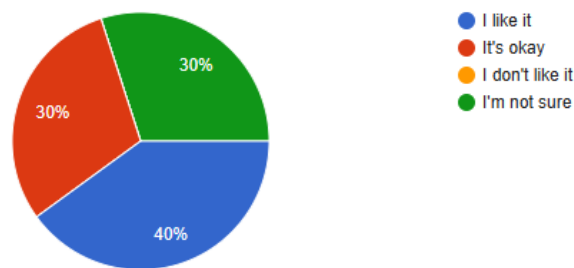


Figure 7: Circle chart of response to answer in survey

Moreover, once we had gathered the frequency of playrate, and their psychological profile, it was time to ask the subjects what they think of MaokAI as an idea. From the piechart in figure 7, one can observe that 40% of the subjects liked the idea, 30% said it is okay, and 30% said they are not sure. Most importantly no one said that they don't like it, meaning that if our marketing and product is good enough, we might convert more people to liking our product.

5. Would you be interested in trying out an AI Coaching service for League of Legends?

10 svar

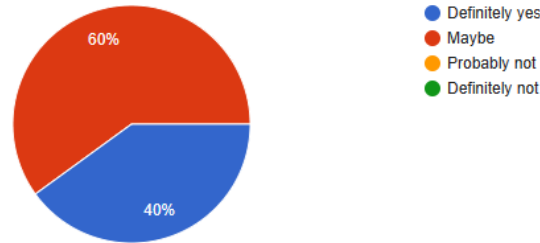


Figure 8: Circle chart of response to answer in survey

Lastly, the most significant question of the survey was if they were interested in trying our product. As the piechart demonstrates, 40% would definitely try the product, while the other 60% would maybe try it. Most importantly no subjects were opposed to trying it, meaning that without any marketing, our product has already gained some interest.

5. Promotion

Streamer targeting

Promoting MaokAI is a crucial part of our business plan, as with any subscription based business. Our team aims to collaborate with well-known figures in the LoL community, such as streamers, content creators and professional players. For our main geographical target segment, Asia, we aim to work with beloved personalities like *Faker*, *ZED99*, and *Uzi*. *Faker* is a south Korean pro player and is regarded as the greatest player of all time, however it is improbable that he will respond to our request. Due to that, we have a second Korean target in mind, which is *ZED99*. He is a large streamer and well-known in the Korean LoL community. Lastly for the Chinese audience we will target the current professional player *Uzi*, who is very popular with the Chinese audience.

Moving to our secondary target region, Europe, the streamers we will target are *Broxah* and *Caedrel*. Both are former professional players known for their analytical perspective while streaming, and they are also fluent in English. In North America we are planning to target

Doublelift, a former professional player with a large follower base. In South America, our target will be *Baiano*, another former pro player and streamer, and for the Oceania region we are targeting *Midbeast*, the most popular content creator in that region. Our innovative idea was to create a MaokAI jersey for our commercials. The goal will be to have these influencers wear the MaokAI jersey with our logo and theme on them.

Social media

To reach a broader audience MaokAI aims to establish a notable social media presence. Our marketing team will accomplish this through the use of five different social media platforms. Firstly, *X/Twitter* will be for live updates on the features of our product. Additionally, *TikTok* will be used for short-form video content, and *YouTube* for long-form video content, which can be content from streamers like *Broxah* and *Ceadrel*. For our Chinese audience, we will use *Weibo* which is one of the largest social media platforms there. Lastly, *Instagram* will serve as our platform for advertisements, these will be used to promote traffic to our own website, Maok.ai

6. Organization Plan

Our Team



Image 1: MaokAI's current team and board of directors

MaokAI was founded by us, five academic esports bachelor-students at UiA. On the left we have Alan Akandzhi who is our Chief Marketing Officer and Chief Technology Officer. He will be the head of both the marketing and the developer team. His Bulgarian background will allow him

to communicate fluently with the other developers, as we are outsourcing development to Bulgaria.

Next we have Andreas Næss who is Chief Human Resources Officer. In effect this means that he will be in charge of human resources for our company, and will be in-charge of press-related manners. He has this role due to his skill within customer service, which is a universal need for any business.

In the middle we have Dario Kristensen who will act as both Chief Financial Officer and Chief Executive Officer. His education in advanced math makes him fit to handle the spreadsheet calculations needed to estimate our finances. Additionally, his leadership skills make him a natural fit for the position of CEO. He also has skills in UI/UX designing which he will assist with on the marketing team.

Furthermore, there is Giorgio Fabbioni, our Chief Operating Officer. He is in charge of risk management and will work tightly with Dario to make sure the vision of MaokAI will be executed properly.

Lastly, we have Marius Hagen, our Chief Data and Analytics Officer. Marius will take care of data analysis related to the market, and will work on the marketing team under Alan, as well as on the board.

Organization structure

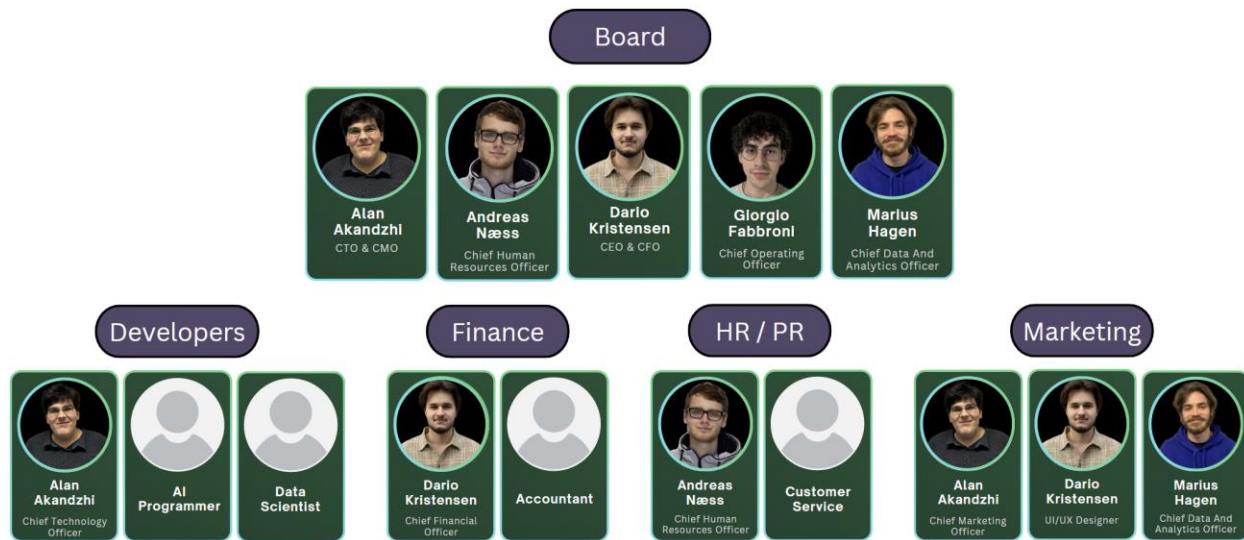


Image 2: MaokAI full organization structure

As well as us on the board we will have four teams working to make this operation go as planned. Firstly, and most importantly, we have the developers. Alan will be working tightly with an AI programmer and a data scientist to develop MaokAI. The AI programmer will work with the software we provide him, and the data scientist will tweak the AI's responses to the video input. Alan will make sure their work is in line with the boards vision, and help guide them in the direction of MaokAI.

In the financial department we have Dario working with an accountant. In the beginning he will work alone, as we need to save money during the startup phase, but once our operation grows in size he will hire an accountant to take over that workload. The same situation is the case with the human resources team for Andreas. He will work alone as customer support and human resources in the startup phase, but once our company turns enough of a profit we will hire a customer service employee.

Lastly there is the marketing team, where Alan, Dario and Marius will work together. Alan and Dario have pristine market knowledge as they are both long-time LoL players, while Marius will assist with his analysis of social media trends and the market in general. This way we have an operation where only two hires are needed in the startup phase, which is the AI programmer and the data scientist on the developer team.

Future Partner Prospects

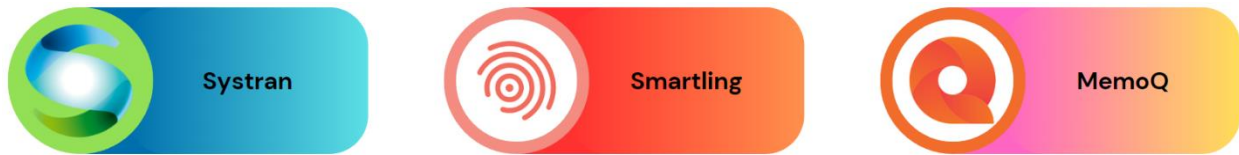


Figure 9: Logos of Systran (Why Developers like Systran, n.d.), Smartling (Smartling, n.d.) & MemoQ (Memoq Logo, n.d.)

Due to the broad geographical scope of our targeting, MaokAI will need some partners to achieve its goal of reaching the whole world. Our product and AI would need to be translated to many languages, such as: Korean, Chinese, Portuguese, Spanish etc. Therefore, it is only logical to partner with a language-based AI learning model. The top profile in that sector would be ChatGPT, but it's unlikely they would answer our request, and therefore we searched for up-and-coming AIs instead. The three AIs that would be logical to partner with are then Systran, Smartling, and MemoQ. All three of these are language-based learning models that can help translate MaokAI's inputs and application to a wide variety of languages.

7. Timeline – Key Events

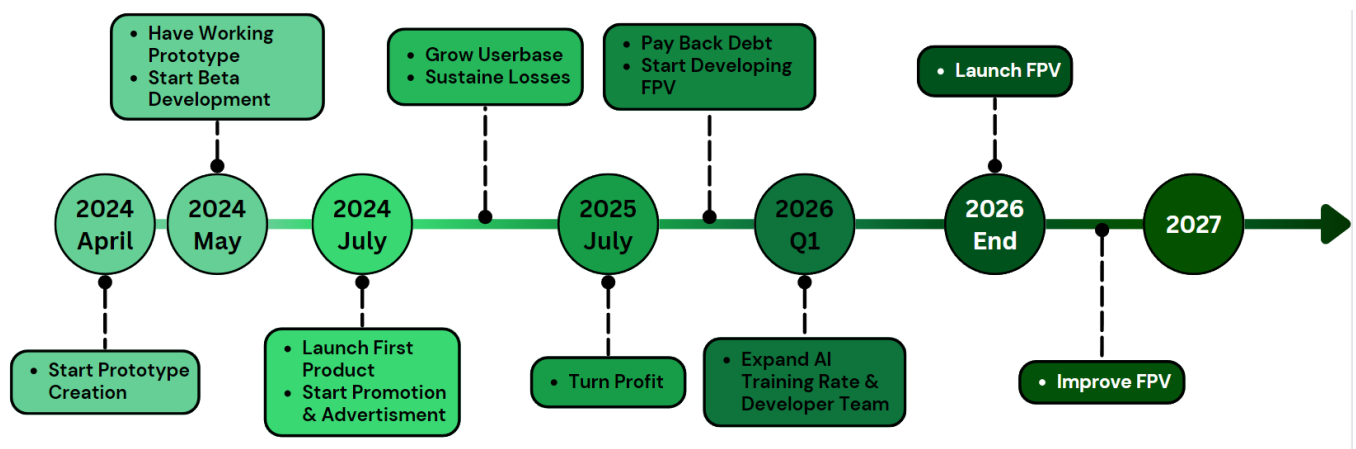


Figure 10: Timeline of key events in developing MaokAI

Pre-launch activities

To develop an AI program takes time and money, therefore we have devised a plan of the most important steps in the process. Starting in April 2024, the training of the AI prototype will

commence. It will use 4 Google Vertex AI Computers, and 30 Google Cloud servers to run 24 hours a day for a whole month. In this process the data scientist and the AI programmer will be joining our team to make sure the initial program is developed correctly. Once a working AI prototype is created, hopefully early- to mid-May, we will look to investors for more funding. That way if the prototype fails or the product becomes unviable for unknown reasons, we have only indebted ourselves the cost of the prototype, which is a fraction of the total startup cost, more details on this will come in the financial plan.

By mid-May the Beta program will start development, and the process will be very similar to the prototype development. The only difference is that it will run for two months, and with 6 AI computers and 45 servers instead. We will also start contacting some potential streamers to sponsor and get ready our marketing campaign for the first product launch. This way by mid-July we should have a product ready to release, and finally open our main revenue streams.

Post-launch – Profitable

Continuing from the pre-launch, MaokAI will be training all the time, as it is crucial for the AI to stay up to date with the games evolving landscape. Every hour it spends watching games it will become more accurate, and therefore be a more valuable product. The new activities that we will embark on will mainly be related to advertisements and promotions. The sponsoring of streamers, and our social media advertising campaigns will now come into full effect. This will ensure that MaokAI's userbase will grow as quickly as possible.

In the startup phase the goal is mainly to sustain losses while growing the userbase as quickly as possible, as that will give our business the most long-term financial success. In this period, our business will probably need to do more funding rounds, as will be explained later in the financial plan. However, if everything goes to plan, and the team stays adaptable and vigilant, MaokAI should turn profitable by mid-2025.

Established business - FPV

Once MaokAI has exited the startup phase, and established a consistent customer base, with regular monthly profits, the first thing on the agenda will be to pay back the money we have indebted through business loans in the startup phase. That is estimated to be done by the first quarter of 2026. Once the debt is paid, the developer team and AI training equipment will see

additions through another AI programmer, another Data scientist, 4 more AI computers, and 30 more servers to accommodate the new computing power. This will speed up the improvement rate of MaokAI, which is crucial now that the development of the FPV is starting.

The FPV development is estimated to take about a year till we have a product that can be released, meaning that it's release time is currently set around the end of 2026. Once it is released it is bound to need a lot of improvements, indicating that there will be plenty of work left for MaokAI's team in 2027 and the future after.

8. Financial plan

Revenue streams

When choosing our business model, we looked to our main competitor *Mobalytics*. They are valued at \$13.9 million and have a monthly revenue of \$700 thousand (*Mobalytics: Revenue, Competitors, Alternatives*, n.d.). Of that revenue their main income source is subscriptions, which indicates that our main income source would be the same. Therefore, the first logical financial calculation to make would be estimating our subscription income.

| 2024 | |
|----------------------|----------|
| Penetration: | 0.01% |
| Userbase: | 14,600 |
| Premium conversion: | 15% |
| Premium users: | 2,190 |
| Premium+ conversion: | 3% |
| Premium+ users: | 438 |
| Subscription income: | \$10,048 |

Table 1: Calculations used in estimating monthly subscription income by the end of 2024

In these calculations, it was presumed that our product would have a market penetration of 0.01% by the end of 2024, meaning that our product would reach every 1 in 10 000 LoL players from the ranks of emerald and below. From that we would get a userbase of 14 600, due to the massive potential userbase for this product. Furthermore, it's expected that about 15% of our users would

convert to the premium version, due to the value of the product and the low cost, and about 3% would convert to “Premium+” due to that product being less polished than it will be in the future. By the end of 2024 this estimate gives us a monthly subscription income of \$10 thousand.

| 2025 | |
|----------------------|----------|
| Penetration: | 0.045% |
| Userbase: | 65,700 |
| Premium conversion: | 20% |
| Premium users: | 13,140 |
| Premium+ conversion: | 5% |
| Premium+ users: | 3,285 |
| Subscription income: | \$65,536 |

Table 2: Calculations used in estimating monthly subscription income by the end of 2025

Due to the increased value and marketing of our product in 2025, and the year being double as long timewise for us as 2024, due to our mid-year launch, it is expected that the growth in this year would be quite large compared to 2024. The estimation was based on a 4.5-fold growth in userbase. Additionally, increases in premium and “Premium+” subscriptions were anticipated due to the increased value of our more refined product. This would give our business a monthly subscription income of almost \$66 thousand by the end of 2025.

| 2026 | | 2027 | |
|----------------------|-----------|----------------------|-----------|
| Penetration: | 0.059% | Penetration: | 0.080% |
| Userbase: | 85,410 | Userbase: | 116,800 |
| Premium conversion: | 25% | Premium conversion: | 25% |
| Premium users: | 21,353 | Premium users: | 29,200 |
| Premium+ conversion: | 7% | Premium+ conversion: | 10% |
| Premium+ users: | 5,979 | Premium+ users: | 11,680 |
| Subscription income: | \$111,614 | Subscription income: | \$180,631 |

Table 3: Calculations used in estimating monthly subscription income by the end of 2026 and 2027

During these two years, estimations are going quite far ahead into the future, making these numbers more akin to rough estimates than precise calculations. The only thing that is a likely estimate is that if our business plan goes accordingly, our product should still see a growth in userbase, although not as pronounced as in 2024 and 2025. Also, it would be fair to assume that our premium

and “Premium+” conversions would increase. That is due to our product still being developed and refined with added features, a constantly evolving AI, and our FPV launching in late 2026.

| 2024 | | 2025 | Revenue | 2026 | Revenue | 2027 | Revenue |
|-----------|----------|-----------|----------|-----------|-----------|-----------|-----------|
| July | \$50 | January | \$13,654 | January | \$68,531 | January | \$116,100 |
| August | \$1,256 | February | \$17,446 | February | \$71,679 | February | \$120,816 |
| September | \$2,863 | March | \$21,423 | March | \$74,982 | March | \$125,762 |
| October | \$4,873 | April | \$25,584 | April | \$78,438 | April | \$130,939 |
| November | \$7,284 | May | \$29,931 | May | \$82,047 | May | \$136,345 |
| December | \$10,098 | June | \$34,462 | June | \$85,810 | June | \$141,981 |
| | | July | \$39,179 | July | \$89,727 | July | \$147,848 |
| | | August | \$44,080 | August | \$93,797 | August | \$153,944 |
| | | September | \$49,167 | September | \$98,021 | September | \$160,271 |
| | | October | \$54,438 | October | \$102,398 | October | \$166,828 |
| | | November | \$59,894 | November | \$106,929 | November | \$173,614 |
| | | December | \$65,536 | December | \$111,614 | December | \$180,631 |

Table 4: Monthly subscription revenue from 2024-2027

For estimating month by month revenue, the calculations for every year used an exponential growth model, however the growth rates were set to be higher during 2024 and 2025 due to the expected growth phase our business would go through. The crucial point to highlight is that even after 3.5 years the estimations still only show a quarter of *Mobalytics* monthly revenue, suggesting these numbers are reasonably realistic.

Budget

| Budget (in 1000s of \$) | 2024 | 2025 | 2026 | 2027 |
|----------------------------|--------|-------|---------|---------|
| Income | | | | |
| Subscriptions | 26.4 | 454.8 | 1,064.0 | 1,755.1 |
| Advertisements | 0.0 | 5.0 | 40.0 | 100.0 |
| Total income | 26.4 | 459.8 | 1,104.0 | 1,855.1 |
| Costs | | | | |
| AI Programmer | 22.7 | 27.0 | 54.0 | 54.0 |
| Data Scientist | 24.0 | 32.0 | 64.0 | 64.0 |
| Vertex AI | 145.8 | 194.4 | 291.6 | 437.4 |
| Servers | 60.8 | 81.0 | 121.5 | 182.3 |
| Website | 0.2 | 1.0 | 2.0 | 5.0 |
| Advertisements | 15.0 | 30.0 | 40.0 | 50.0 |
| Sponsorships | 12.0 | 20.0 | 30.0 | 50.0 |
| Office (Düsseldorf 150 m2) | 0.0 | 0.0 | 100.0 | 33.0 |
| Unplanned costs (10%) | 28.0 | 38.5 | 70.3 | 87.6 |
| Total Costs | 308.5 | 423.9 | 773.4 | 963.2 |
| Net Revenue | -282.0 | 35.9 | 330.6 | 891.9 |

Table 5: Budget for MaokAI from 2024-2027

From the income section we have two main reliable income sources being subscriptions and advertisements. Subscription calculations are detailed in table 5, however advertisements prove harder to calculate. The only certain thing about them is that we are unlikely to earn much from companies wanting to advertise on our platform in the first two years of our business, due to our unknown status on the market space. There will also be more revenue streams through partnerships, however those are impossible to estimate currently and are therefore purposefully left out of the budget to improve accuracy.

Cost structure

Moving on to the costs, The two main employees we would have to hire would be the AI Programmer and the data scientist. Both require a rather high salary in our origin country of Norway, or a more AI-technology leading country like the United States, so therefore we decided to outsource to Bulgaria, as our Chief Technical Officer Alan is Bulgarian himself. The annual

salary of an AI programmer in Bulgaria is 49 thousand BGN (*Artificial Intelligence Engineer Salary in Bulgaria*, n.d.), which converts to approximately \$27 thousand. The data scientist average monthly salary in Bulgaria was 4.8 thousand BGN (*How much does a Data Scientist make in Sofia, Bulgaria?*, n.d.) which converts to approximately \$32 thousand in annual salary.

Moving on from our developer team, the two main costs of our business will be the AI training and predictions, which we are getting from Google's Vertex AI, and the server storage required to store data from the AI, which we are getting from Google Cloud. When doing budget analysis, it came to our attention that running an AI-computer all-day for a month costs about \$2.7 thousand. When multiplying that with 6 AI-computers all-day for a year, one gets our rather high annual cost represented in the budget. On top of that, as mentioned in the key events, for such a large amount of AI computers, it is required to have sizable server power. Those will prove to be the 2nd largest annual cost.

Startup cost and total revenue

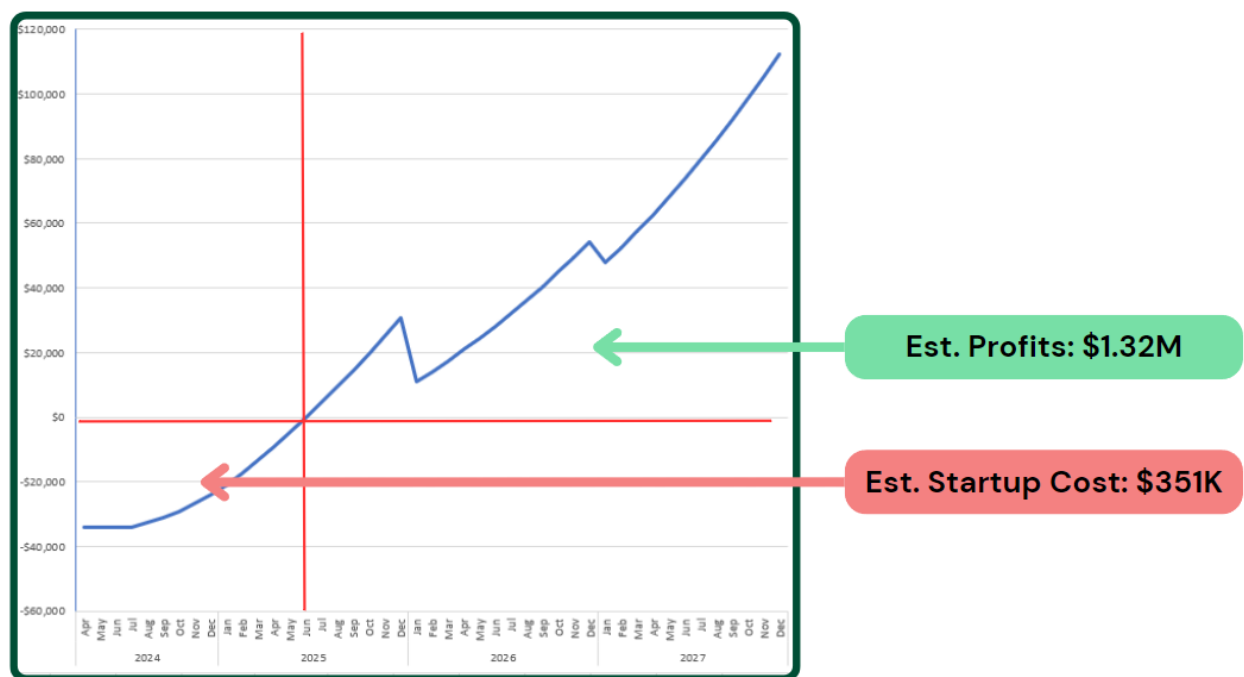


Figure 11: Month by month income/losses graphed

Taking the integral of the period until the graph crosses 0 on the x-axis, it gives the number \$351 thousand. This will be the money we spend until our business becomes profitable, which is our

startup cost. After we become profitable in mid-2025, the integral of the graph from that point till the end of 2027 gives the number \$1.32 million which will be our projected profits for that period.

Startup valuation

For the startup valuation it was most logical to use the scoreboard model. Traditionally to value a startup based on the scoreboard model, one has to know the value of similar startups, however our business is creating a new product making this a bit harder. Still, to get a somewhat accurate estimation of the startup value we opted to use three companies that develop the same technology as us, which is video analytical AI that attempts to analyze human patterns. Those three companies are: *Bellwethr*, *DataTron*, and *Gestoos*. We also wanted to add one more company that is within the same market space as us with a very similar product, which is our main competitor *Mobalytics*. These companies are all currently valued from \$11.2-\$13.9 million (*Gestoos*, n.d.) (*Datatron*, n.d.) (*Bellwethr*, n.d.) (*Mobalytics: Revenue, Competitors, Alternatives*, n.d.), but it was impossible to find their pre-money valuation. Therefore, we looked at how much they were able to raise in funding and found that they raised from \$1.4-\$2.5 million (*Gestoos*, n.d.) (*Datatron*, n.d.) (*Bellwethr*, n.d.) (*Mobalytics: Revenue, Competitors, Alternatives*, n.d.) indicating that their pre-money valuation was quite high. However, those numbers seemed a bit improbable so for this valuation a more modest base value of \$1 million will be used.

Comparing MaokAI with the average of the four companies:

| Comparison Facts | Target Companies | Range | Factor |
|--------------------------------|--|-------|------------|
| Size of opportunity | 170% | 20% | 34% |
| Strength of team | 55% | 13% | 7% |
| Product & technology | 120% | 20% | 24% |
| Sales/Market/Partnership | 50% | 12% | 6% |
| Competitive Environment | 120% | 10% | 12% |
| Need For Additional Investment | 30% | 20% | 6% |
| Other Factors | 100% | 5% | 5% |
| SUM | | | 96% |
| Value of Startup: | \$ 1 000 000 * 96% = \$ 960 000 | | |

This puts our businesses startup value at about \$960 thousand, which still sounds rather high. However due to the immense potential of this product, through deploying such a rapidly growing technology into this massive of a market potential, the value can be justified.

Funding plan

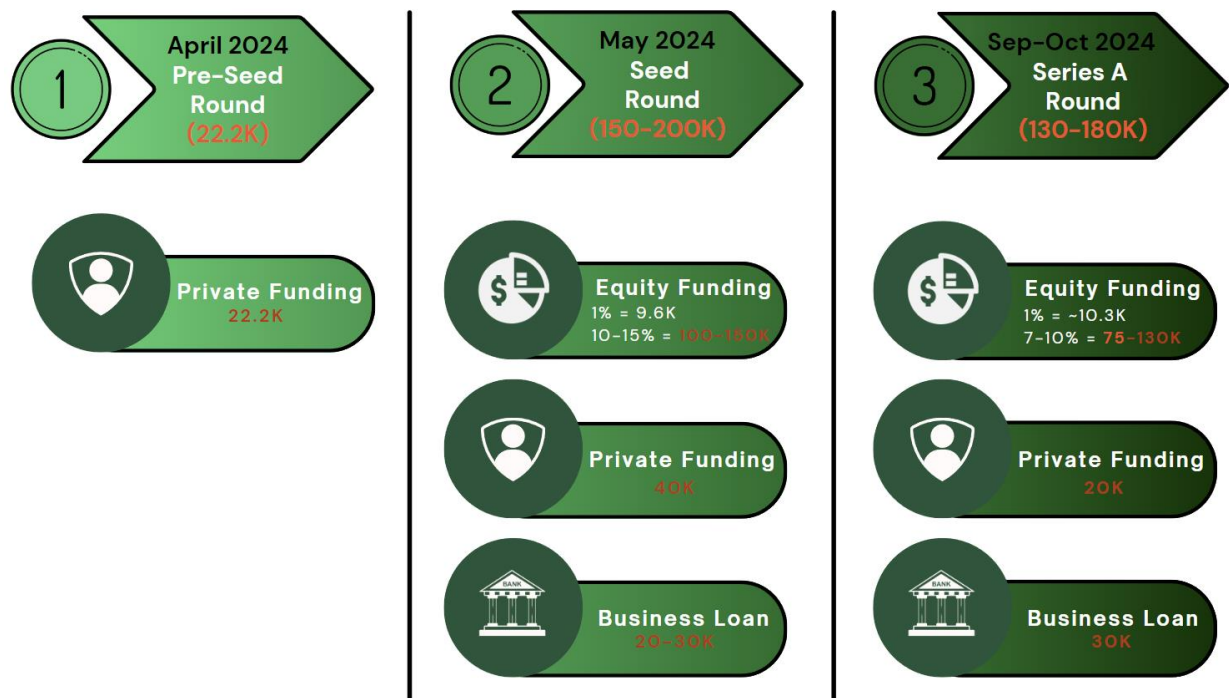


Figure 12: Three step funding plan for MaokAI

The funding plan is based on three funding rounds. We will have a pre-seed round where we will fund the prototype development. This will be, like any pre-seeding round, mostly funded by private investors like ourselves, family members or angel investors. MaokAI needs \$22.2 thousand to fund the prototype development and will conduct this round in April 2024.

The second funding round will be the seeding round, which will be organized after the prototype is developed, around May 2024. Once there is a prototype it will be easier to gather funding through selling equity in our company, which will be the main funding source. Due to the high pre-money valuation, 1% of our company is worth \$9.6 thousand, meaning we can sell around 10-15% of our company at this seeding round for \$96 thousand to \$144 thousand. We will also need another \$40 thousand through private funding and will look for a business loan of \$20 thousand to

\$30 thousand depending on how much we raised through equity funding. This means the total for the seeding round will amount to around \$150 thousand to \$200 thousand.

If our business can raise that money in the seeding round, it will cover costs for 4-6 months, which means MaokAI will need to do the series A funding round by September to October 2024. There the goal will be to cover the remainder of the startup cost, which should be \$120 thousand to \$170 thousand depending on how much was raised during the seeding round. This will mainly be done through equity funding, where MaokAI are aiming to sell at max another 7-10% equity, as our team believes that selling more of the company is not worth it considering the potential growth if the business can get through the startup phase. Due to the timing of this funding round, MaokAI will now probably have sales and customers, and a more developed product that has gained some traction. Because of this it is fair to assume that our valuation has gone up and MaokAI can therefore get more from the equity funding. How much the increase in valuation will be is hard to estimate, but probably making it so we get at least \$10 thousand per percentage. This means our business will only need to cover about \$20 thousand in private funding, and lastly \$20 thousand to \$30 thousand through another business loan.

9. Risk mitigation

Identifying risks that may arise for our product did not prove to be that difficult. The main uncertainties that our company faces comes through acquiring permits to access the game data, raising the necessary funding to develop the AI, competitors replicating our product, and potential data breaches.

Riot License

Riot Games, the creator of LoL, stated this about usages of their API: “We permit commercial Projects that both comply with our API Terms and API Policies; and use a currently valid Riot API key that we granted to you specifically for your Project.” (Riot Games, 2018) As described here MaokAI needs a valid Riot Production API key, and it must make sure that it follows the API terms and policies. Getting such permits is not easy, as it is hard to contact Riot regarding this kind of request. However, our team believes that through our links at the University of Agder,

specifically through our course, academic esports, it should not be too hard to contact Riot. Another way to mitigate this issue is simply requesting for the API key, on the Riot developer portal there is a guide that explains the procedure.

“To apply for a production key with an expanded rate limit, click "Register Project" on your dashboard. The process and length of time required to obtain an approved production key can vary depending on your project and the application's target region(s).” (Riot Games, 2019)

Funding

In order to develop MaokAI, funding is extremely important. The project needs an appropriate amount of financing to cover our startup costs, therefore not having the money we need will put the development of our company in jeopardy. That is also why our financial team have created a thoughtful funding plan, which reduces the risk of not finding the money we need.

Competitors

Another minor risk would be underestimating our competitors. Our idea is extremely valuable, but not unique. AI is being implemented everywhere in today's society, and if someone replicates our idea but implements it better, our business is at risk of losing its customer base.

Data Security

Lastly, same as with any other company that takes payments and login information, a considerable risk factor would always be a data breach. Our business can take payments through *paypal* and other means to avoid having to store payment details, but there is no way to avoid storing username, email and password. Data breaches at small companies are not that frequent, however it is a risk factor to consider once our product becomes more widespread.

Risk likelihood table

| | Unlikely | Likely | Very Likely |
|----------|---------------|----------------------|-------------|
| Minor | | Competitors | |
| Moderate | Data Security | | |
| Severe | | Funding/Riot license | |

10. Ethical dilemmas

When working with a new technology it is always smart to consider the impact it might have on society. And we found that there are four ethical dilemmas to consider with MaokAI.

Cheating

Firstly, our business is selling a game assistance tool, if our developers make the tool too powerful and it gives too much assistance to the user, it could be regarded as cheating. Some people regard even the smallest gameplay assistance as cheating, which is why it's important for our business to emphasize that it's more of an improvement tool, and it will not influence decisions the user has not made yet.

Replacing Coaches

Secondly, our product is aiming to be an alternative for those without access to a coach. However, due to the AI potentially becoming more knowledgeable than any coaches below the top level, it runs a risk of replacing them as a whole. The selling point of our business is to make coaching available to anyone, which will in turn make human coaches at lower-tier of competition obsolete.

Environmental impact

Thirdly, MaokAI will be trained on 6 AI computers with 45 servers all day and night, this will require a lot of energy, and will therefore pose an environmental ethical dilemma. As a business we might try to find ways to mitigate this, such as planting trees or donating to environmental charities.

11. Conclusion

We want to develop an AI tool that most LoL players can use to improve their gameplay and learn new things about the game every day. There are many websites or apps that already offer the same

things but ours is an improved product as it is powered by AI and offers many more features than our competitors.

Being gamers we have profound knowledge of the market and our customers' needs. Asia will be our main target because it has the largest playerbase, but of course, the rest of the world will also be targeted.

Our main marketing strategy will be to advertise our product as much as possible through social media, but we are also aiming to sponsor some big names in the LoL community to wear MaokAI jerseys and display our product to their followers.

Regarding the financial plan, our financial team looked at the competitors' revenue streams. From that they calculated some realistic numbers for a company like MaokAI. If all the funding necessary to start this project will be raised, we strongly believe that MaokAI will be a successful all-in-one LoL tool that will be prevalent in the esports marketplace.

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