SykMyx — Profitability Plan Extension

Date: 2025-10-27 Prepared for: JB-UnifyPro / SykMyx

Executive summary

This document is an extension of the SykMyx Migration & Business Plan focused on profitability: concrete expenses, revenue streams, breakeven math, growth scenarios, and an actionable 0–90 day plan that includes the indie labels & artists pilot as an integral part of getting to self-funding operations.

This file is intended to be a single-source reference for financial planning and early execution.

Key assumptions (baseline used here)

- Previews-only product (30s previews) — no full-track hosting.
- Primary customers: Indie artists (individual acts) and indie labels (manage many artists).
- Pricing: Artist Pro = $9/mo, Label Starter = $39/mo, Promoted placement = $100/mo per slot.
- Contribution margins are high because preview bandwidth costs are low. Payment processing ~3% + $0.30 per transaction.
- Lean ops target monthly fixed costs of $1,200 (can be tuned lower or higher depending on staffing).
- CAC: outreach/manual channels — $10–$30; paid ads higher ($75+).
- Churn assumption: 5% monthly (avg lifetime ≈ 20 months).

Everything you must invest (exhaustive list)

One-time (upfront) expenses:

- Product development (MVP + onboarding + analytics)
- UI/UX & branding
- Domain and Apple Developer membership ($99/yr if needed)
- Legal (TOS, pilot agreements, privacy, NDAs)
- Accounting/bookkeeping setup
- Marketing collateral (landing page, demo video, one-pager)
- Outreach infrastructure (Airtable/CRM, email tools, lists)

- Payment gateway setup (Stripe account, verification)
- Contingency (recommended 10% of dev + marketing spend)
- Optional: ACR/fingerprint POC, advanced analytics tooling

Recurring (monthly) expenses:

- Hosting, CDN, and image CDN
- Managed DB (Supabase/Neon) and backups
- Monitoring & error tracking (Sentry) and uptime
- Email/CRM service costs and marketing spend
- Support labor / outsourcing (PH hires for low-cost support)
- Contractor retainers or devops
- Payment processing fees (Stripe fees per transaction)
- Accounting, taxes, and financial services
- Optional: Paid ACR/fingerprint service

Operational overheads and non-obvious items:

- Payroll taxes, contractor fees, recruitment fees
- Travel, conference, and business development costs
- Contingency fund for unexpected legal or API compliance requirements

Detailed cost breakdown (recommended lean baseline)

- Upfront dev (lean, PH contractors): $4,000 – $8,000
- Initial marketing & collateral: $500 – $1,500
- Legal & accounting (initial): $600 – $2,500
- Domain + misc: $50 – $200
- Contingency (10%): $500 – $1,000

Estimated lean upfront total: $5,650 – $13,200

Monthly lean ops (baseline):

- Hosting/CDN: $10 – $50
- DB & storage: $0 – $30
- Email/CRM: $10 – $150
- Support (PH outsourcing): $400 – $1,000
- Monitoring & misc: $50 – $200

Estimated lean monthly: $470 – $1,430 (we use $1,200 target in examples)

Revenue streams (explicit)

Primary:

- Artist Pro subscription — $9/mo
- Label Starter subscription — $39/mo
- Promoted placement (slot) — $100/mo

Secondary / optional:

- Annual billing discounts (e.g., $90/yr for Artist)
- Premium analytics or export reports — $15–$49 one-off or $5–$19/mo add-on
- Affiliate / referral revenue (low initially)
- Data/insights licensing (longer-term)

Unit economics & KPIs

- Artist ARPU: $9/mo → conservative contribution ≈ $8.10/mo after fees and small variable costs.
- Label ARPU: $39/mo → conservative contribution ≈ $35/mo.
- Promoted slot contribution: ≈ $95/mo.

Key KPIs to track:

- MRR, New MRR, Churn, LTV, CAC, Payback period
- Trials → Paid conversion, Active preview plays/day
- Promoted slot utilization and label adoption rate

Breakeven calculations (indie-only focus)

Using monthly fixed costs = $1,200 and contribution per artist = $8.10:

- Artists-only break-even = 1,200 / 8.10 ≈ 148 paying artists.
- With label mix (90% artists, 10% labels): blended contribution ≈ 10 → break-even ≈ 120 accounts.
- Sell 6 promoted slots @ $100: contribution ≈ 570; remaining fixed = 630 → artists required ≈ 78.

Observations: signing a small number of labels or selling several promoted slots greatly reduces artist headcount needed to break-even.

Sensitivity scenarios (brief)

- Lower CAC (outreach, CAC $20) and low churn (5%) → breakeven feasible in 9–12 months.

- Higher CAC (paid ads, CAC $75+) or higher churn → much longer payback and riskier. Avoid until metrics validated.

0–90 day action plan (executable)

Days 0–7

- Finalize pricing and pilot offer (Artist $9/mo; Label $39/mo; promoted $100/mo).
- Prepare outreach list (600–1,000 targeted contacts) and outreach templates.

Days 7–30

- Build minimal onboarding & payment (lean dev): $2k–$6k (PH contractors).
- Create demo assets: 1-min video, one-pager, landing page.
- Legal templates for pilot participation.
- Launch pilot signup (closed invite).

Days 30–90

- Run outreach and onboard pilots (aim to convert 30–80 pilots to active trials).
- Offer limited-time discounted or annual pricing to early adopters.
- Start selling promoted slots to labels/curators.
- Monitor CAC, conversion, churn — iterate messaging.

Growth levers to prioritize (highest impact)

1. Outreach & partnerships (manual, high conversion) — keep CAC low.
2. Promote placements & label deals — high margin and reduces artist burden.
3. Annual billing & discounts — improve cash flow and retention.
4. Referral incentives and case studies — lower CAC over time.
5. Keep ops lean — shift heavy lifting to PH contractors for dev/support.

Hiring & staffing (Philippines vs US tradeoffs)

- PH contractors: much lower hourly rates (savings 60–80%) — good for dev and support work.
- Keep one senior remote or US-based product/tech lead for architecture and partner negotiations.
- Start with short trials and sprint-based milestones.

Financial targets (concrete)

Short target (within 12 months, lean strategy):

- Acquire 150 paying artists (or equivalent mix of labels + promoted slots).
- Monthly revenue at 150 artists = 150 × $9 = $1,350 (contribution ≈ $1,095) — covers $1,200 ops near break-even.
- Aim to also sell 4–6 promoted slots + 3–10 labels to achieve profitability above break-even.

KPIs for dashboard (what to instrument)

- MRR, New MRR, Churn
- Trials started, Trials → Paid %, CAC (by channel)
- Active preview plays per user, Promotion slot revenue
- Support requests and onboarding completion rates

Next steps (recommended)

1. Confirm pricing and select lean budget (upfront and monthly).
2. Start outreach list construction and message templates.
3. Implement minimal onboarding + Stripe payment flow and pilot dashboard.
4. Execute outreach and pre-sell promoted slots / label spots.
5. Monitor KPIs and iterate until CAC & conversion targets are met.

Prepared by: SykMyx advisor Notes: All pricing and timelines are estimates. Validate vendor pricing and contractor quotes before committing large budgets.