Input from the previous modules

1. Revenue: Total subscribers / demand / users of a product (after step 2 – i.e., multiply by effective rate) per revenue product such as LLM1, LLM2, LLM3
2. Revenue: Total Revenue including other revenue
3. OpEx: Total Costs

Example on #1

**LLM1: Monthly or Yearly Bundle**

LLM1 Total Subscribers = LLM1 Monthly Subscribers + LLM1 Yearly Subscribers.

**LLM2: Monthly or Yearly Bundle**

LLM2 Total Subscribers = LLM2 Monthly Subscribers + LLM2 Yearly Subscribers.

**LLM3: Monthly or Yearly Bundle**

LLM3 Total Subscribers = LLM3 Monthly Subscribers + LLM3 Yearly Subscribers.

**LLM4: Monthly or Yearly Bundle**

LLM4 Total Subscribers = LLM4 Monthly Subscribers + LLM4 Yearly Subscribers

So we are looking for LLM1 Total Subscribers, etc.

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We have five key CapEx buckets that typically comprise any CapEx tab in a financial model. The goal is to replicate the following, with a slight customization across sectors and presented companies / business topics as required, mainly for Step 1. Examples on optimizations will be provided in the below.

**Step 1:** Would always be to estimate the cost required to set-up the solution. This step is specific to the topic at hand and would differ massively between, for example, LLM subscription business and Airline per say

Example A - Platform Development for LLM Subscription

* Front-end and Back-end of Website
  + Assumption: Platform FE and BE Fee
  + Formula = Platform FE and BE Fee
* Integrations with APIs and Data Sources
  + Assumption: Set-up and Integration Fee for Platform APIs and Data Sources
  + Formula = Set-up and Integration Fee for Platform APIs and Data Sources
* Model Training AND FINE-TUNING COST
  + Assumption:
    - LLM1
      * Model Development Training and Fine-tuning Cost (e.g., 1000USD)
      * Model Development Time (e.g., January 2025, March 2027)
    - LLM2
      * Model Development Training and Fine-tuning Cost (e.g., 1000USD)
      * Model Development Time (e.g., January 2025, March 2027)
    - LLM3
      * Model Development Training and Fine-tuning Cost (e.g., 1000USD)
      * Model Development Time (e.g., January 2025, March 2027)
    - LLM4
      * Model Development Training and Fine-tuning Cost (e.g., 1000USD)
      * Model Development Time (e.g., January 2025, March 2027)
  + Formula
    - If Year = Year (Model Development Time LLMX), Model Development Training Cost ELSE 0

Example B – Airline Set-up Costs

* Aircraft Spare Engine CapEx
  + Assumption:
    - Number of Aircraft last year
    - Number of Aircraft increase between this year and last year
    - Number of Engines per new Aircraft
    - Cost per new Engine
    - Replacement for Older Aircraft as a share of new CapEx
  + Formula
    - Aircraft Increase \* Number of Engines \* Cost per engine + Aircraft last year \* Number of Engines \* Cost per engine \* older as a share of new (10%)

Note: we can keep 10% flat

Step 2: Each company would have a budget to set-up the systems required to launch the project or for an airline, it would be the set of systems required to improve operations, etc.

* Digital, Data and IT Systems
  + Assumption: Fixed fee per system | number of systems
  + Alternative: Assumption: Digital, Data and IT Budget
  + Formula = Fixed fee \* number of systems | Digital, Data and IT Budget

Step 3: Each company unless set-up fully remote, would have a CapEx to set-up the office furniture and the networking infrastructure of an office – this includes the initial one-time costs of routers, etc.

* Office Furniture
  + One-time cost of office furniture budget
* Networking Infrastructure
  + One-time cost of office furniture budget

Step 4: Staff IT Costs

* Laptops, licenses, and phones
  + Assumption:
    - A = Fixed Cost Budget per staff
    - B = Number of Staff last year
    - C= Number of Staff increase between this year and last year
    - D= Laptop, License, and Phones Budget
    - E = Replacement for Older staff as a share of new staff capex
  + Formula
    - B \* D + A \* D \* E (10%)
    - Note: we can keep 10% flat,

Step 5: Other CapEx

* CapEx as share of total revenue