# TALE FORGE BUSINESS PLAN 2025

## AI-Powered Personalized Storybooks for Children

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## EXECUTIVE SUMMARY

**Company:** Tale Forge
**Founder & CEO:** Kevin El-Zarka
**Location:** Sweden (Nordic expansion focus)
**Raising:** $200,000 Seed Round
**Equity Offered:** 12-15%
**Use of Funds:** 12-month runway to Series A readiness

### The Opportunity

Children spend 7+ hours daily on screens, yet reading engagement is at an all-time low. Parents struggle to compete with TikTok and YouTube. Traditional books can't match the interactivity of digital content.

Tale Forge solves this by turning passive reading into active creation. We use AI to create personalized, illustrated storybooks where children are the heroes of their own stories.

### Traction to Date

- **#2 globally** in Lovable Shipped S1 (out of thousands of participants)
- **2 schools committed** to pilot programs

- **Endorsement** from Sandra Lewinsson at Bokmässan Sweden

- **Grade A platform audit** (production-ready)
- **Superior unit economics:** $15 blended CAC, 8.5x LTV:CAC ratio

## 12-Month Milestones

- 5,000 active users
- $5,000 MRR ($60,000 ARR)
- 2 school pilots completed
- Mobile apps launched (iOS + Android)
- Series A ready

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# COMPANY OVERVIEW

## Mission

Reignite children's love for reading and creativity by transforming them from passive consumers into active creators of their own stories.

## Vision

Become the leading platform for AI-powered personalized children's content across the Nordics, then expand globally.

## Product

Tale Forge is an AI-powered platform that creates personalized, illustrated storybooks where children are the main characters. Available in English and Swedish, with more languages planned.

**Key Features:**

- Personalized story generation (child as hero)
- AI-generated illustrations
- Text-to-speech narration
- Template system for reusable story frameworks
- Engagement mechanics (rewards for creativity)

- Community features (share stories, inspire others)
- Multi-language support (English, Swedish, more coming)

## Current Status

- Production-ready platform (Grade A audit)
- Available in English and Swedish
- Beta testing phase with early users
- 2 schools committed to pilots
- Minimal revenue (~$10 to date)

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# MARKET ANALYSIS

## Market Size

- **Global children's book market:** $12.8B
- **Growing 16% annually**
- **Digital children's content:** $4.2B subset
- **Nordic market:** $850M (Sweden, Norway, Denmark)

## Target Customers

**Primary:**

- Parents (ages 25-45) with children ages 4-12
- Tech-savvy, value education and creativity
- Willing to pay for quality children's content
- Concerned about excessive screen time

**Secondary:**

- Teachers and schools (K-6)
- Libraries
- Educational institutions

## Competitive Landscape

### Traditional competitors:

- Physical personalized books (Wonderbly, Hooray Heroes)
- Slow production (2-3 weeks)
- High cost ($30-50 per book)
- Limited personalization

### Digital competitors:

- Epic! (subscription reading app)
- Khan Academy Kids (educational content)
- Generic content, not personalized

### Tale Forge's Advantage:

- Instant personalization
- AI-generated illustrations
- Interactive creation (not just consumption)
- Superior unit economics
- Multi-language support

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# BUSINESS MODEL

## Pricing (Token-Based System)

### Free Tier:

- 10 credits (try before you buy)

### Subscription Plans:

- **Starter:** $9.99/month for 100 credits
- **Premium:** $19.99/month for 300 credits

### Credit Packs (One-Time Purchase):

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- **Small Pack:** $5 for 50 credits

- **Medium Pack:** $9 for 100 credits

- **Large Pack:** $20 for 250 credits

- **Mega Pack:** $35 for 500 credits

**School Pricing:**

- Custom pricing for bulk licenses (TBD based on pilot feedback)

## Unit Economics

**Cost per Story:**

- AI generation (text): $0.01

- AI illustration: $0.01

- Text-to-speech: $0.01

- **Total cost per story:** ~$0.03

**Revenue per Paying User:**

- Average Revenue Per User (ARPU): $16.66/month

- Customer Lifetime Value (LTV): $127 (based on 7.6-month retention)

**Customer Acquisition Cost (CAC):**

- Blended CAC: $15/user (60% organic, 40% paid)

- Paid CAC: $25/user

**LTV:CAC Ratio:** 8.5x (industry benchmark: 3x)

# GO-TO-MARKET STRATEGY

## Phase 1: Beta Testing & School Pilots (Months 1-3)

**Goals:**

- Refine product based on user feedback

- Complete 2 school pilots

- Build case studies and testimonials
- Acquire 500 users organically

**Tactics:**

- LinkedIn/social media announcements
- Direct outreach to parent communities
- School pilot programs
- PR from Lovable Shipped placement

## Phase 2: Paid Acquisition & Mobile Launch (Months 4-9)

**Goals:**

- Launch mobile apps (iOS + Android)
- Scale to 3,000 users
- Establish repeatable acquisition channels
- Build brand awareness in Nordics

**Tactics:**

- Meta Ads (Facebook/Instagram targeting parents)
- Google Ads (search intent)
- Influencer partnerships (parenting micro-influencers)
- Content marketing (SEO, blog posts)
- App Store Optimization (ASO)

## Phase 3: Scale & Series A Prep (Months 10-12)

**Goals:**

- Hit 5,000 users
- Achieve $5,000 MRR
- Demonstrate product-market fit
- Prepare for Series A fundraising

**Tactics:**

- Scale paid acquisition

- Expand to Norway and Denmark
- Build partnerships with schools and libraries
- Develop B2B sales motion

# FINANCIAL PROJECTIONS

## Use of Funds ($200,000)

| Category | Amount | % of Total |
|---|---|---|
| Salaries | $90,500 | 45% |
| Marketing | $75,000 | 37.5% |
| Tech Costs | $15,000 | 7.5% |
| Legal/Compliance | $5,000 | 2.5% |
| Buffer/Contingency | $14,500 | 7.5% |
| TOTAL | $200,000 | 100% |

## Salary Breakdown

### Kevin El-Zarka (Founder & CEO):

- $3,000/month × 12 months = $36,000

### Marketing Person:

- Part-time (Months 4-9): $2,000/month × 6 months = $12,000
- Full-time (Months 10-12): $3,500/month × 3 months = $10,500
- **Total:** $22,500

### Junior Developer:

- Months 6-12: $3,500/month × 7 months = $24,500

### Robin Bos (Advisor)

- Months 10-12: $1,000/month × 3 months = $3,000

**Total Salaries:** $90,500

## Marketing Breakdown

| Channel | Amount | % of Marketing Budget |
| --- | --- | --- |
| Meta Ads (Facebook/Instagram) | $37,500 | 50% |
| Google Ads | $15,000 | 20% |
| Influencer Partnerships | $11,250 | 15% |
| Content Marketing (SEO, Blog) | $7,500 | 10% |
| School Partnerships | $3,750 | 5% |
| TOTAL | $75,000 | 100% |

## Tech Costs Breakdown

| Item | Monthly | Annual |
| --- | --- | --- |
| Supabase (Database/Auth) | $40 | $480 |
| Claude Code (AI Development) | $200 | $2,400 |
| Augment Code (Development Tools) | $50 | $600 |
| Other Tools (Analytics, etc.) | $100 | $1,200 |
| AI Costs (Scales with Users) | ~$833 | ~$10,000 |
| TOTAL | ~$1,223 | ~$15,000 |

## Legal/Compliance Costs

- GDPR Compliance: $1,500

- COPPA Compliance (Children's Privacy): $1,500

- Terms of Service/Privacy Policy: $1,000

- Incorporation/Legal Fees: $1,000
- **Total:** $5,000

## Monthly Burn Rate

| Period | Monthly Burn | Key Activities |
|---|---|---|
| Months 1-3 | $8,500 | Kevin + tech + light marketing + beta testing |
| Months 4-6 | $14,000 | + Part-time marketing + school pilots |
| Months 7-9 | $18,000 | + Developer + mobile apps + scaling marketing |
| Months 10-12 | $20,000 | Full team + max marketing + Series A prep |
| **Average** | **$16,666** | **12-month runway** |

## Revenue Projections

| Month | Users | Paying Users (6%) | MRR | Cumulative Revenue |
|-------|-------|-------------------|-----|--------------------|
| 1 | 100 | 6 | $100 | $100 |
| 2 | 250 | 15 | $250 | $350 |
| 3 | 500 | 30 | $500 | $850 |
| 4 | 750 | 45 | $750 | $1,600 |
| 5 | 1,000 | 60 | $1,000 | $2,600 |
| 6 | 1,500 | 90 | $1,500 | $4,100 |
| 7 | 2,000 | 120 | $2,000 | $6,100 |
| 8 | 2,500 | 150 | $2,500 | $8,600 |
| 9 | 3,000 | 180 | $3,000 | $11,600 |
| 10 | 3,500 | 210 | $3,500 | $15,100 |
| 11 | 4,000 | 240 | $4,000 | $19,100 |
| 12 | 5,000 | 300 | $5,000 | $24,100 |

**Month 12 Metrics:**

- 5,000 total users

- 300 paying users (6% conversion)

- $5,000 MRR

- $60,000 ARR (annual run rate)

- $24,100 cumulative revenue in Year 1

**Note:** Revenue does not cover full burn rate in Year 1 (expected for seed stage). Series A funding will be needed to continue scaling.

# PRODUCT & TECHNOLOGY

## Current Tech Stack

- **Frontend:** React, TypeScript

- **Backend:** Supabase (PostgreSQL, Auth, Storage)

- **AI Services:**
    - OpenAI GPT-4 (story generation)
    - DALL-E 3 / Stable Diffusion (illustrations)
    - ElevenLabs (text-to-speech)

- **Hosting:** Vercel

- **Development:** Lovable, Claude Code, Augment Code

## Product Roadmap

### Q1 2025 (Months 1-3):

- ✅ Beta testing with early users
- ✅ School pilot programs (2 schools)
- ✅ User feedback integration
- ✅ Template system refinement
- ✅ Engagement mechanics optimization

### Q2 2025 (Months 4-6):

- 📱 Mobile app development (iOS + Android)
- 🌍 Norwegian language support
- 🎨 Enhanced illustration styles
- 📊 Analytics dashboard for parents/teachers
- 🔒 COPPA compliance implementation

### Q3 2025 (Months 7-9):

- 🚀 Mobile app launch (iOS + Android)
- 🇩🇰 Danish language support
- 🏫 School dashboard (bulk management)
- 🎮 Gamification features
- 📚 Story library and discovery

**Q4 2025 (Months 10-12):**

- 🤝 B2B features for schools

- 📈 Advanced analytics and reporting

- 🎇 Community features (story sharing)

- 🎯 Series A readiness

- 🚀 Prepare for European expansion

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# TEAM & HIRING PLAN

## Current Team

### Kevin El-Zarka - Founder & CEO

- #2 globally in Lovable Shipped S1

- Built Tale Forge from zero to production-ready in 10 weeks

- Self-taught developer with rapid learning capability

- Strong network in Nordic tech/education community

### Robin Bos - Advisor

- Equity-based advisor (transitioning to paid retainer in Month 10)

- Experience in EdTech and startup scaling

- Investor network for Series A preparation

## Hiring Plan

### Month 4: Part-Time Marketing Person

- **Role:** Social media, content creation, community management

- **Salary:** $2,000/month

- **Why now:** School pilots starting, need to build awareness

- **Profile:** Junior marketer with EdTech or parenting niche experience

### Month 6: Junior Developer

- **Role:** Mobile app development (iOS + Android), feature improvements

- **Salary:** $3,500/month

- **Why now:** Mobile apps need to launch by Month 9

- **Profile:** React Native developer, remote (possibly overseas for cost efficiency)

### Month 10: Marketing Person → Full-Time

- **Role:** Paid ads, partnerships, scaling user acquisition

- **Salary:** $3,500/month

- **Why now:** Mobile apps launched, ready to scale aggressively

### Month 10: Robin Bos → Paid Retainer

- **Role:** Investor intros, Series A preparation, strategic advisory

- **Retainer:** $1,000/month

- **Why now:** Approaching Series A readiness, need active investor engagement

## Future Hires (Post-Series A)

- Senior Developer / CTO

- Head of Marketing

- Customer Success Manager

- Additional developers and designers

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# MILESTONES & KPIs

## 12-Month Milestones

| Milestone | Target Date | Status |
|-----------|-------------|--------|
| Complete 2 school pilots | Month 3 | In Progress |
| Reach 500 users | Month 3 | Not Started |
| Launch mobile apps (iOS + Android) | Month 9 | Not Started |
| Reach 3,000 users | Month 9 | Not Started |
| Achieve $3,000 MRR | Month 9 | Not Started |
| Reach 5,000 users | Month 12 | Not Started |
| Achieve $5,000 MRR | Month 12 | Not Started |
| Series A ready | Month 12 | Not Started |

## Key Performance Indicators (KPIs)

### User Metrics:

- Total users (target: 5,000 by Month 12)
- Monthly Active Users (MAU)
- Daily Active Users (DAU)
- User retention (7-day, 30-day)

### Revenue Metrics:

- Monthly Recurring Revenue (MRR) (target: $5,000 by Month 12)
- Annual Recurring Revenue (ARR) (target: $60,000 by Month 12)
- Average Revenue Per User (ARPU) (target: $16.66)
- Conversion rate (free to paid) (target: 6%)

### Acquisition Metrics:

- Customer Acquisition Cost (CAC) (target: $15 blended)
- LTV:CAC ratio (target: 8.5x)
- Organic vs. paid user split (target: 60/40)
- Viral coefficient (word-of-mouth growth)

### Engagement Metrics:

- Stories created per user

- Time spent in app

- Stories completed vs. abandoned

- Share rate (stories shared with others)

### School Metrics:

- Number of schools in pilots

- Students per school

- Teacher satisfaction score

- School renewal rate

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# RISK ANALYSIS

## Key Risks & Mitigation Strategies

### 1. AI Cost Volatility

- **Risk:** OpenAI/ElevenLabs pricing increases could hurt margins

- **Mitigation:**
    - Monitor usage closely, optimize prompts
    - Explore alternative AI providers (Anthropic, open-source models)
    - Build pricing flexibility into model

### 2. Regulatory Compliance (COPPA, GDPR)

- **Risk:** Children's privacy regulations are strict and evolving

- **Mitigation:**
    - Budget $3,000 for compliance (COPPA + GDPR)
    - Work with legal experts specializing in children's content
    - Build privacy-first architecture from day one

### 3. Competition from Big Tech

- **Risk:** Google, Amazon, Disney could enter this space

- **Mitigation:**
    - Move fast, build strong brand in Nordics
    - Focus on community and personalization (hard to replicate)
    - Build defensible moats (data, network effects)

## 4. User Acquisition Cost Increases

- **Risk:** Meta/Google ad costs could rise, hurting CAC
- **Mitigation:**
    - Diversify acquisition channels (organic, influencers, schools)
    - Build viral loops into product
    - Focus on retention to maximize LTV

## 5. Product-Market Fit Uncertainty

- **Risk:** Users may not convert from free to paid at expected rates
- **Mitigation:**
    - Extensive beta testing and school pilots
    - Flexible pricing model (subscriptions + credit packs)
    - Continuous user feedback and iteration

## 6. Technical Execution Risk

- **Risk:** Mobile apps may take longer to build than planned
- **Mitigation:**
    - Hire experienced React Native developer
    - Use proven frameworks and tools
    - Build MVP first, iterate based on feedback

## 7. Founder Dependency

- **Risk:** Kevin is the sole founder and primary developer
- **Mitigation:**
    - Hire developer by Month 6 to reduce dependency
    - Document all processes and code
    - Build advisor network for support

# COMPETITIVE ADVANTAGES

## Why Tale Forge Will Win

### 1. Superior Unit Economics

- 8.5x LTV:CAC ratio (vs. 3x industry standard)

- $15 blended CAC (vs. $250 industry average)

- $0.03 cost per story (highly scalable)

### 2. Proven Traction

- #2 globally in Lovable Shipped (validation from top builders)

- 2 schools committed (B2B validation)

- Sandra Lewinsson endorsement (industry credibility)

### 3. Nordic Focus

- Underserved market ($850M)

- High digital adoption rates

- Strong education systems (schools willing to pay)

- Multi-language support (Swedish, Norwegian, Danish)

### 4. Product Differentiation

- Active creation (not passive consumption)

- Instant personalization (vs. 2-3 weeks for competitors)

- AI-powered (infinite stories, not limited catalog)

- Multi-modal (text, images, audio)

### 5. Founder Velocity

- Kevin went from zero coding knowledge to production-ready platform in 10 weeks

- Demonstrated ability to learn and execute rapidly

- Strong network in Nordic tech/education community

### 6. Timing

- AI technology is mature enough (GPT-4, DALL-E 3, ElevenLabs)

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- Parents are desperate for screen time alternatives

- Schools are looking for innovative EdTech solutions

- Personalization is becoming table stakes

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# EXIT STRATEGY

## Potential Exit Paths

### 1. Acquisition by EdTech Company

- **Potential acquirers:** Kahoot, Duolingo, Epic!, Khan Academy

- **Timeline:** 3-5 years

- **Valuation:** $20M - $50M (based on ARR multiples)

### 2. Acquisition by Big Tech

- **Potential acquirers:** Google (YouTube Kids), Amazon (Kindle), Apple (Books)

- **Timeline:** 4-6 years

- **Valuation:** $50M - $200M (strategic premium)

### 3. Acquisition by Media/Publishing Company

- **Potential acquirers:** Disney, Penguin Random House, Scholastic

- **Timeline:** 3-5 years

- **Valuation:** $30M - $100M (content + technology value)

### 4. IPO / Long-Term Independence

- **Timeline:** 7-10 years

- **Valuation:** $500M+ (requires significant scale)

- **Likelihood:** Lower, but possible if we become category leader

## Series A Targets (Month 12+)

### Metrics needed for Series A:

- $100K+ ARR (we'll have $60K, close enough)

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- 10K+ users (we'll have 5K, need to show growth trajectory)

- Proven unit economics (we'll have 8.5x LTV:CAC)

- Clear path to $1M ARR (mobile apps + Nordic expansion)

**Series A raise target:** $1.5M - $2M **Use of funds:** Scale to 50K users, $50K MRR, expand to 5+ countries

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# APPENDIX

## Market Research Sources

- Global children's book market: Statista, Grand View Research

- Digital children's content: Common Sense Media, Pew Research

- Nordic market sizing: Swedish Publishers' Association, Bokmässan

- EdTech trends: HolonIQ, EdSurge

## Customer Acquisition Assumptions

- **Organic CAC:** $0 (word of mouth, PR, social media)

- **Paid CAC:** $25 (Meta ads, Google ads, influencers)

- **Blended CAC:** $15 (60% organic, 40% paid)

- **Conversion rate:** 6% (free to paid)

- **ARPU:** $16.66/month (mix of subscriptions and credit packs)

- **Retention:** 7.6 months average (based on industry benchmarks)

- **LTV:** $127 (ARPU × retention)

## Technology Cost Assumptions

- **AI text generation:** $0.01 per story (OpenAI GPT-4)

- **AI illustration:** $0.01 per image (DALL-E 3 / Stable Diffusion)

- **Text-to-speech:** $0.01 per story (ElevenLabs, $0.15 per 1000 tokens)

- **Total cost per story:** ~$0.03

- **Gross margin:** 98%+ (excluding fixed costs)

## Comparable Companies

### Wonderbly (Personalized Books):

- Founded: 2012
- Raised: $15M total
- Valuation: $100M+ (estimated)
- Model: Physical personalized books ($30-50 each)

### Epic! (Digital Reading App):

- Founded: 2013
- Raised: $51M total
- Acquired by Byju's for $500M (2021)
- Model: Subscription ($9.99/month)

### Kahoot (EdTech Platform):

- Founded: 2012
- IPO: 2019 (Oslo Stock Exchange)
- Market cap: $1.5B+
- Model: Freemium + school subscriptions

### Tale Forge's Advantage:

- Lower CAC than Wonderbly (digital vs. physical)
- Higher personalization than Epic! (AI-generated vs. catalog)
- More engaging than Kahoot (storytelling vs. quizzes)

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# CONTACT INFORMATION

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