Cost Estimate Explanation

For technical development, we compared and analyzed employee costs for SF Bay Area talent, hiring consultants and outsourcing the project. In considering these costs, we researched the salary ranges on sites such as Glassdoor, Salary.com, Quora and friends and family network. We ultimately decided to do the development locally in SF Bay Area, because we think the value of having our entire team at one place and close to our direct customers and partners is much more valuable, at least in the beginning stages of Wallie's lifecycle.
But on a high level, these were our findings for various scenarios for development:

(Note: Some of the cells in the spreadsheet contains comments for additional clarity)

SF Bay Area

An engineer with 3-5 years of experience in mobile and backend development demands a salary anywhere between 120k-150k. We averaged that to $130k, as their base salary. Since Wallie is a startup, we will offer engineers some equity in lieu of taking a 20% salary cut. The equity ranges from 1% to 1.25% depending on their roles and our dependence on their skillset. For calculating overhead costs, we multiplied their base salary by a factor of two so the total cost of an employee is basically 2x of their base salary. This is the scenario that we have outlined in the excel sheet here.

Consultants

Based on our research, we found out that consultants typically charge anywhere between $175-$200 per hour for the skill set that we need for Wallie. Based on their experience, we calculated the costs taking $185-$200 as hourly costs. Based on these numbers, if we only used consultants for our entire development, we came up with these total numbers for the respective releases. The detailed calculation can be found in these sheets: Release 1, Release 2, Release 3

Outsourced

Along with online research, we also asked around friends and family back in India to get a sense of the cost of development for outsourcing. Based on this data gathering exercise, we found out that the average salary for an engineer with our desired skill set is approximately

$1000 per month. But the consulting companies charge a 6x-7x markup on the base salary costs of these employees. Assuming we pay the highest, we assumed our costs to be about $7000 per month for such employees. The detailed calculation can be found here: Release 1, Release 2, Release 3

Company Ownership

The ownership of Wallie will be split among the five founding team members, investors and employees (current and future). The initial distribution will be as follows:

Founders: 8% each (a total of 40%)
Employees: Varying (a total of 30% set aside)
Investors: 30% (set aside)

Technology Costs

For tools and services that we would use, we have calculated estimated costs for those in this spreadsheet here.