



Secret AI Rails – Financial Model

Executive Summary

This document outlines the revenue model, unit economics, and financial projections for Secret AI Rails. The model demonstrates a capital-efficient path to profitability leveraging our existing confidential cloud infrastructure.

Business Model Overview

Revenue Streams

flowchart TB subgraph Revenue["Revenue Streams"] Infra[Infrastructure Revenue
VM Compute, Storage, Network] Platform[Platform Revenue
AI Rails Subscription] Execution[Execution Revenue
Workflow Runs, API Calls] Services[Services Revenue
Onboarding, Custom Dev] end subgraph Amplification["Revenue Amplification"] Note1[AI Rails drives
more infrastructure usage] Note2[Platform stickiness
increases LTV] end Revenue --> Amplification

Stream	Model	% of Revenue (Mature)
Infrastructure	Usage-based (compute hours, storage GB)	35-40%
Platform	Subscription tiers (monthly/annual)	40-45%
Execution	Usage-based (workflow runs, API calls)	15-20%
Services	One-time + retainer (optional)	5-10%

Pricing Structure

Platform Tiers

Tier	Monthly Price	Annual Price	Target Customer
Starter	\$99	\$990	Solo/micro-business testing AI
Growth	\$499	\$4,990	SMB automating operations
Scale	\$1,499	\$14,990	Growing SMB, regulated industries
Enterprise	Custom	Custom	Mid-market and enterprise

What's Included

Feature	Starter	Growth	Scale	Enterprise
Workflow Studio	Basic	Full	Full	Full + Custom
Workflows	2	10	Unlimited	Unlimited
Workflow Runs/mo	1,000	10,000	100,000	Unlimited
Component Packs	Core only	Core + 2	All	All + Custom
Dashboard	Basic	Full	Full	Full + API
Proof Retention	30 days	90 days	1 year	Custom
Support	Community	Email	Priority	Dedicated
SLA	—	99.5%	99.9%	99.99%

Usage-Based Pricing (Beyond Tier Limits)

Resource	Unit	Price
Additional Workflow Runs	per 1,000	\$10
Confidential VM Compute	per hour	0.15–0.50

Resource	Unit	Price
GPU Compute (H100 CC)	per hour	3.50–5.00
Storage	per GB/month	\$0.10
Proof Ledger Storage	per GB/month	\$0.15
API Calls	per 10,000	\$5

Unit Economics

Customer Acquisition

Metric	Starter	Growth	Scale	Enterprise
CAC (Est.)	\$50	\$500	\$2,000	\$15,000
Sales Cycle	Self-serve	2 weeks	4-6 weeks	3-6 months
Acquisition Channel	Organic, content	Organic, sales	Sales, referral	Enterprise sales

Customer Lifetime Value

Metric	Starter	Growth	Scale	Enterprise
Monthly Revenue	\$99	\$499	\$1,499	\$5,000+
Avg. Usage Revenue	\$20	\$150	\$500	\$2,000+
Total Monthly	\$119	\$649	\$1,999	\$7,000+
Gross Margin	70%	75%	78%	80%
Churn (Monthly)	8%	4%	2%	1%
Avg. Lifetime	12 mo	25 mo	50 mo	100 mo

Metric	Starter	Growth	Scale	Enterprise
LTV	\$1,000	\$12,175	\$78,000	\$560,000
LTV:CAC Ratio	20:1	24:1	39:1	37:1

Payback Period

Tier	CAC	Monthly GM	Payback Period
Starter	\$50	\$83	<1 month
Growth	\$500	\$487	~1 month
Scale	\$2,000	\$1,559	~1.3 months
Enterprise	\$15,000	\$5,600	~2.7 months

Cost Structure

Infrastructure Costs (Per Customer)

Component	Cost Driver	Est. Cost/Customer/Month
Confidential VM	Compute hours	15–100
Storage	Data + proofs	5–25
Network	Egress	2–10
KMS Operations	Key operations	1–5
AI Inference	LLM API calls	10–100

Key Advantage: We own the infrastructure, so our marginal costs are significantly lower than competitors renting from hyperscalers.

Operating Costs

Category	Year 1	Year 2	Year 3
Engineering	\$600K	\$1.2M	\$2.0M
Sales & Marketing	\$200K	\$600K	\$1.2M
Customer Success	\$100K	\$300K	\$600K
G&A	\$150K	\$300K	\$500K
Infrastructure	\$200K	\$400K	\$800K
Total OpEx	\$1.25M	\$2.8M	\$5.1M

Revenue Projections

Assumptions

Assumption	Value	Rationale
Starting Customers	3 pilots	Current state
Pilot Conversion	67%	Industry benchmark
Monthly Growth (Y1)	15%	Conservative SMB SaaS
Monthly Growth (Y2)	12%	Scaling with sales
Monthly Growth (Y3)	8%	Market maturation
Avg. Revenue/Customer	600 → 1,200	Mix shift to higher tiers
Churn (Blended)	5% → 3%	Improving with product-market fit

Three-Year Projection

xychart-beta title "Revenue Projection (3 Years)" x-axis [Q1Y1, Q2Y1, Q3Y1, Q4Y1, Q1Y2,

Q2Y2, Q3Y2, Q4Y2, Q1Y3, Q2Y3, Q3Y3, Q4Y3] y-axis "Revenue (\$K)" 0 --> 800 bar [15, 35, 65, 110, 160, 220, 290, 370, 450, 530, 620, 720]

Detailed Projections

Year 1: Foundation

Quarter	Customers	New	Churned	MRR	ARR
Q1	5	5	0	\$3K	\$36K
Q2	15	12	2	\$10K	\$120K
Q3	35	24	4	\$24K	\$288K
Q4	70	42	7	\$50K	\$600K

Year 1 Total Revenue: ~260K * *Year1EndingARR ** :600K

Year 2: Growth

Quarter	Customers	New	Churned	MRR	ARR
Q1	110	50	10	\$85K	\$1.0M
Q2	165	70	15	\$135K	\$1.6M
Q3	235	90	20	\$200K	\$2.4M
Q4	320	110	25	\$290K	\$3.5M

Year 2 Total Revenue: ~2.1M * *Year2EndingARR ** :3.5M

Year 3: Scale

Quarter	Customers	New	Churned	MRR	ARR
Q1	420	130	30	\$400K	\$4.8M
Q2	540	160	40	\$530K	\$6.4M
Q3	680	190	50	\$680K	\$8.2M

Quarter	Customers	New	Churned	MRR	ARR
Q4	850	230	60	\$870K	\$10.4M

Year 3 Total Revenue: ~7.4M **Year3EndingARR** :10.4M

Customer Mix Evolution

By Tier

Tier	Year 1	Year 2	Year 3
Starter	50%	35%	25%
Growth	40%	45%	45%
Scale	10%	18%	25%
Enterprise	0%	2%	5%

By Industry (Target)

Industry	Year 1	Year 2	Year 3
Professional Services	40%	30%	25%
E-Commerce/Retail	30%	25%	20%
SaaS/Tech	20%	25%	25%
Legal	5%	10%	15%
Healthcare Admin	5%	8%	10%
Financial Services	0%	2%	5%

Path to Profitability

Key Milestones

Timeline title Path to Profitability Q4 Y1 : First \$50K MRR : 70 customers : Product-market fit signal Q2 Y2 : First \$100K MRR : 150+ customers : Series A readiness Q4 Y2 : First \$250K MRR : 300+ customers : Operational profitability possible Q4 Y3 : \$800K+ MRR : 800+ customers : Clear path to \$10M+ ARR

Burn & Runway

Scenario	Monthly Burn	Runway Needed	Funding
Conservative	\$100K	24 months	\$2.4M
Base	\$150K	18 months	\$2.7M
Aggressive	\$200K	18 months	\$3.6M

Break-Even Analysis

Metric	Calculation	Target
Monthly OpEx	~\$150K (Year 2 avg)	—
Gross Margin	75%	—
Break-Even MRR	$150K / 0.75 = 200K$	Q3 Year 2
Customers Needed	~250-300	—

Scenario Analysis

Conservative Case

Metric	Year 1	Year 2	Year 3
Ending ARR	\$400K	\$2.0M	\$6.0M
Customers	50	200	500
Growth Rate	—	5x	3x

Assumptions: Slower sales cycle, higher churn, lower conversion

Base Case

Metric	Year 1	Year 2	Year 3
Ending ARR	\$600K	\$3.5M	\$10.4M
Customers	70	320	850
Growth Rate	—	5.8x	3x

Assumptions: Model projections as stated

Optimistic Case

Metric	Year 1	Year 2	Year 3
Ending ARR	\$900K	\$5.5M	\$18M
Customers	100	500	1,400
Growth Rate	—	6x	3.3x

Assumptions: Faster adoption, enterprise deals, lower churn

Investment Efficiency

Capital Efficiency Metrics

Metric	Year 1	Year 2	Year 3
ARR per Employee	\$100K	\$175K	\$260K
Burn Multiple	4.0x	1.5x	0.5x
Magic Number	0.3	0.7	1.1
Net Revenue Retention	95%	110%	120%

Comparison to SaaS Benchmarks

Metric	Our Model	Top Quartile SaaS	Median SaaS
LTV:CAC	25-40x	>3x	3x
Gross Margin	75-80%	>75%	70%
Payback Period	1-3 mo	<12 mo	18 mo
Net Revenue Retention	110-120%	>120%	100%
Burn Multiple	<1.5x	<1.5x	2-3x

Funding Requirements

Use of Funds

Category	Amount	%	Purpose
Engineering	\$1.2M	48%	V1 completion, team expansion
Sales & Marketing	\$600K	24%	Go-to-market, demand generation

Category	Amount	%	Purpose
Infrastructure	\$400K	16%	Capacity expansion, reliability
Operations	\$300K	12%	Support, legal, compliance
Total	\$2.5M	100%	18-month runway

Milestone-Based Deployment

Milestone	Funding Released	Target
M1: V1 Launch	\$800K	Month 4
M2: 50 Customers	\$600K	Month 8
M3: \$100K MRR	\$600K	Month 12
M4: Break-even Path	\$500K	Month 18

Key Metrics Dashboard

Monthly Tracking

Metric	Definition	Target (M12)
MRR	Monthly recurring revenue	\$50K
ARR	Annual recurring revenue	\$600K
Customers	Total paying customers	70
ARPU	Average revenue per user	\$700
CAC	Customer acquisition cost	<\$500
LTV	Lifetime value	>\$12K
Gross Margin	Revenue - COGS	>75%

Metric	Definition	Target (M12)
Net Revenue Retention	Expansion - Churn	>100%
Burn Multiple	Net Burn / Net New ARR	<2x

Cohort Analysis Template

Cohort	M0	M3	M6	M12	M24
Jan Cohort	100%	92%	85%	78%	72%
Revenue Retention	100%	98%	102%	110%	125%

Risks to Financial Model

Risk	Impact	Probability	Mitigation
Slower sales cycles	Lower customer acquisition	Medium	Focus on self-serve SMB motion
Higher churn	Lower LTV	Medium	Invest in customer success
Pricing pressure	Lower ARPU	Low	Differentiate on trust/proof
Infrastructure costs rise	Lower margin	Low	We own the infrastructure
Competition	Slower growth	Medium	First-mover, vertical integration

Appendix: Financial Model Assumptions

Revenue Assumptions

Parameter	Value	Source
Starting customers	3	Current pilots
Pilot conversion rate	67%	Conservative estimate
Monthly growth rate (Y1)	15%	SMB SaaS benchmark
Monthly growth rate (Y2)	12%	Scaling benchmark
Monthly growth rate (Y3)	8%	Market maturation
Avg. starting ARPU	\$600	Tier mix estimate
ARPU growth rate	10%/year	Upsell + tier migration

Cost Assumptions

Parameter	Value	Source
Gross margin	75%	Infrastructure ownership
Engineering cost/head	\$150K	Market rate
Sales cost/head	\$120K	Market rate
CAC (blended)	\$400	Channel mix estimate
Infrastructure cost/customer	\$50/mo	Internal data

Churn Assumptions

Parameter	Value	Source
Monthly churn (Y1)	5%	Early-stage typical
Monthly churn (Y2)	4%	Product maturity

Parameter	Value	Source
Monthly churn (Y3)	3%	Stickiness at scale

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Model Basis: 3-Year Projection

Review Cycle: Quarterly