

PocketPaw Co: Finances II

YOUR PET IN YOUR POCKET

Our team

**David
Pérez**

CEO

Data Science Engineer

**Federico
Falcone**

CFO

Computer Engineer

**Guillem
Escriba**

CEO

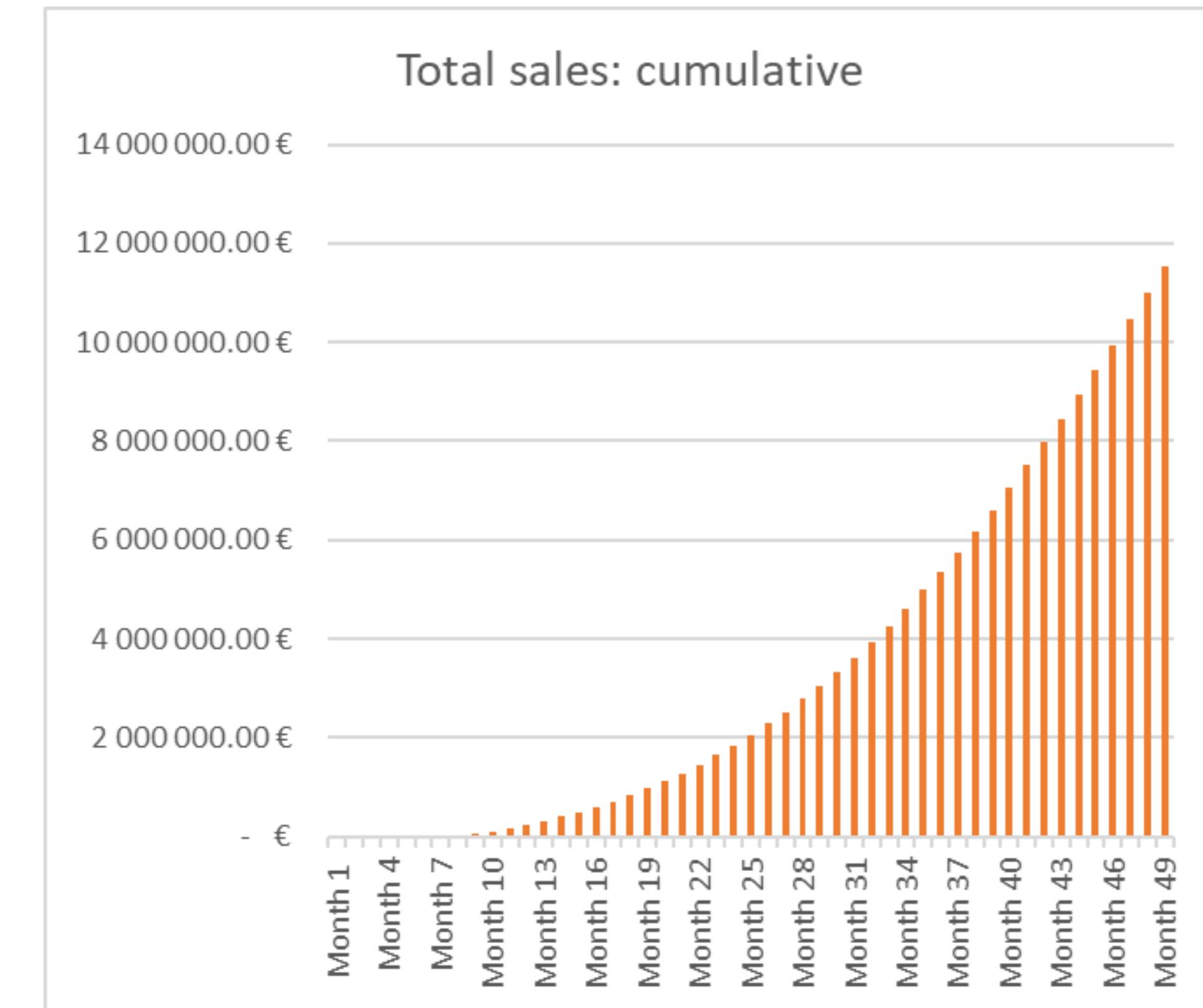
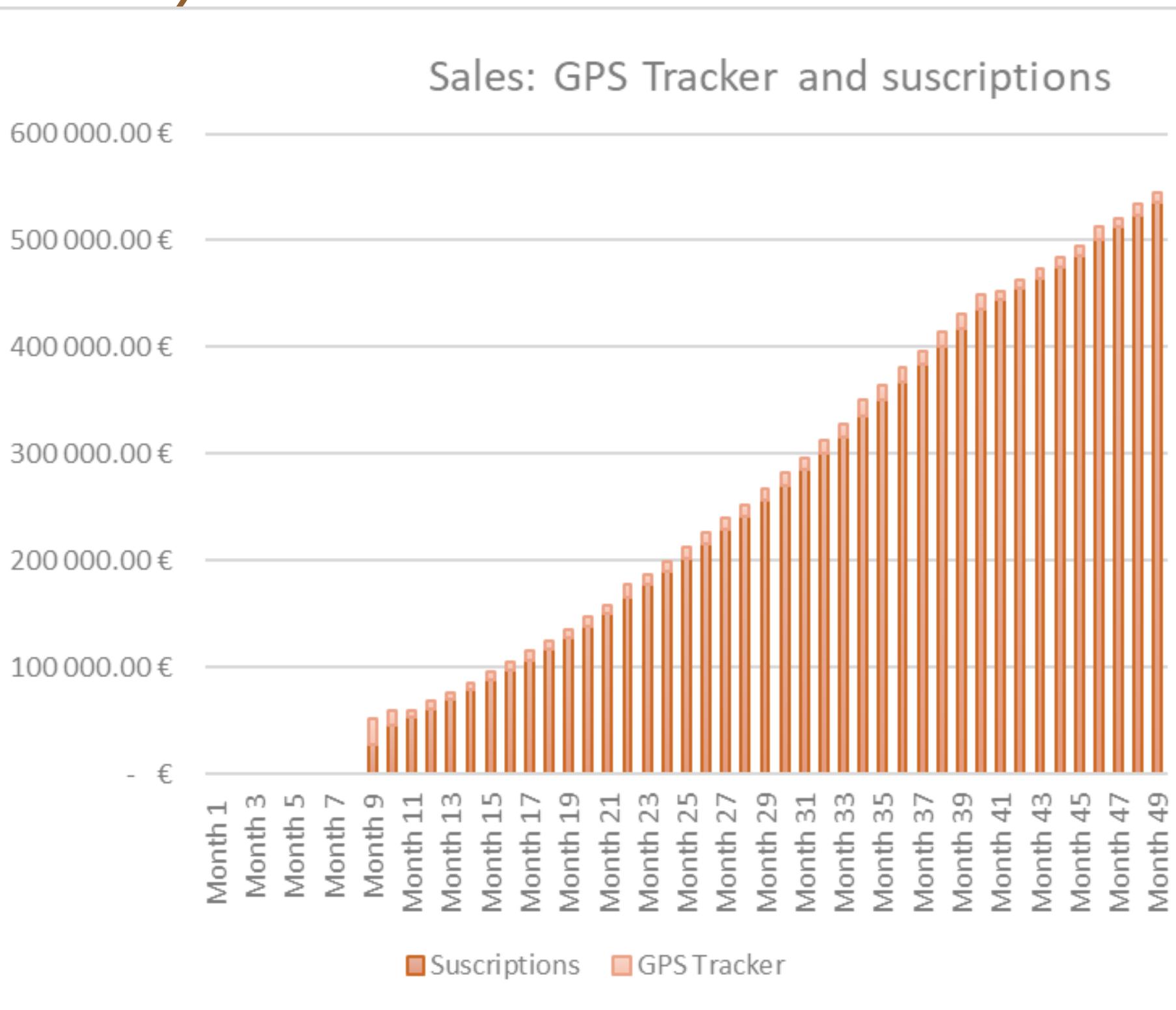
Data Science Engineer

**Oriol
Soler**

GENERAL MANAGER

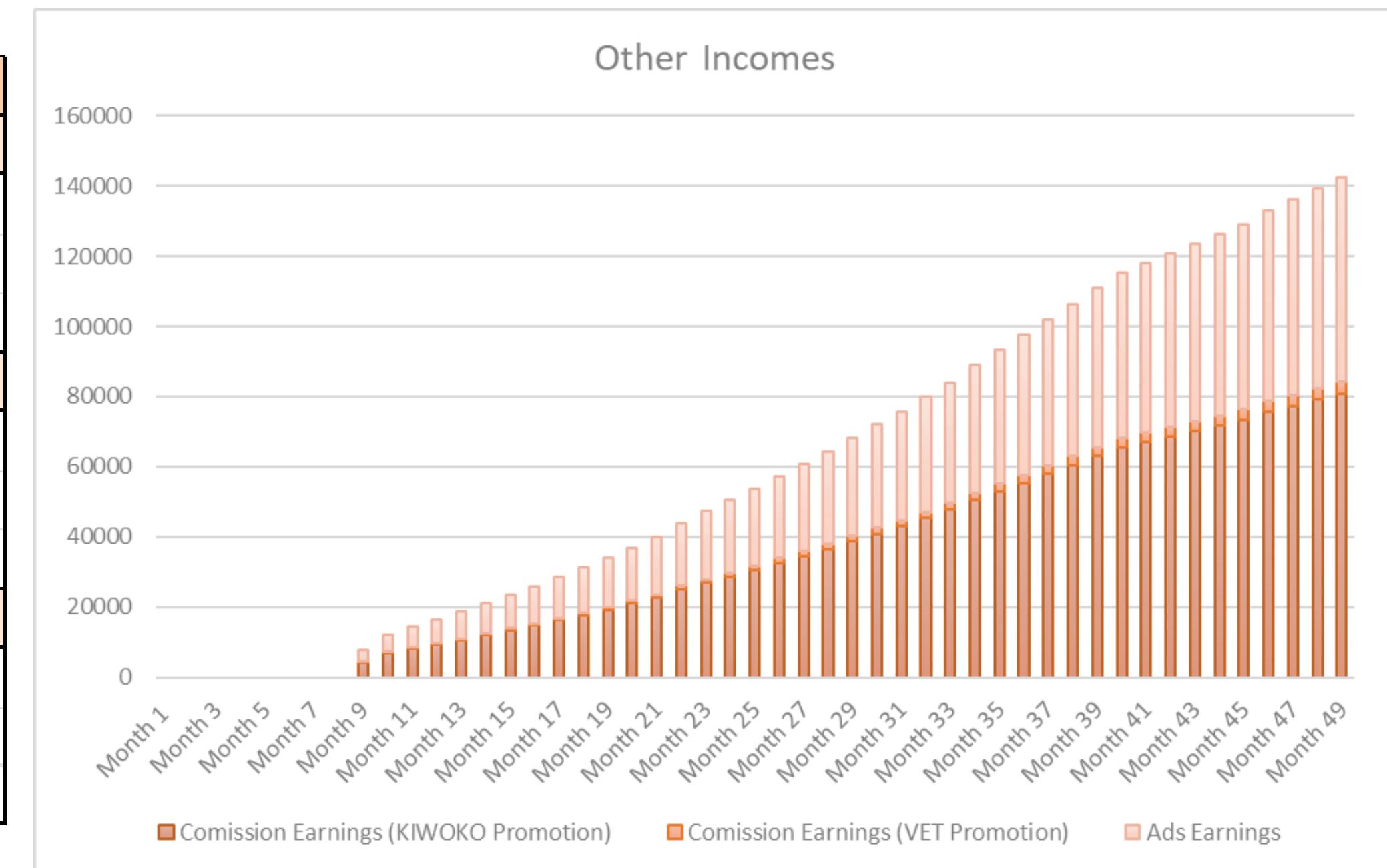
Audiovisual Engineer

REVENUES - SALES



REVENUES - OTHERS

OTHER INCOMES	
ADS	
Impressions per user	5
Number of users that open the app	20.0%
Cost per 1000 impression (CPM)	1.50 €
Vet Promotion	
Vet visits per 10000 users	10
Vet visit average cost	50
Commission from vets	5.0%
KIWOKO Promotion	
Products bought per 1000 users	30
KIWOKO average cost product	25
Commission from KIWOKO	8.00%

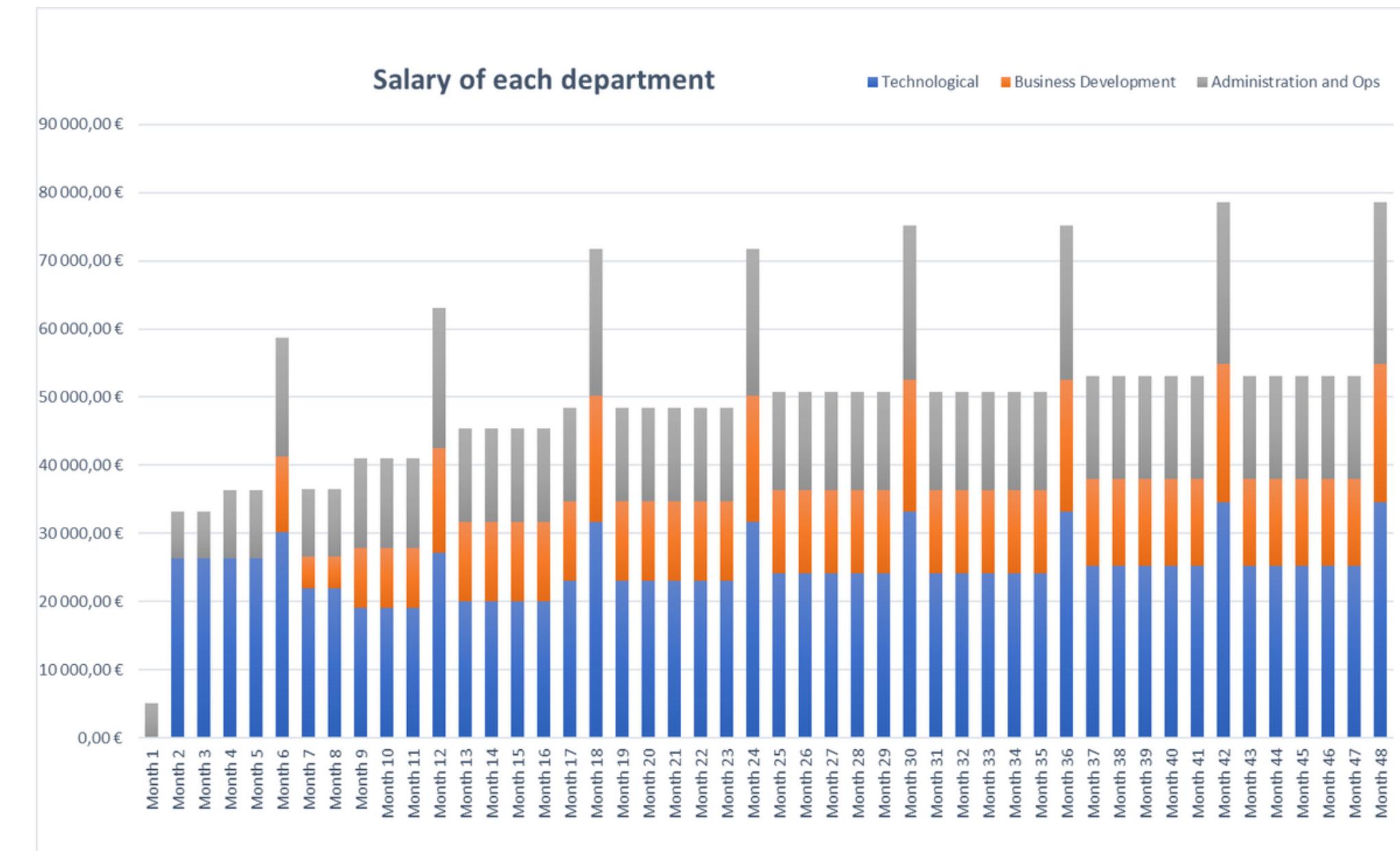


EXPENSES - SALARIES (23%)

Salaries	Monthly	Yearly	DATA FROM: Jobted
Junior Software Engineers	1.733,00 €	20.800,00 €	(<3 years experience)
Senior Software Engineers	4.416,00 €	53.000,00 €	(10-15 years experience)
Junior Programmers	1.641,00 €	19.700,00 €	(<3 years experience)
Electronic Engineers	1.729,00 €	20.750,00 €	(<3 years experience)
Marketing Managers	3.525,00 €	42.300,00 €	(4-9 years experience)
Marketing Technicians	1.350,00 €	16.200,00 €	(<3 years experience)
Social Media Managers	2.722,00 €	32.670,00 €	(4-9 years experience)
Project Managers	3.625,00 €	43.500,00 €	(4-9 years experience)
Administratives	1.995,00 €	23.940,00 €	(4-9 years experience)
Administrative Assistants	1.420,00 €	17.040,00 €	(4-9 years experience)
Accountants	1.683,00 €	20.200,00 €	(4-9 years experience)

*Real data from today's wages in Spain

*Tax of salary increase: 5%



- Modelling headcounts by company stages (studied in spreadsheets)

EXPENSES - MARKETING (16%)

M_i : Potential users to reach with Marketing Campaign in Month i
 T : Total Market size to reach through Social Media Campaign (70% < 40y Instagram, 45% > 30y Facebook)

r_i : Rate of the increment of the target in month i

r_0 : initial campaign bonus target

r_s : rate of succes ads (portion of potential users that become users)

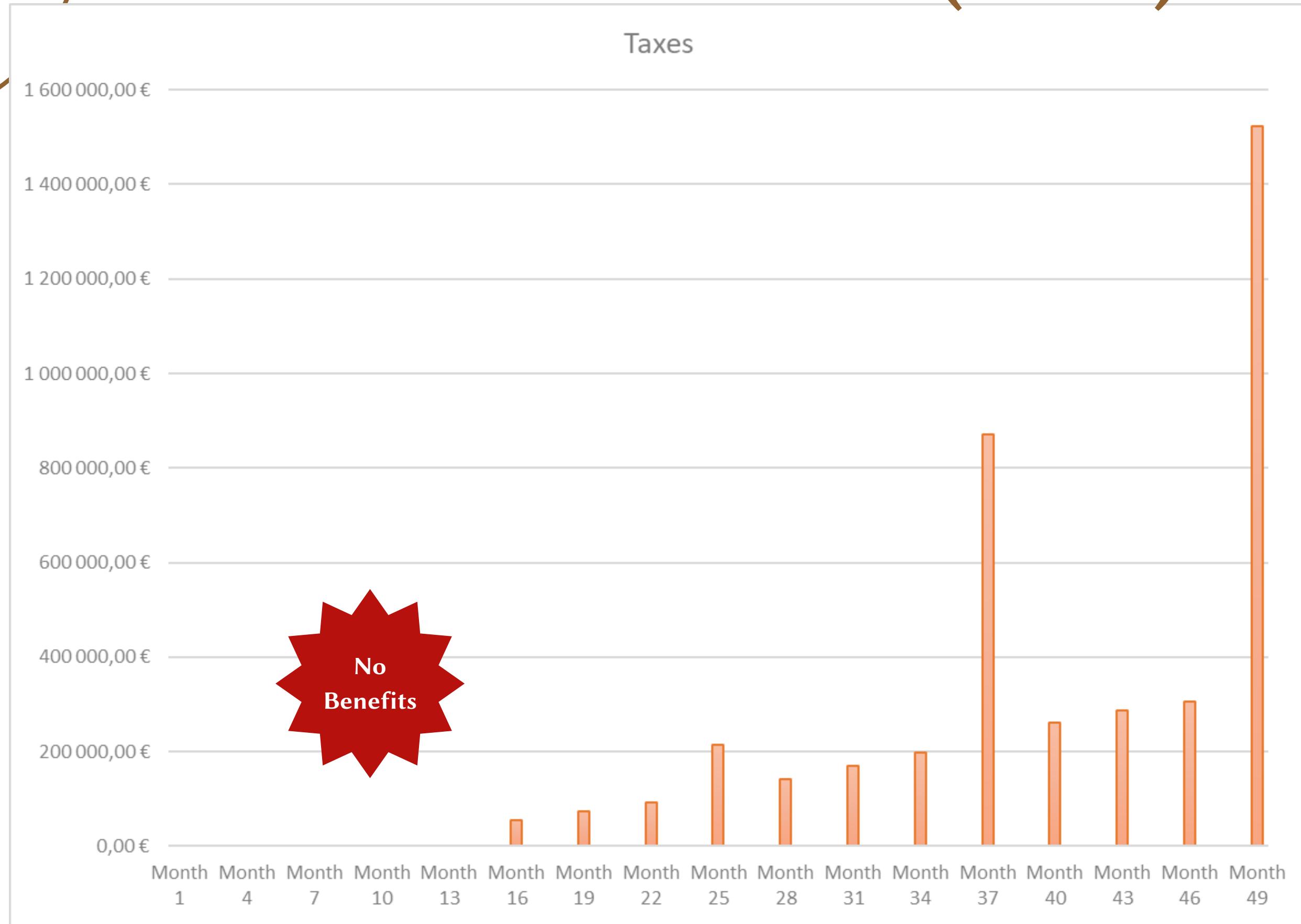
c_e : cost per engagement (0.03 both in Instagram and Facebook)

$$M_i = r_s \cdot ((T - U_{i-1}) \cdot (r_i + r_0))$$

$$C_{M_i} = c_e \cdot M_i$$



TAXES (38%)



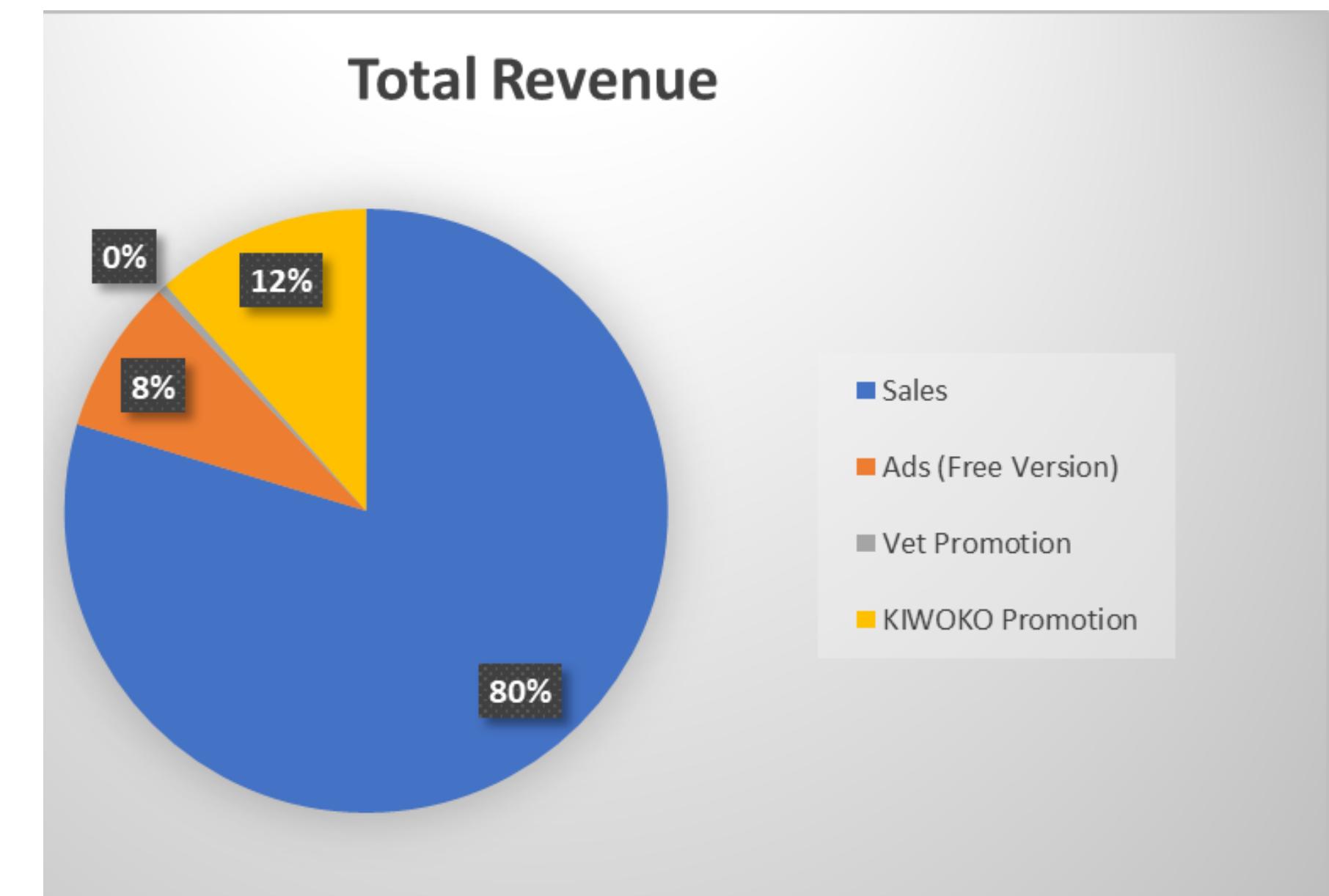
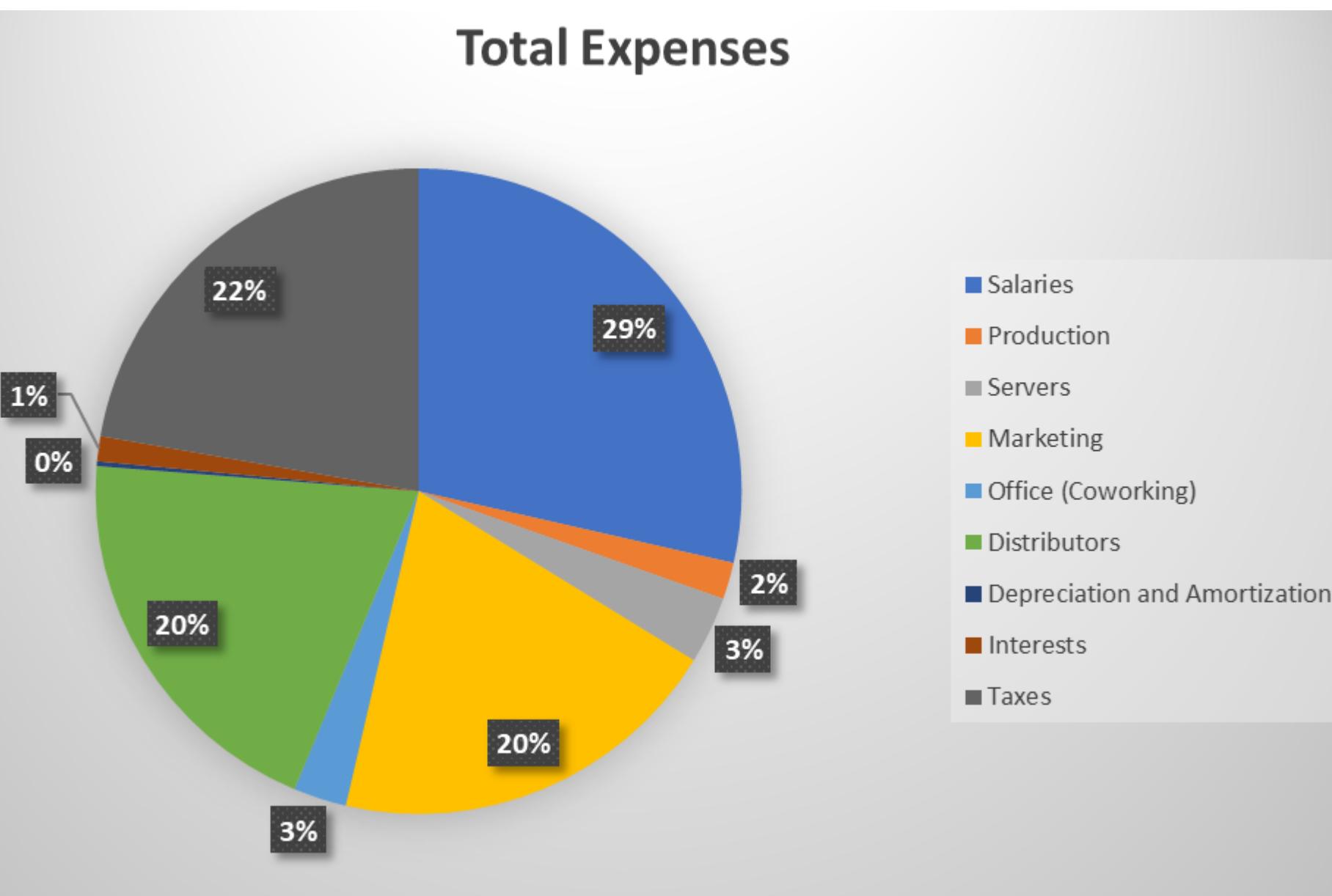
(not considered in Income Statement)

Generated every month,
but paid at the end of
the quarter



Generated every month,
but paid at the end of
the year.

P&L

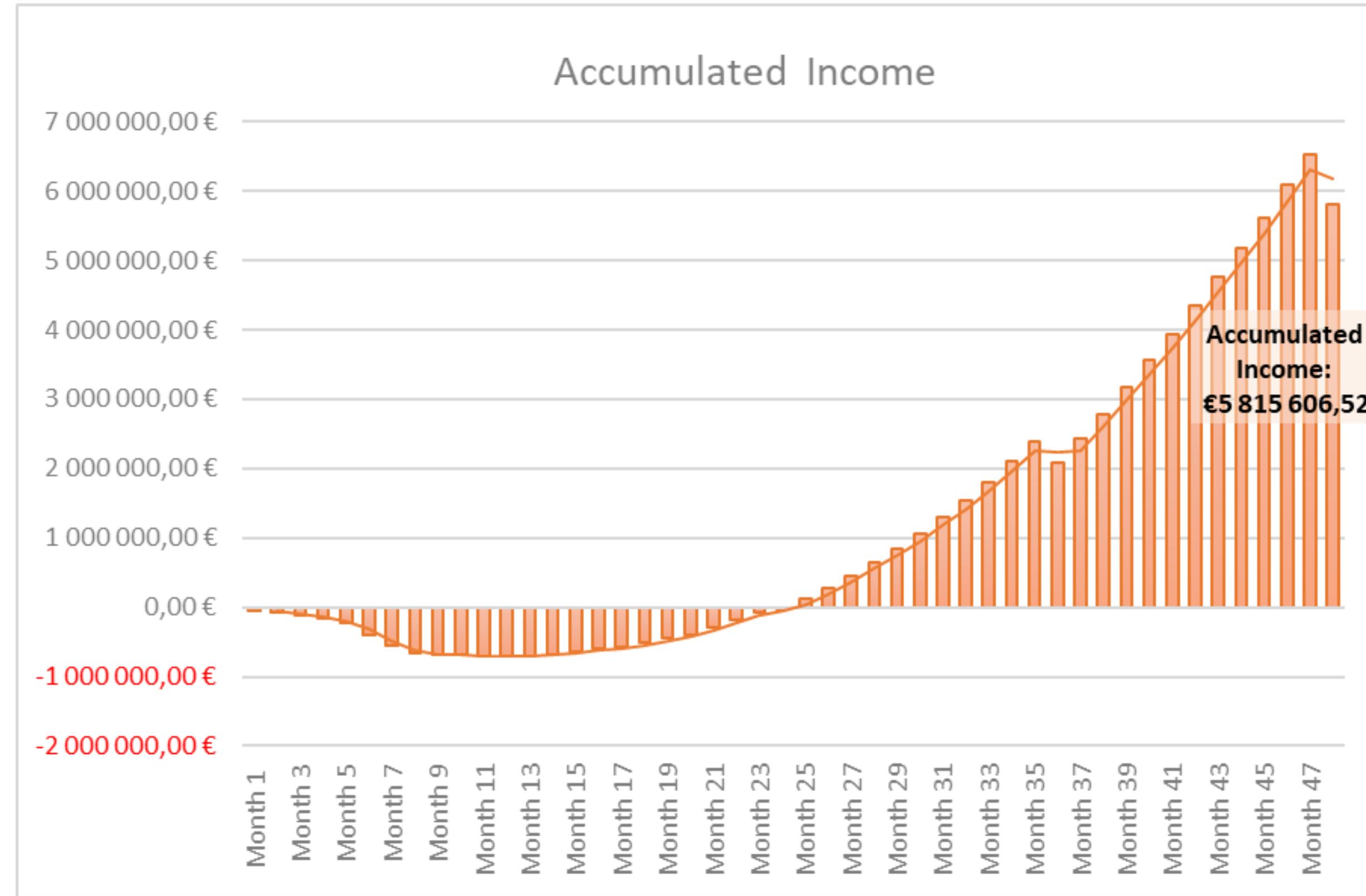


P&L BreakDown

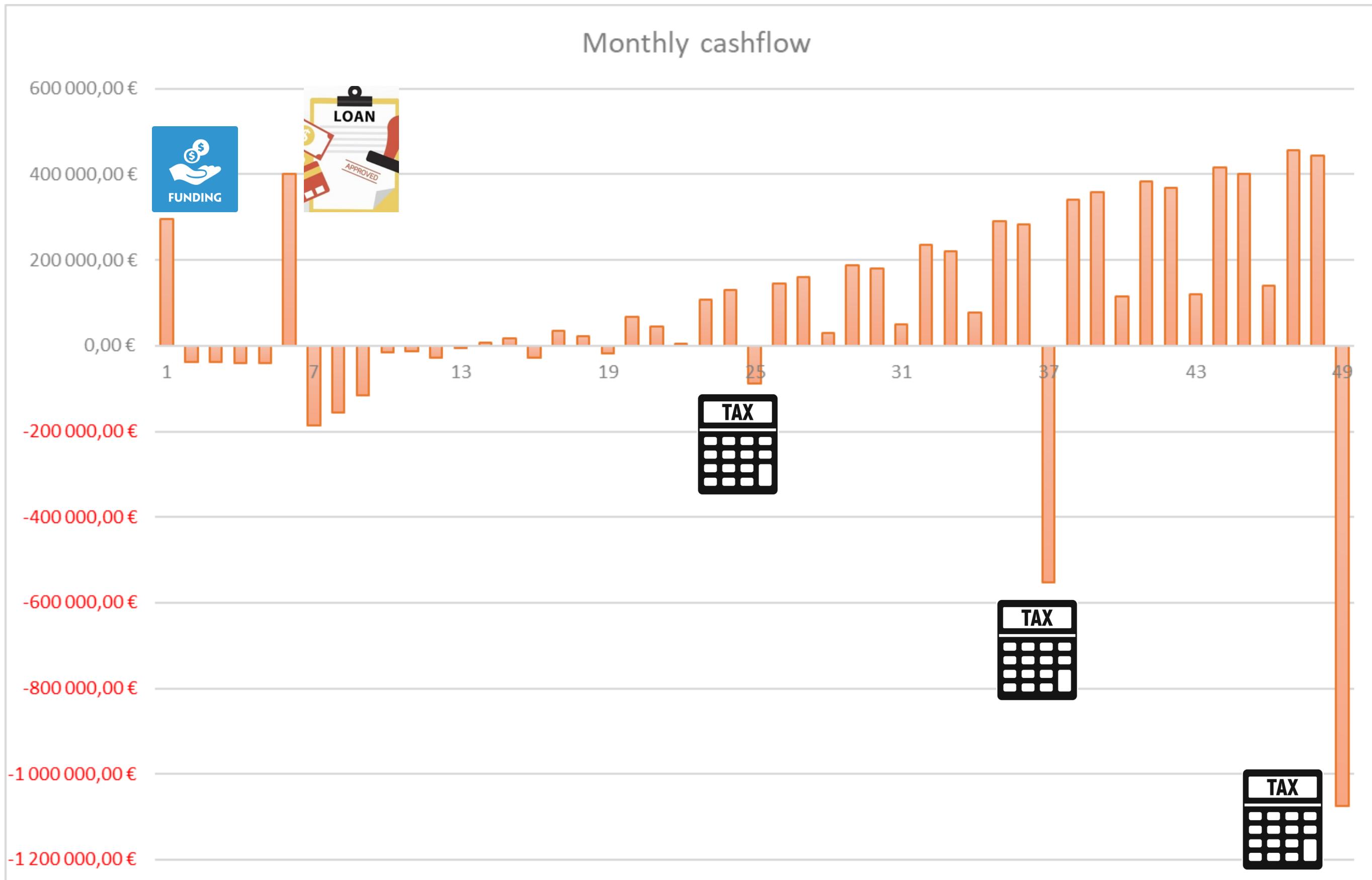
Since this is the income statement total balance, 21% taxes from IVA are **not taken into account** here, so the actual accumulated cashflow slightly decreases.

Same applies with all the **case scenarios**.

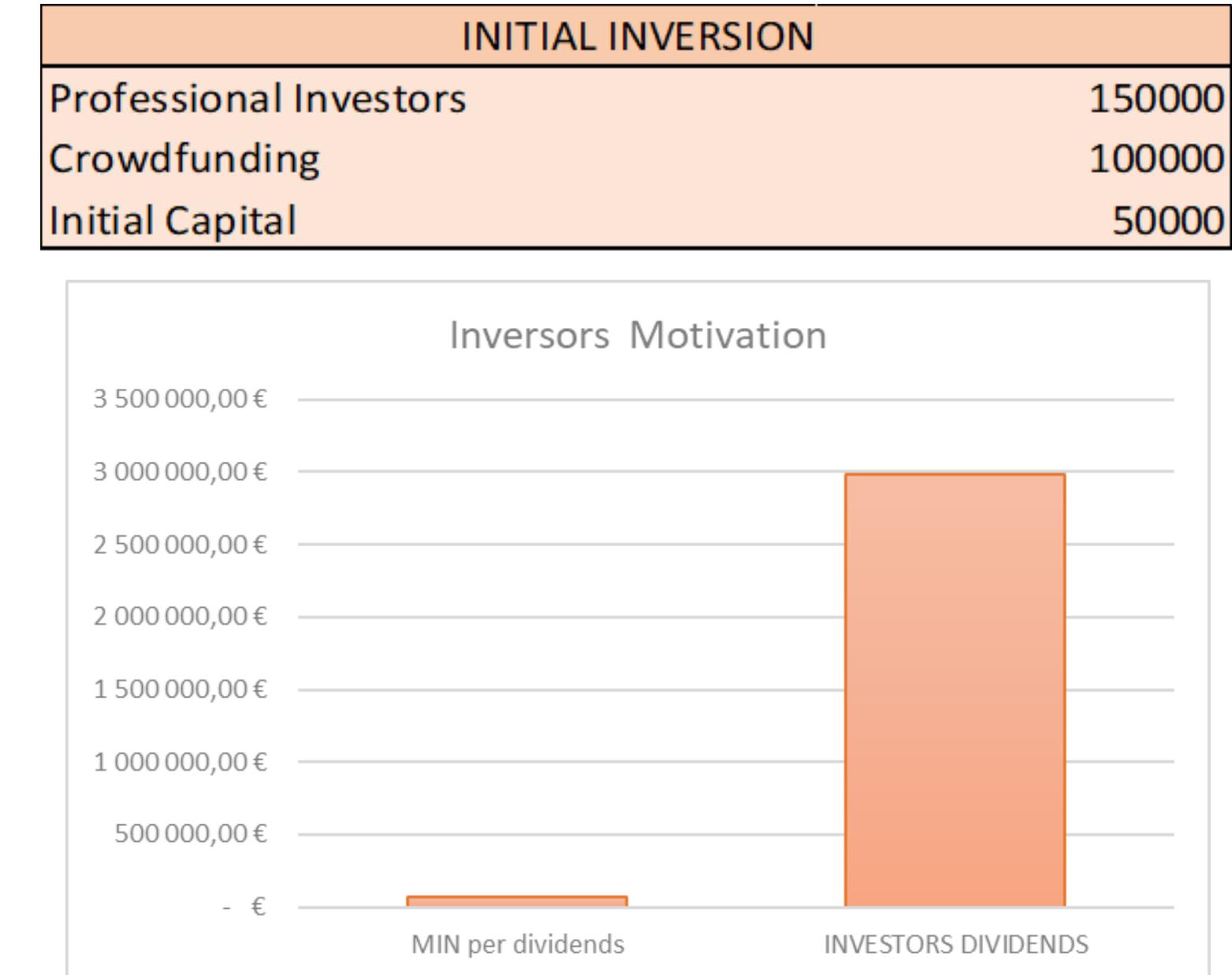
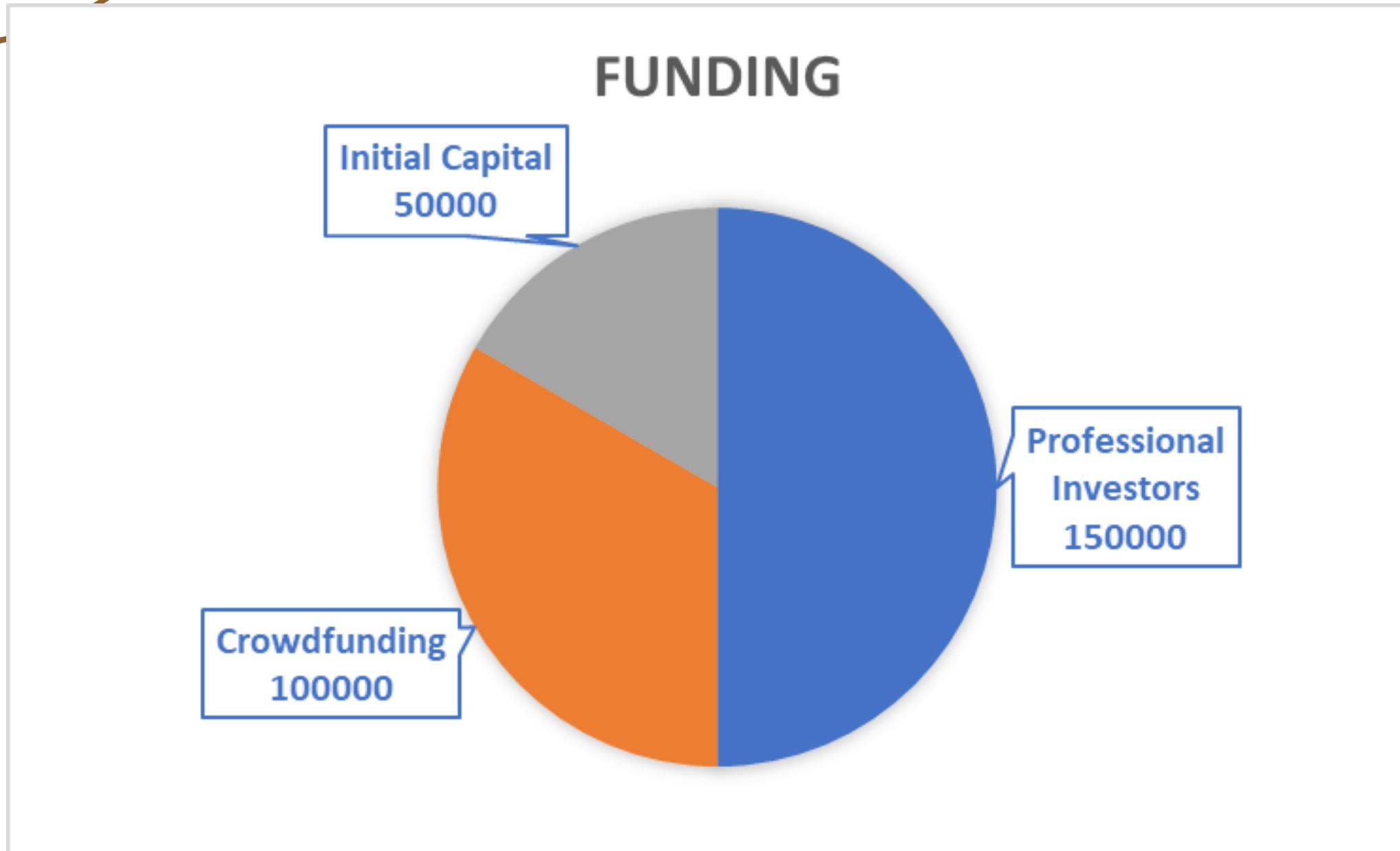
In the **spreadsheets** there are also considered different situations incomes, such as the total balance with **no loans**.



FORECAST OF CASHFLOW(4 YEARS)

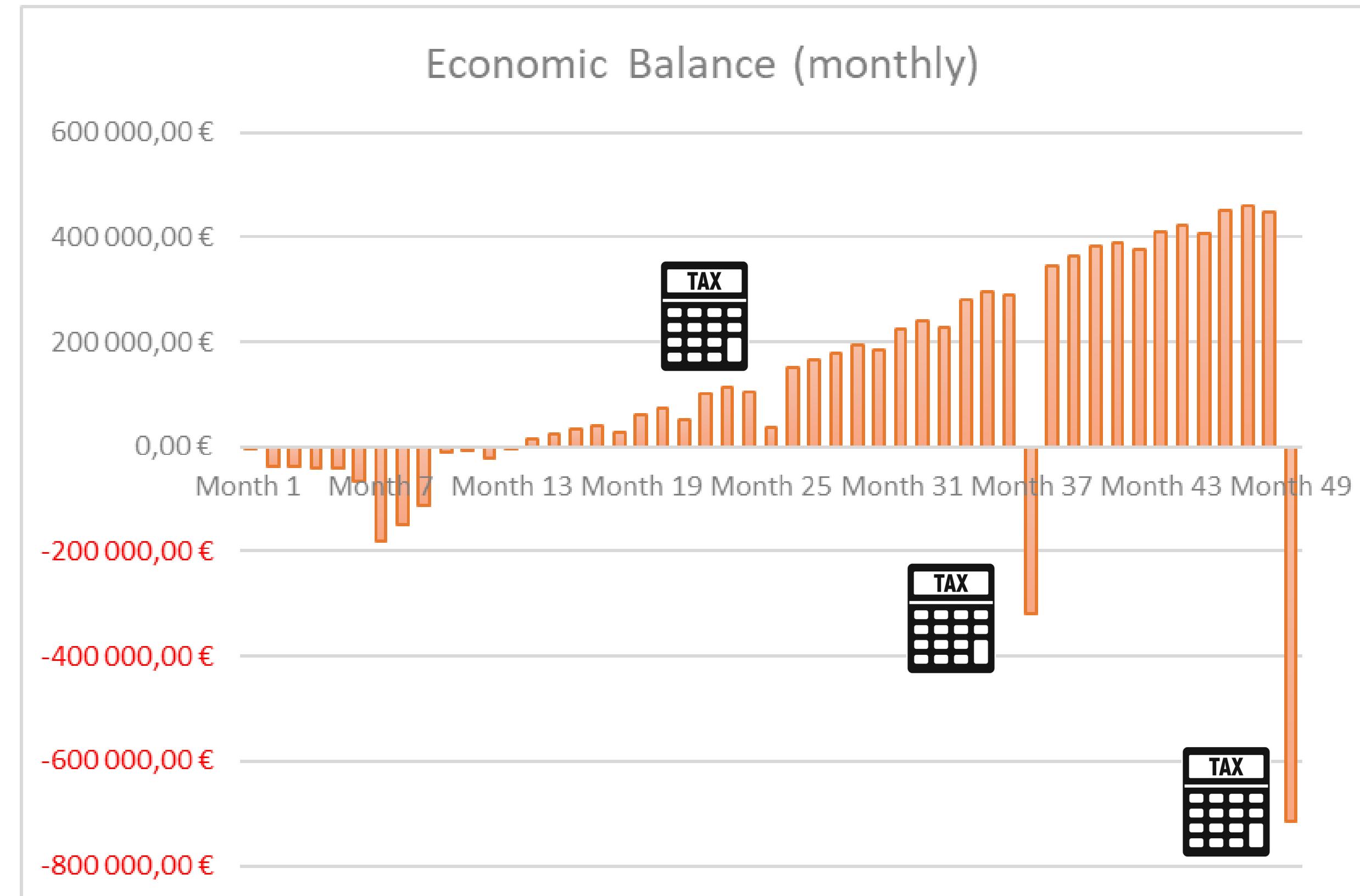


FUNDING



Inversors profitability of 995%

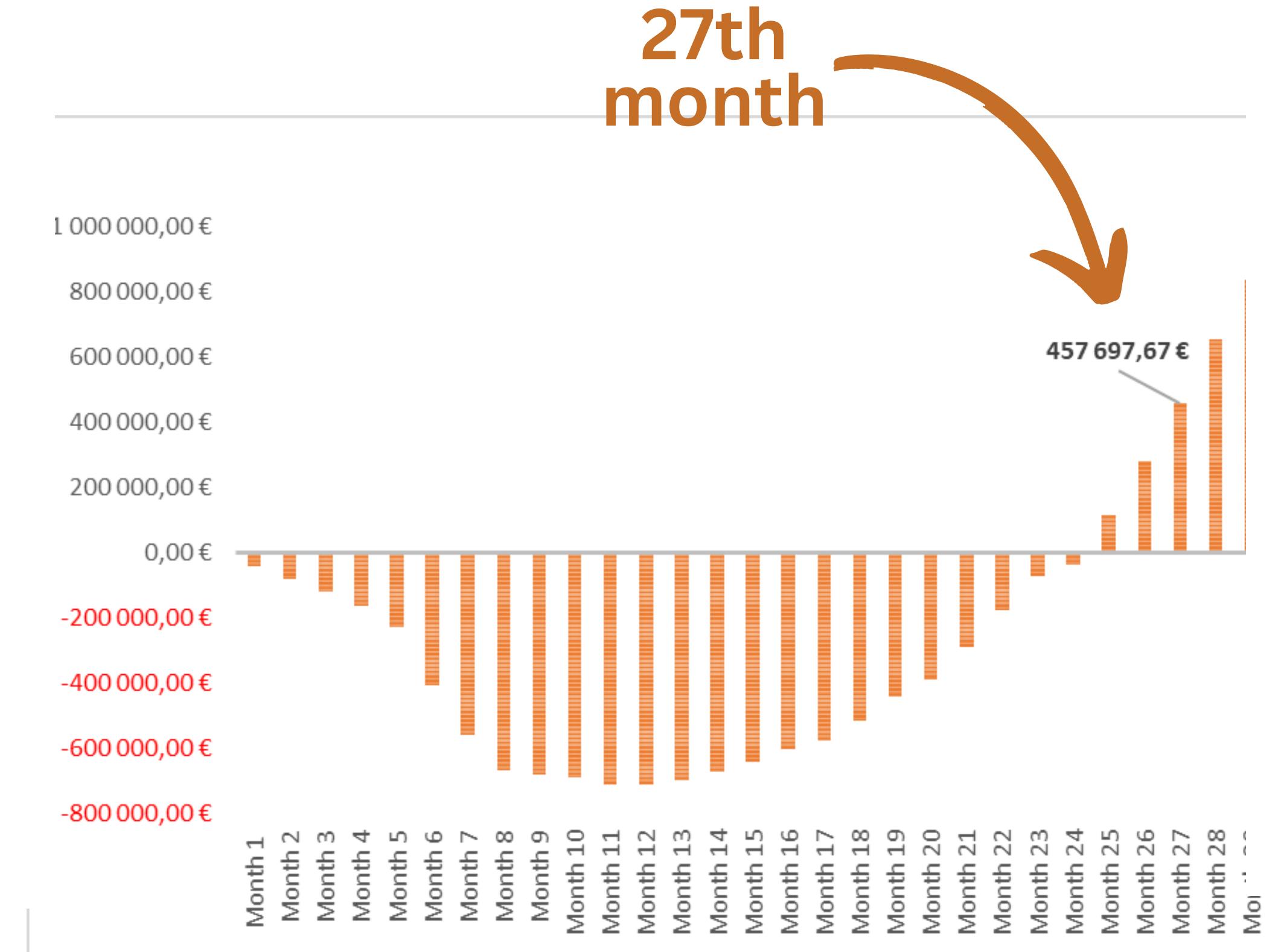
ECONOMIC BALANCE



PAYBACK

Our payback time in a realistic scenario is **27 months**, which reflects the amount of time it takes to recover the initial investment cost of the **300.000€** funding we received.

The **breakeven** is reached at **month 25**.



SCENARIOS - REALISTIC

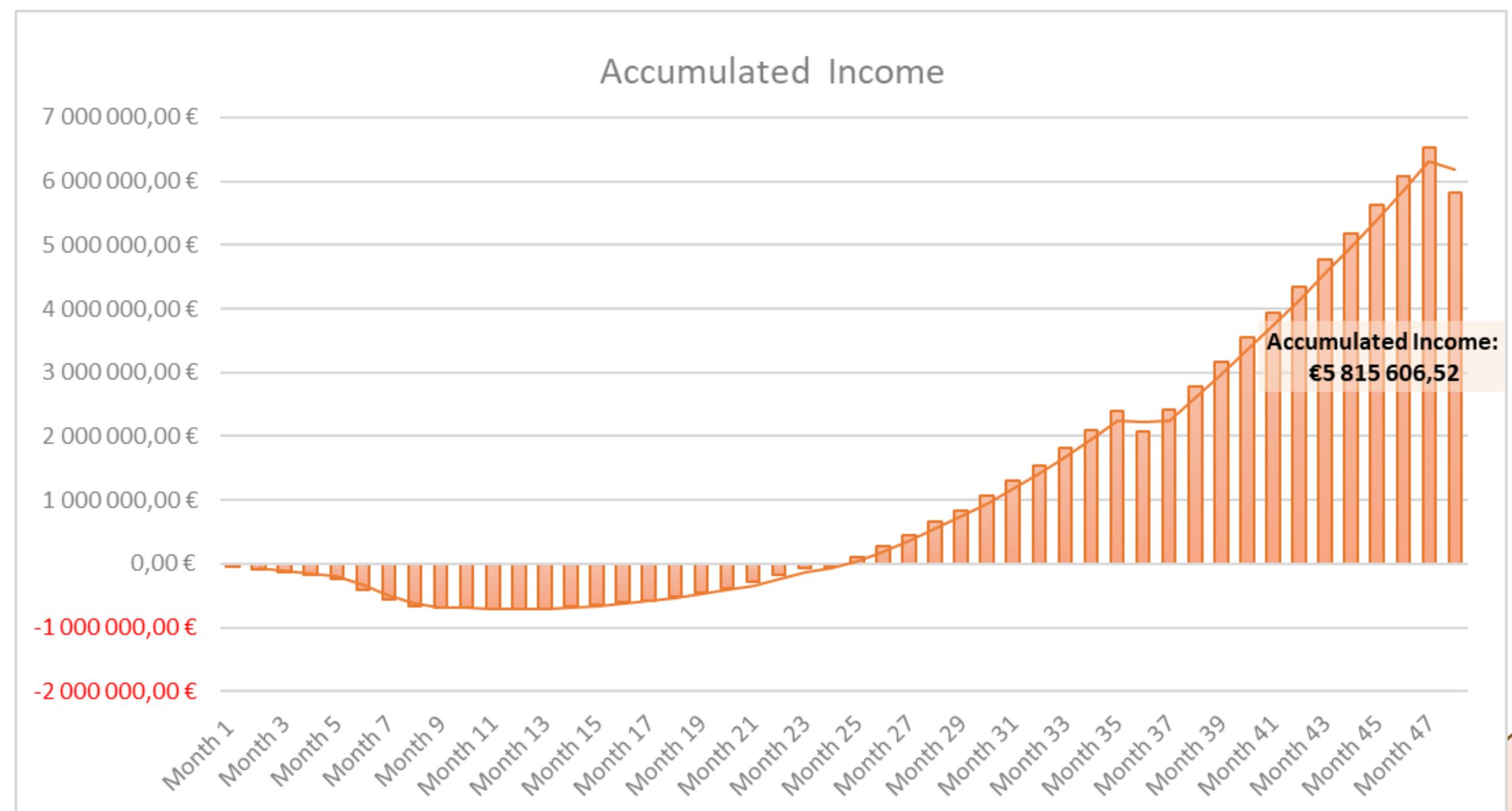
SALES	
Average random subscriptions	433
Min percentage of random susbcriptions	0,008%
Max percentage of random susbcription	0,010%
User increment	12,00%
PRO User conversion	4,00%
Desuscription rate	1,00%
Total customers in the market	5 064 022
GPS Tracker percentage	40,00%
GPS Tracker price	19,95 €
Suscription price	9,95 €

COGS	
<u>APP</u>	
Cost per server (1000GB)	104,04
Capacity per User (GB)	0,1
<u>GPS TRACKER</u>	
GPS Tracker Cost per Unit	6,00 €

OTHER INCOMES	
<u>ADS</u>	
Impressions per user	5
Number of users that open the app	20,0%
Cost per 1000 impression (CPM)	1,50 €
<u>Vet Promotion</u>	
Vet visits per 10000 users	10
Vet visit average cost	50,00 €
Comision from vets	5,0%
<u>KIWOKO Promotion</u>	
Products bought per 1000 users	30
KIWOKO average cost product	25,00 €
Comision from KIWOKO	8,00%

MARKETING	
Percentage of success ads	1,00%
Increment target marketing	0,50%
INITIAL CAMPAIGN BONUS TARGET	50,00%
YEARLY CAMPAING BONUS TARGET	20,00%

Cost per engagement: 0.03€



SCENARIOS - BEST CASE

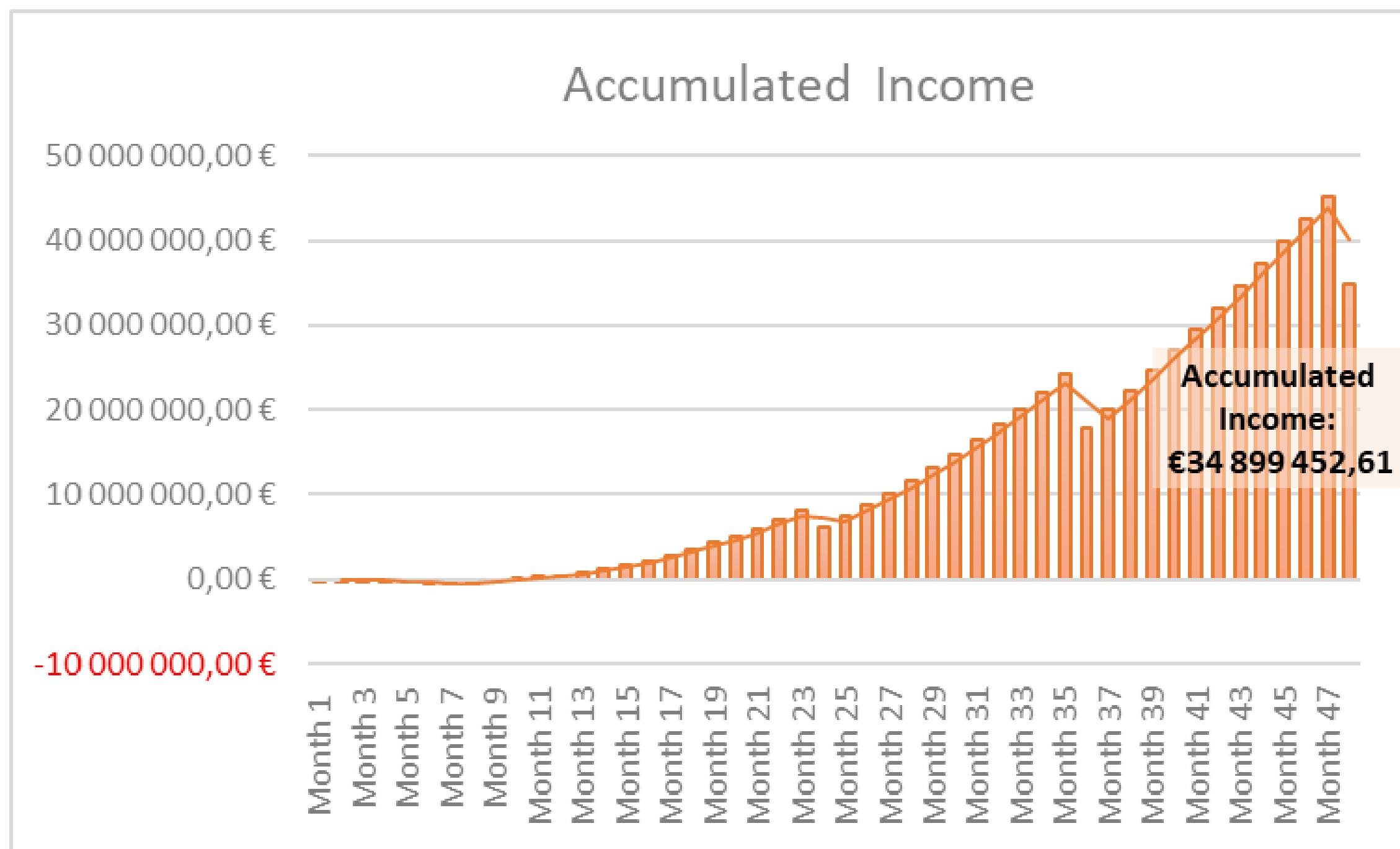
SALES	
Average random subscriptions	433
Min percentage of random susbcriptions	0,016%
Max percentage of random suscription:	0,02%
User increment	16,80%
PRO User conversion	8,00%
Desuscription rate	0,50%
Total customers in the market	5 064 022
GPS Tracker percentage	80,00%
GPS Tracker price	19,95 €
Suscription price	9,95 €

COGS	
APP	
Cost per server (1000GB)	83,232
Capacity per User (GB)	0,08
GPS TRACKER	
GPS Tracker Cost per Unit	4,80 €

OTHER INCOMES	
ADS	
Impressions per user	6
Number of users that open the app	40,0%
Cost per 1000 impression (CPM)	1,20 €
Vet Promotion	
Vet visits per 10000 users	20
Vet visit average cost	60,00 €
Comision from vets	7,5%
KIWOKO Promotion	
Products bought per 1000 users	45
KIWOKO average cost product	37,50 €
Comision from KIWOKO	9,60%

MARKETING	
Percentage of success ads	2,00%
Increment target marketing	0,50%
INITIAL CAMPAIGN BONUS TARGET	50,00%
YEARLY CAMPAING BONUS TARGET	20,00%

Cost per engagement: 0.027€



SCENARIOS - WORST CASE

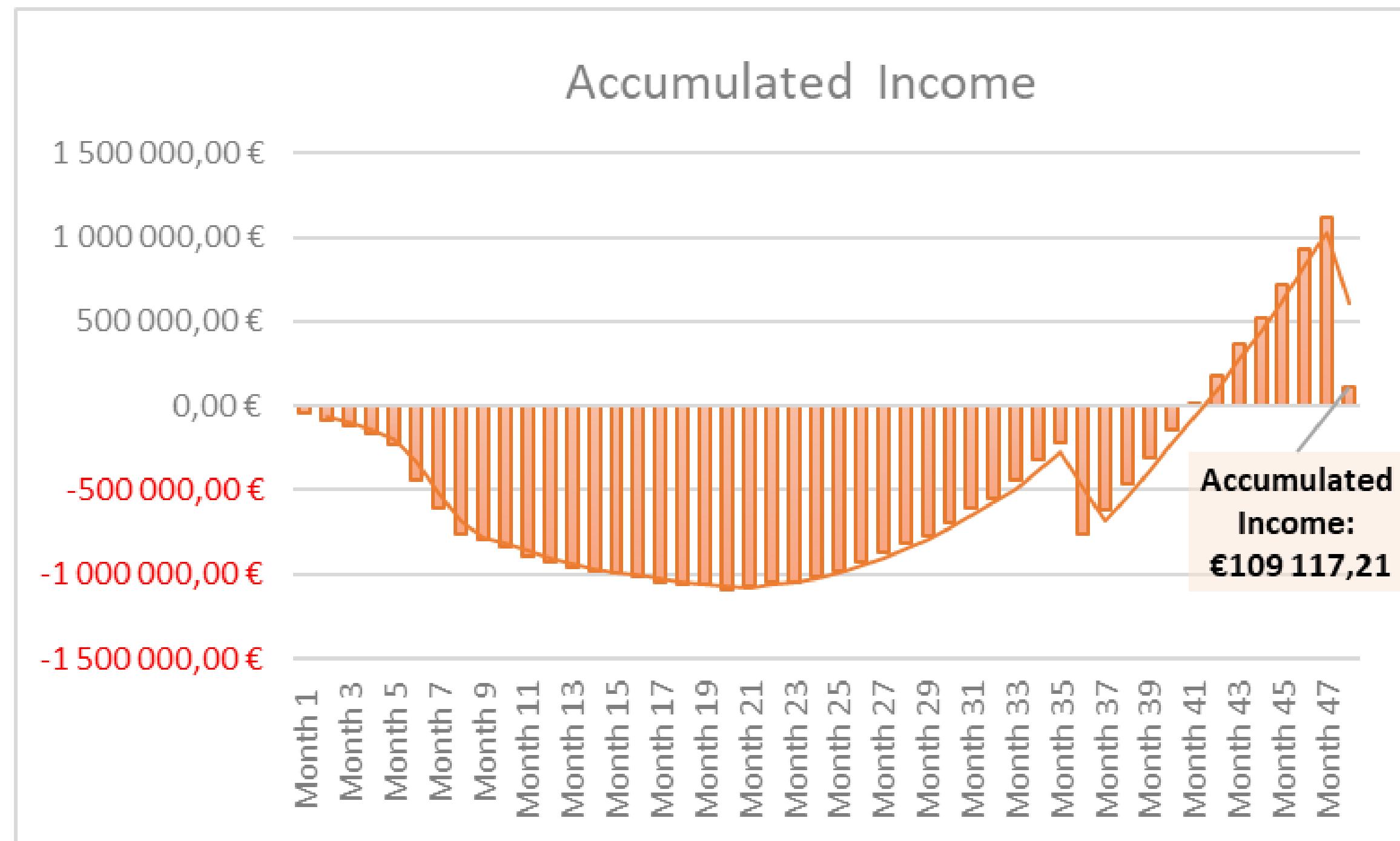
SALES	
Average random subscriptions	865
Min percentage of random susbcriptions	0,006%
Max percentage of random suscription	0,01%
User increment	9,60%
PRO User conversion	3,40%
Desuscription rate	1,20%
Total customers in the market	5 064 022
GPS Tracker percentage	32,00%
GPS Tracker price	19,95 €
Suscription price	9,95 €

COGS	
APP	
Cost per server (1000GB)	124,848
Capacity per User (GB)	0,12
GPS TRACKER	
GPS Tracker Cost per Unit	6,30 €

OTHER INCOMES	
ADS	
Impressions per user	4
Number of users that open the app	15,0%
Cost per 1000 impression (CPM)	1,80 €
Vet Promotion	
Vet visits per 10000 users	8,5
Vet visit average cost	42,50 €
Comision from vets	4,3%
KIWOKO Promotion	
Products bought per 1000 users	24
KIWOKO average cost product	21,25 €
Comision from KIWOKO	6,80%

MARKETING	
Percentage of success ads	0,85%
Increment target marketing	0,50%
INITIAL CAMPAIGN BONUS TARGET	50,00%
YEARLY CAMPAING BONUS TARGET	20,00%

Cost per engagement: 0.036€

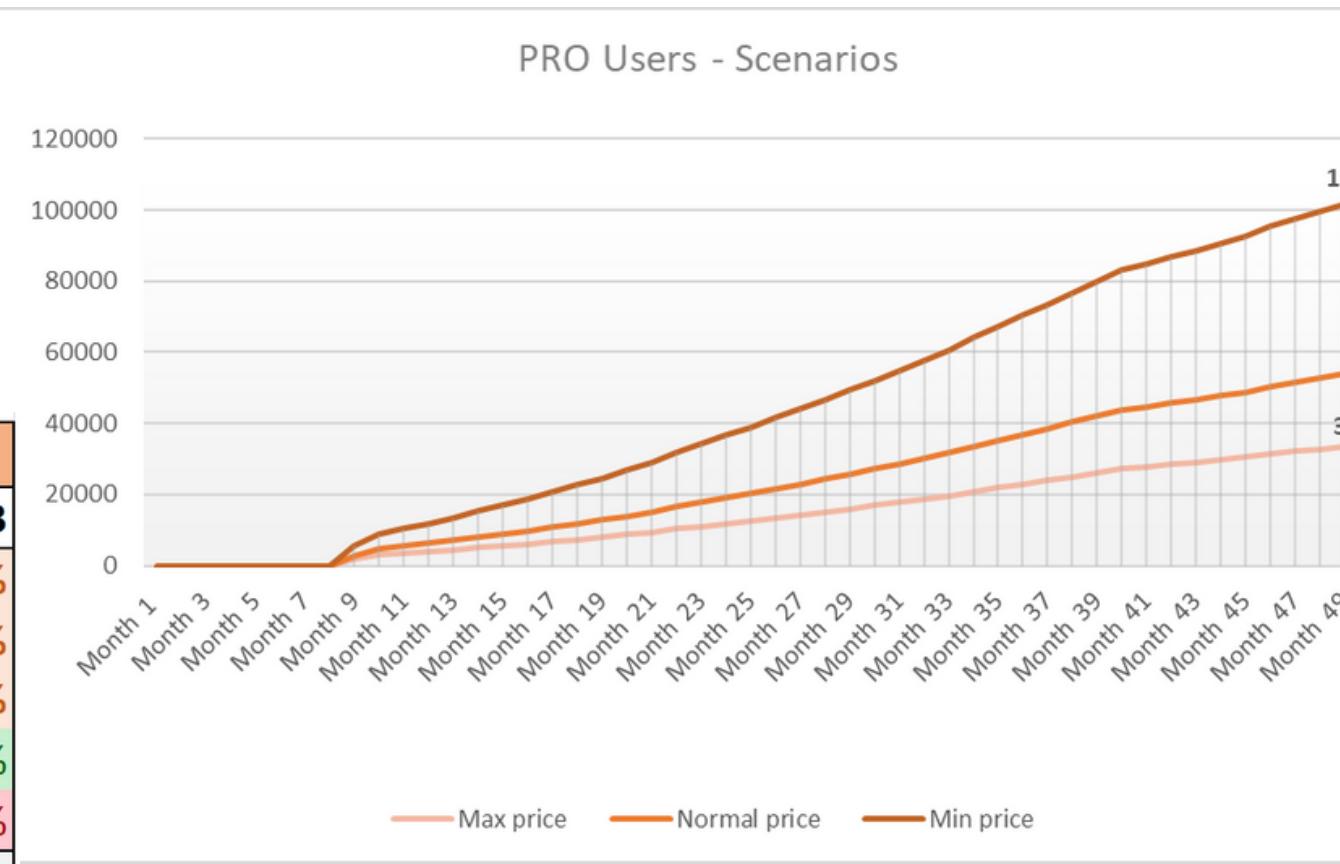


EXTRA SCENARIOS

SCENARIOS: Price Variation I

Decreasing the price:

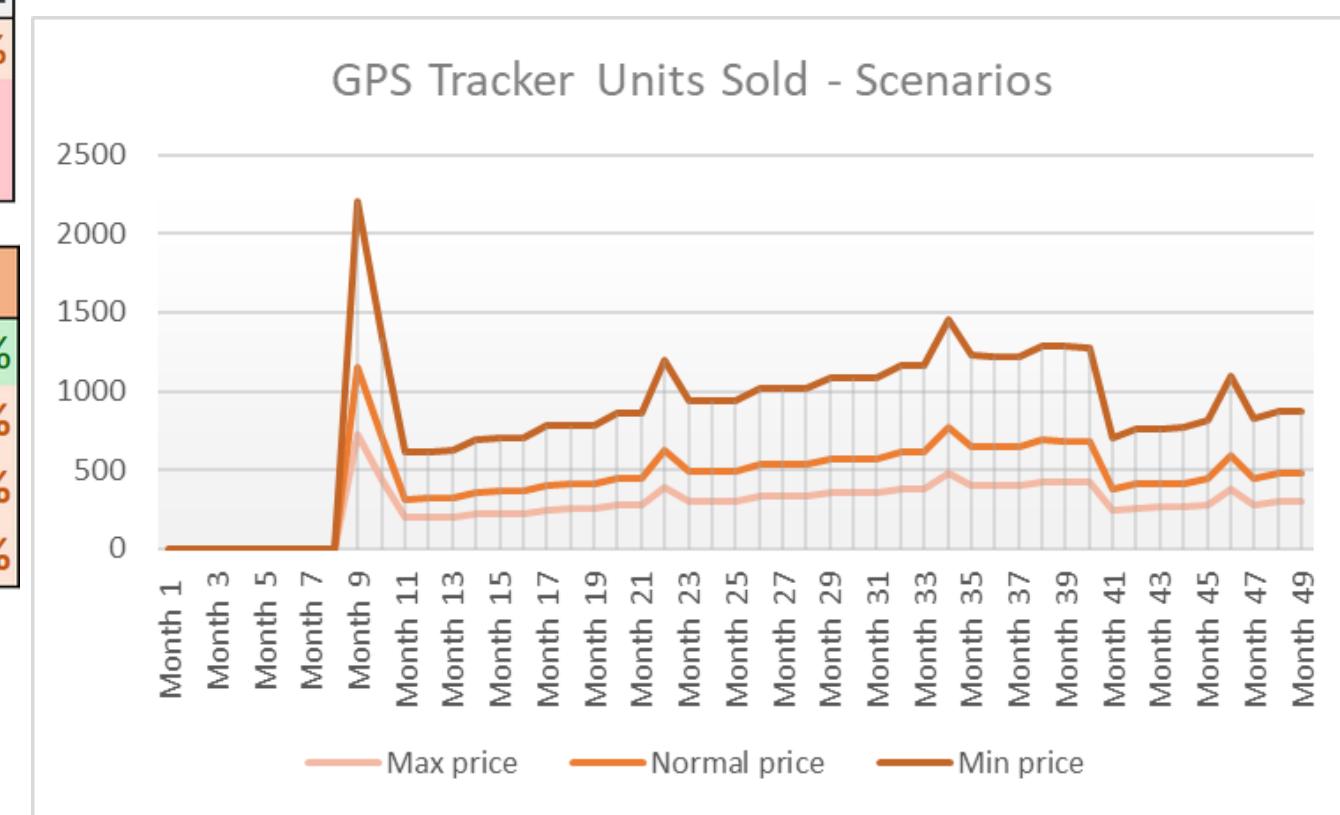
SALES	
Average random subscriptions	433
Min percentage of random susbcriptions	0.008%
Max percentage of random susbcriptions	0.010%
User increment	12.00%
PRO User conversion	6.40%
Desuscription rate	0.80%
Total customers in the market	5,064,022
GPS Tracker percentage	40.00%
GPS Tracker price	13.97 €
Suscription price	6.97 €



Increasing the price:

SALES	
Average random subscriptions	434
Min percentage of random susbcriptions	0.008%
Max percentage of random susbcriptions	0.010%
User increment	12.00%
PRO User conversion	2.80%
Desuscription rate	1.40%
Total customers in the market	5,064,022
GPS Tracker percentage	40.00%
GPS Tracker price	31.92 €
Suscription price	15.92 €

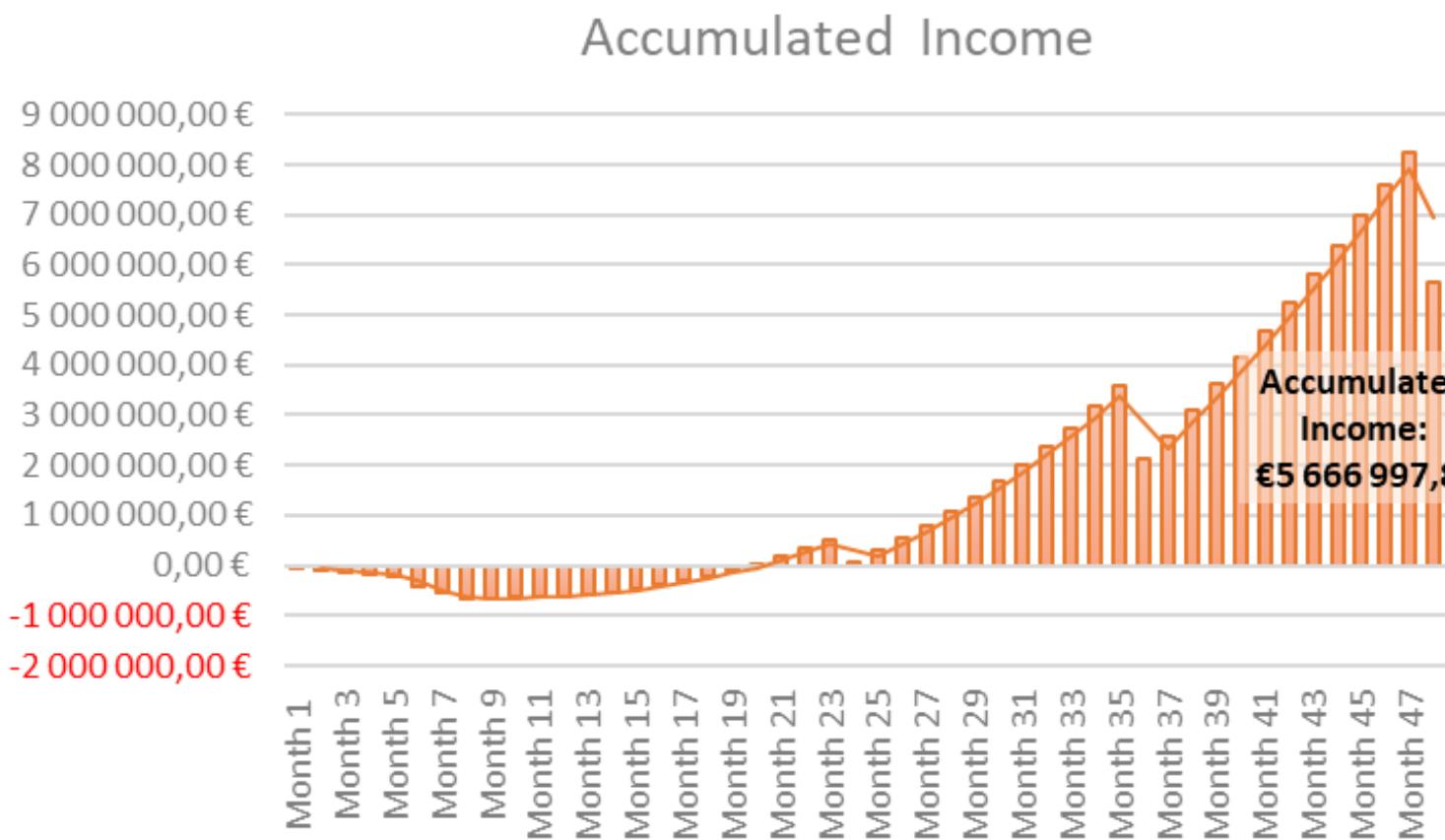
MARKETING	
Percentage of success ads	1.20%
Increment target marketing	0.50%
INITIAL CAMPAIGN BONUS TARGET	50.00%
YEARLY CAMPAING BONUS TARGET	20.00%



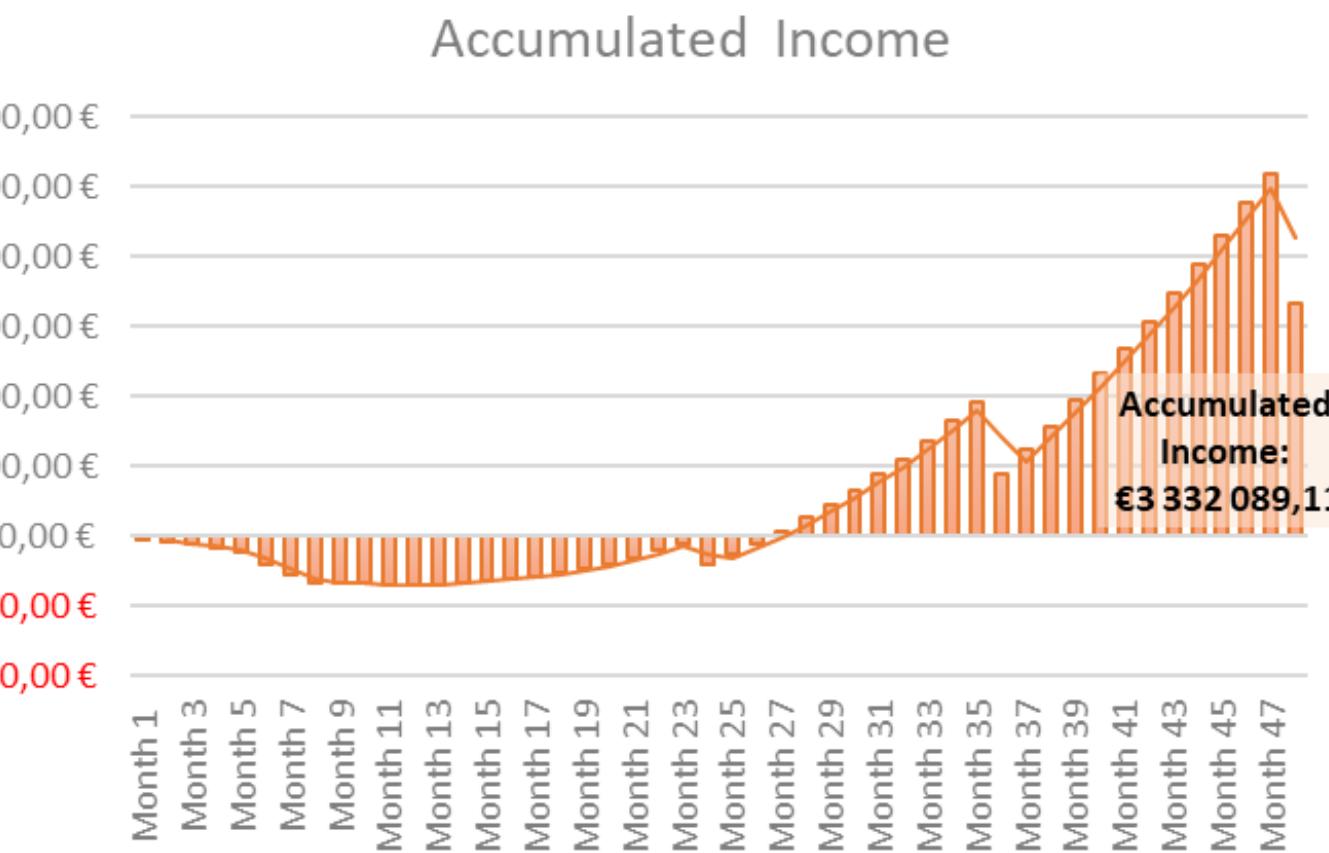
MARKETING	
Percentage of success ads	0.90%
Increment target marketing	0.50%
INITIAL CAMPAIGN BONUS TARGET	50.00%
YEARLY CAMPAING BONUS TARGET	20.00%

SCENARIOS: Price Variation II

Decreasing the price:



Increasing the price:



SCENARIOS: Marketing expenses I

Increasing expenses:

TARGET MARKET		5,064,022.34
Social Network:	Instagram	Facebook
Target users	<40 years	>30 years
Percentage of age	70.0%	45.0%
Number of users	3544816	2278810
Percentage of the target	15.0%	15.0%
Number of engagements per month	531722	341822
Cost per engagement	0.03 €	0.03 €
Monthly cost	15,951.67 €	10,254.65 €
TOTAL	26,206.32 €	

MARKETING	
Percentage of success ads	1.00%
Increment target marketing	1.00%
INITIAL CAMPAIGN BONUS TARGET	65.00%
YEARLY CAMPAING BONUS TARGET	40.00%

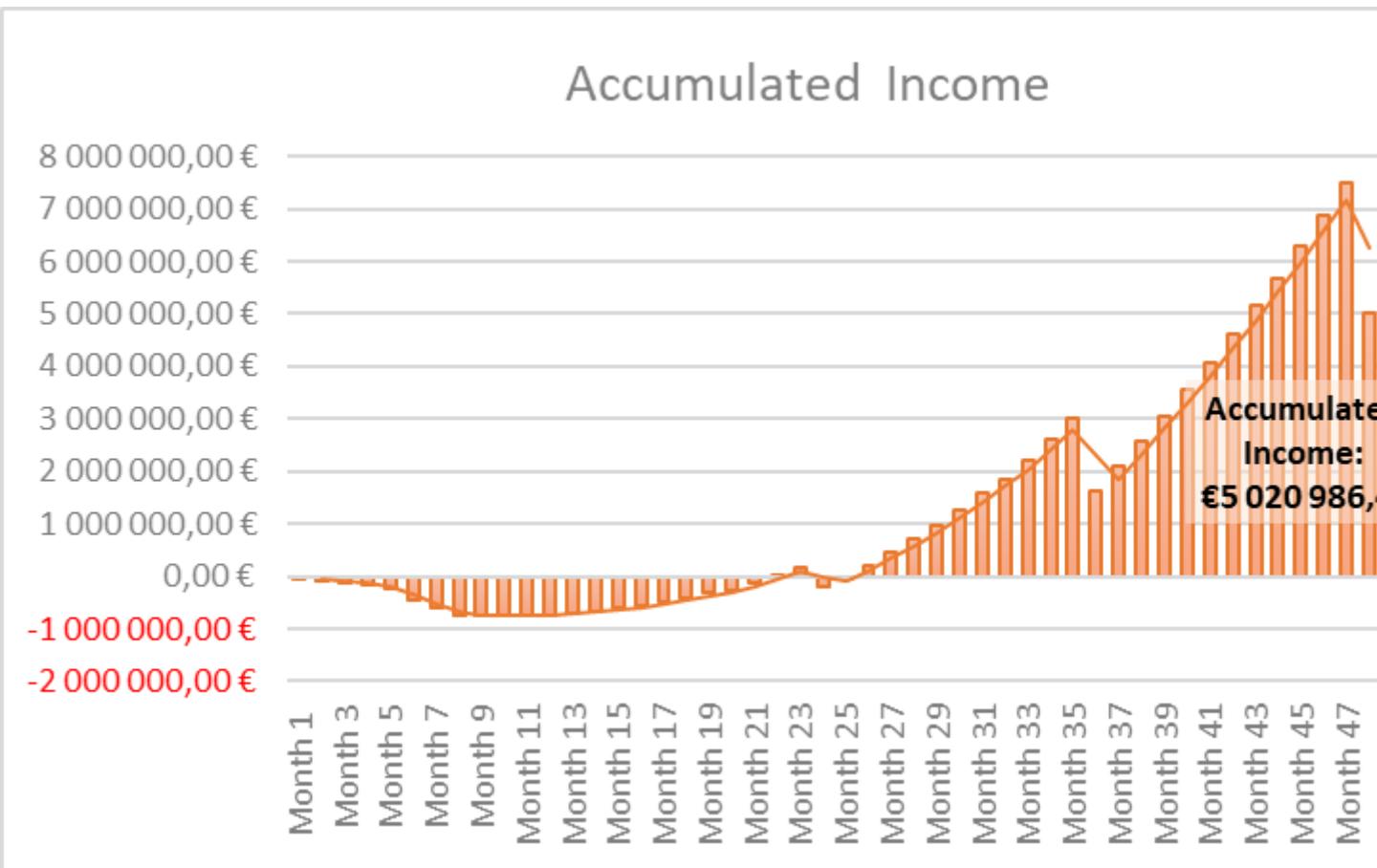


TARGET MARKET		5,064,022.34
Social Network:	Instagram	Facebook
Target users	<40 years	>30 years
Percentage of age	70.0%	45.0%
Number of users	3544816	2278810
Percentage of the target	8.0%	8.0%
Number of engagements per month	283585	182305
Cost per engagement	0.03 €	0.03 €
Monthly cost	8,507.56 €	5,469.14 €
TOTAL	13,976.70 €	

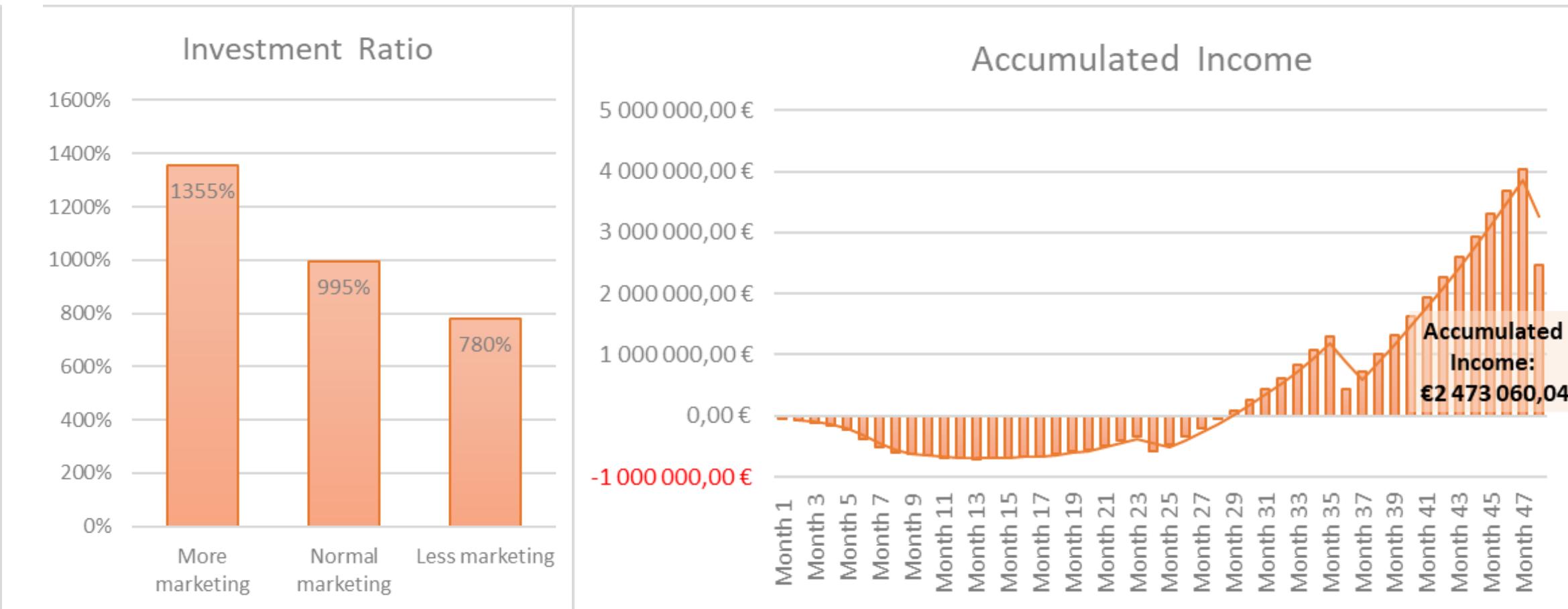
MARKETING	
Percentage of success ads	1.00%
Increment target marketing	0.40%
INITIAL CAMPAIGN BONUS TARGET	35.00%
YEARLY CAMPAING BONUS TARGET	16.00%

SCENARIOS: Marketing expenses II

Increasing expenses:



Decreasing expenses:

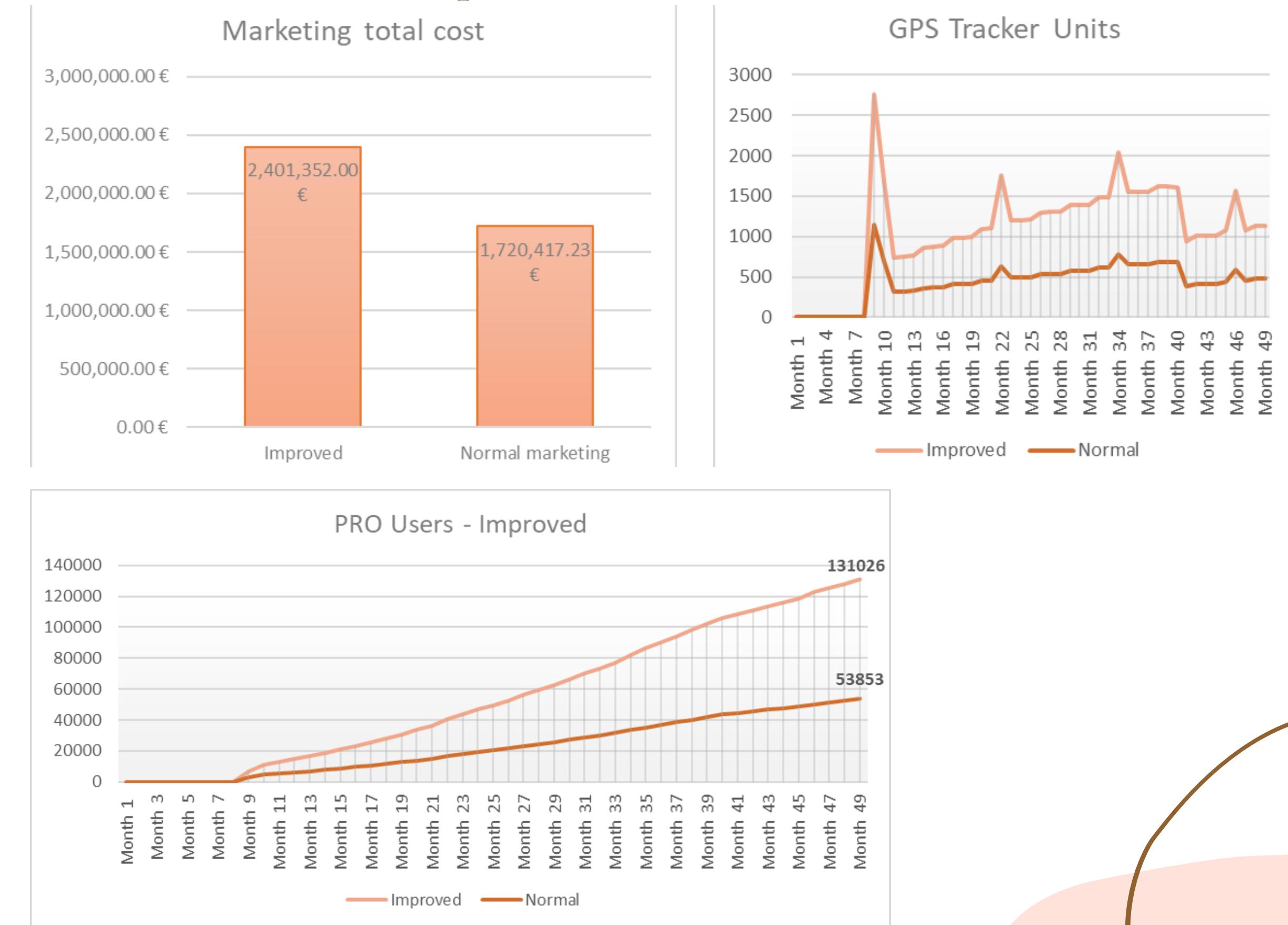


SCENARIOS: Improved case I

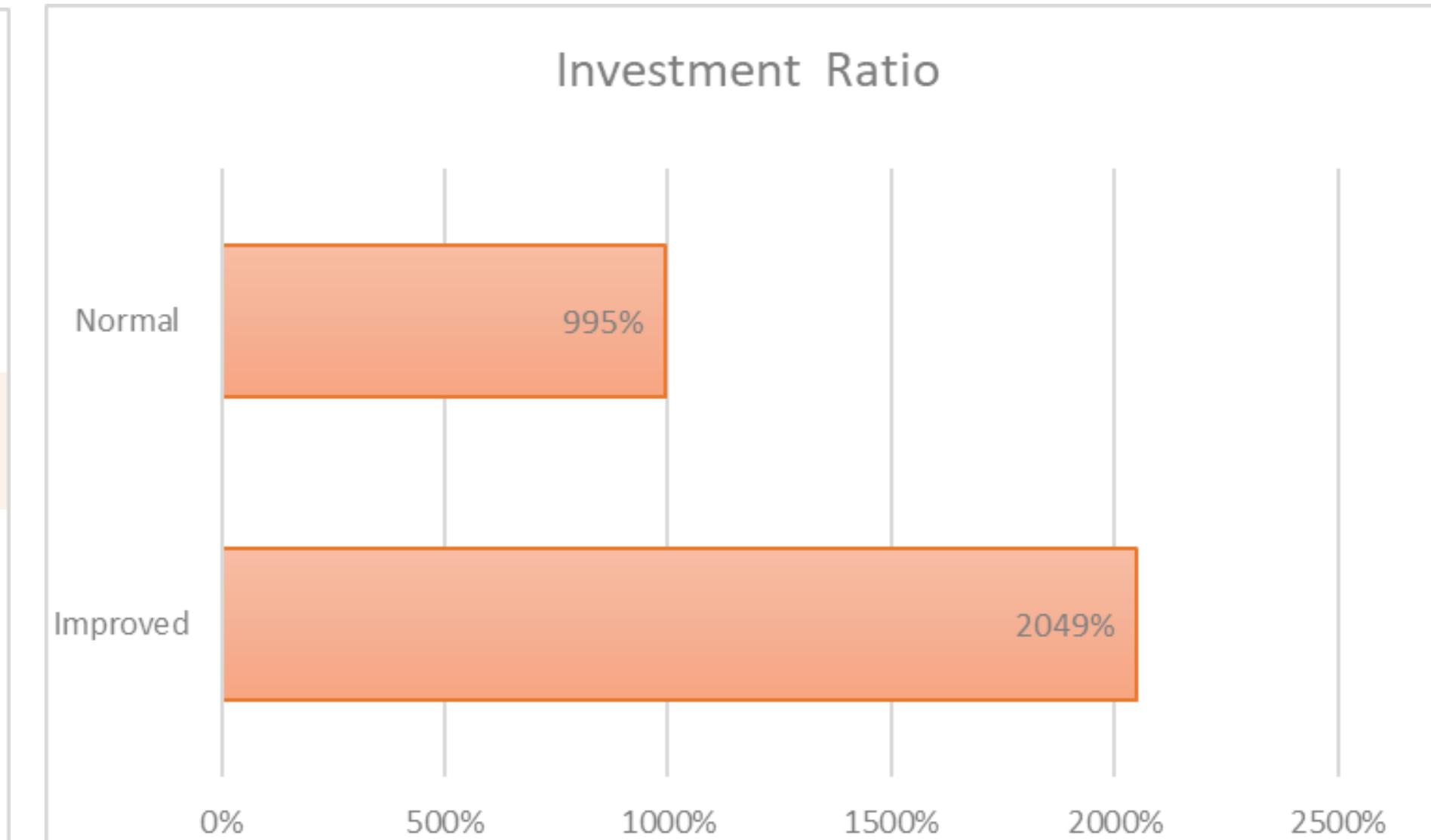
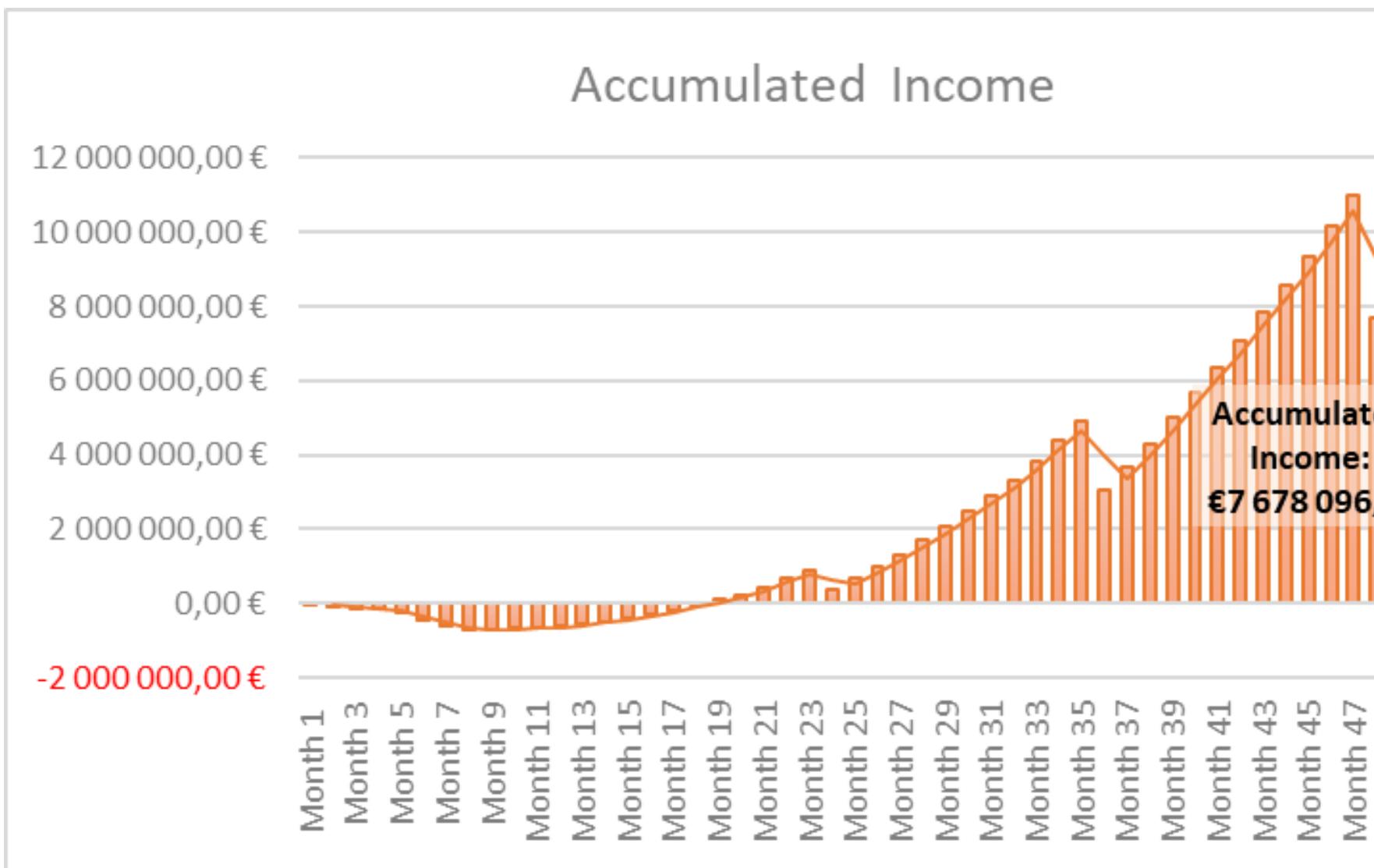
TARGET MARKET		5,064,022.34
Social Network:	Instagram	Facebook
Target users	<40 years	>30 years
Percentage of age	70.0%	45.0%
Number of users	3544816	2278810
Percentage of the target	15.0%	15.0%
Number of engagements per month	531722	341822
Cost per engagement	0.03 €	0.03 €
Monthly cost	15,951.67 €	10,254.65 €
TOTAL	26,206.32 €	

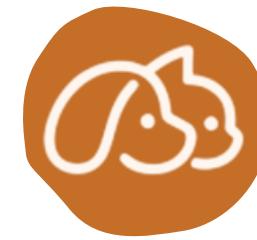
SALES	
Average random subscriptions	433
Min percentage of random susbcriptions	0.008%
Max percentage of random susbcriptions	0.010%
User increment	12.00%
PRO User conversion	6.40%
Desuscription rate	0.80%
Total customers in the market	5,064,022
GPS Tracker percentage	40.00%
GPS Tracker price	13.97 €
Suscription price	6.97 €

MARKETING	
Percentage of success ads	1.20%
Increment target marketing	1.00%
INITIAL CAMPAIGN BONUS TARGET	65.00%
YEARLY CAMPAING BONUS TARGET	40.00%



SCENARIOS: Improved case II





Thanks for your
participation!

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WEBSITE

www.pocketpaw.com

SOCIALS

 [@pocketpaw](https://www.instagram.com/pocketpaw)

BACKUP SLIDES

- Want to know more about our criteria, formulas or parameters used for modelling our previsions?
- Is there lack of explanation in any of our accurate previsions?
- Something isn't clear enough, or it just doesn't add up?

All of our expectations are fully documented and studied, as well as following meaningful patterns from our study of the market behaviour, you just need to check out our full explanations in our backup slides or in the spreadsheets.



SCENARIOS: Some Notes

- None of the previous parameters are randomly chosen, despite the abrupt difference between some of their results, everything has been **carefully studied taking into account all the aspects of the market and all its components behaviour.**
- However, there are situations that **we cannot perfectly predict**, such as the possible behaviour of the users given a change of the product price. In that case, we have also accordingly changed the potential user increment variables, but since it can sometimes be unpredictable, we have made these **parameters easily manipulable** to enable anyone interested to see our expected previsions given any values of the user increment or other parameters. This allows to, for instance, seeing the results when increasing the price for different user increment values.
- The same happens in the opposite case, decreasing the price could encourage competitors to do the same and change our previsions. Again, we have made the user increment variables according to this situation, but **any possible context can be easily performed in our spreadsheets.**

ECONOMIC FACTS

REVENUES

- Sales
- Ads on Free Version
- Vet Promotion
- KIWOKO promotion

EXPENSES

- Salaries
- Production
- Servers
- Marketing
- Co-Working Office

Finance needs (Income) and Loan Payments (Expense) after analysis.

REVENUES - SALES: Users

- Users prevision formula:

U_i : Users in month i

U_{i-1} : Users in month $i - 1$

Δ_B : Base user increment (random new users)

Δ_M : Marketing user increment

r_R : Recommendations rate

r_U : Unsubscription rate

T : Total customers in the market

$$U_i = U_{i-1} + \Delta_M + (U_{i-1} \cdot (r_R - r_U) + \Delta_B) \cdot \log_2 \left(\frac{T - U_{i-1}}{T} + 1 \right)$$

*Further explanation in back up slides

- Parameters:

SALES	
Min percentage of random suscriptions	0.08%
Max percentage of random suscriptions	0.10%
User increment	12.00%
PRO User conversion	4.00%
Desuscription rate	1.00%
Total customers in the market	5 064 022.34
GPS Tracker percentage	40.00%
GPS Tracker price	19.95 €
Suscription price	9.95 €

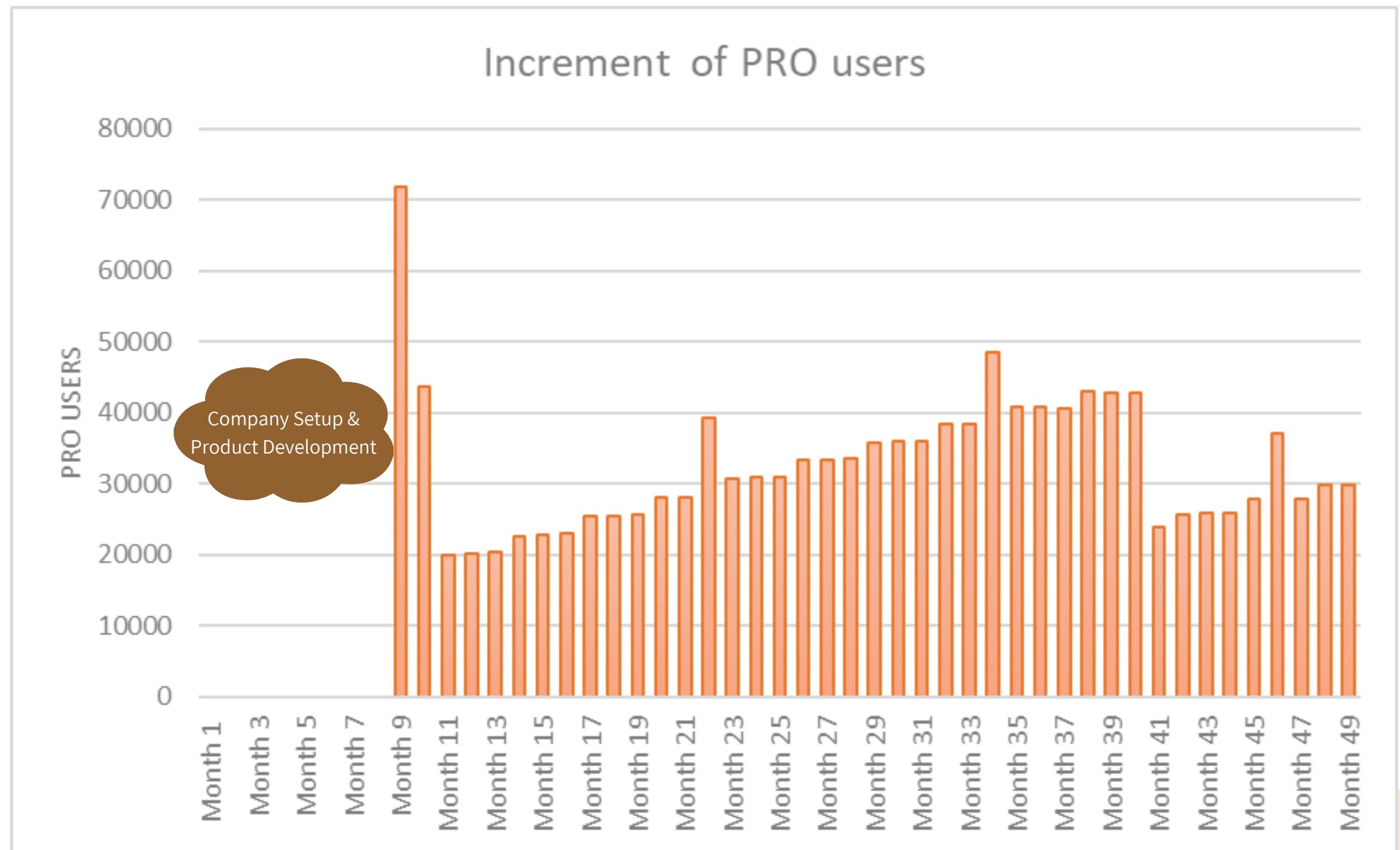
- Actual data:

MARKET	Percentage	Spain	Portugal	TOTAL	
People	100%	47,615,034.00		10,259,507.00	57,874,541.00
People with pets	50%	23,807,517.00		5,129,753.50	28,937,270.50
Active+Young people	70%	16,665,261.90		3,590,827.45	20,256,089.35
Possible users	25%	4,166,315.48		897,706.86	5,064,022.34

REVENUES - SALES: Users

- Our sales mainly consist on the subscriptions and the Tracker units sold, so the PRO version subscriptors are the key.

Based on our promotion campagin and a study of the target market users behaviour, we expect the **4% of our users to subscribe to the PRO version.**



SALES: Users

Why this formula?

U_i : Users in month i

U_{i-1} : Users in month $i - 1$

Δ_B : Base user increment (random new users)

Δ_M : Marketing user increment

r_R : Recommendations rate

r_U : Unsubscription rate

T : Total customers in the market

$$U_i = U_{i-1} + \Delta_M + (U_{i-1} \cdot (r_R - r_U) + \Delta_B) \cdot \log_2 \left(\frac{T - U_{i-1}}{T} + 1 \right)$$

- We consider a random amount of random new users who could end up in our app through not contemplated ways, such finding us through determined searches, randomly finding us in recommended apps, or even by mistake... These are modelled with Δ_B , which is based on a randomly originated number in our spreadsheets, based on two arbitrary bounds and modelled by the remaining target market.

SALES: Users

Why this formula?

- After modelling the marketing campaign based on the not reached part of the target market and the annviersaries updates, we expect an increment of users directly dependent on that campaign investment, the Δ_M , concretely the 1% of the target users of each month.
- The r_R is another parameter describing the expected rate of users increase from recommendation by existing users, so it has to be dependent on the existing numebr of users (U_{i-1}) but subsracting from it the expected unsubscribed users, which is another parameter that we expect to be the 1%, after analysing the behaviour of the actual app users in the market.

SALES: Users

Why this formula?

- That factor that contemplates the probable increase of users independently of our market campaign, $(Ui-1^*(r_R-r_U)+\Delta B)$ is multiplied by a logarithm explicitly studied to smooth that function, whose main goal is to model that growth basing it in the total market too.
- T is the total number of users in our target market, so when we have no users increase, that log is gonna return 1 and the formula is gonna return the total number of expected increase users, but while the user increase approaches the number of total potential users, it goes down until reaching 0 when we have reached the total target market(which is very improbable).
- In this way, the number of users that we could expect to reach each month, it's now smoothly modelled by our share of the market, making more difficult to reach more customers when we have a bigger share.

REVENUES - SALES: Users

Why these parameters?

SALES	
Min percentage of random suscriptions	0.08%
Max percentage of random suscriptions	0.10%
User increment	12.00%
PRO User conversion	4.00%
Desuscription rate	1.00%
Total customers in the market	5 064 022.34
GPS Tracker percentage	40.00%
GPS Tracker price	19.95 €
Suscription price	9.95 €

- After studying some data in the previous presentation about the users interaction with new apps, we have learnt that close to a 10% of the remaining target market (multiplied by 10000) gets a reasonable amount of new users from not-intentioned or expected sources.
- The user increment is the already explained recommendation rate, which we think it's reasonable to be smaller than 15%, but higher than 8%, given the high level of impressions spread throught the users community.

REVENUES - SALES: Users

Why these parameters?

SALES	
Min percentage of random suscriptions	0.08%
Max percentage of random suscriptions	0.10%
User increment	12.00%
PRO User conversion	4.00%
Desuscription rate	1.00%
Total customers in the market	5 064 022.34
GPS Tracker percentage	40.00%
GPS Tracker price	19.95 €
Suscription price	9.95 €

- As we already said, we expect the 4% of the total users to become PRO users, given the common engagement of internet and APP users in the actual market, and the 40% of these to also buy the GPS.
- One could think that the totality of PRO users are gonna buy the GPS Tracker, since it's the main feature from the PRO version, but we, being conservative, have contemplated only the 40% of them, given that the fact of having another expense may prevent the half of them from buying it.

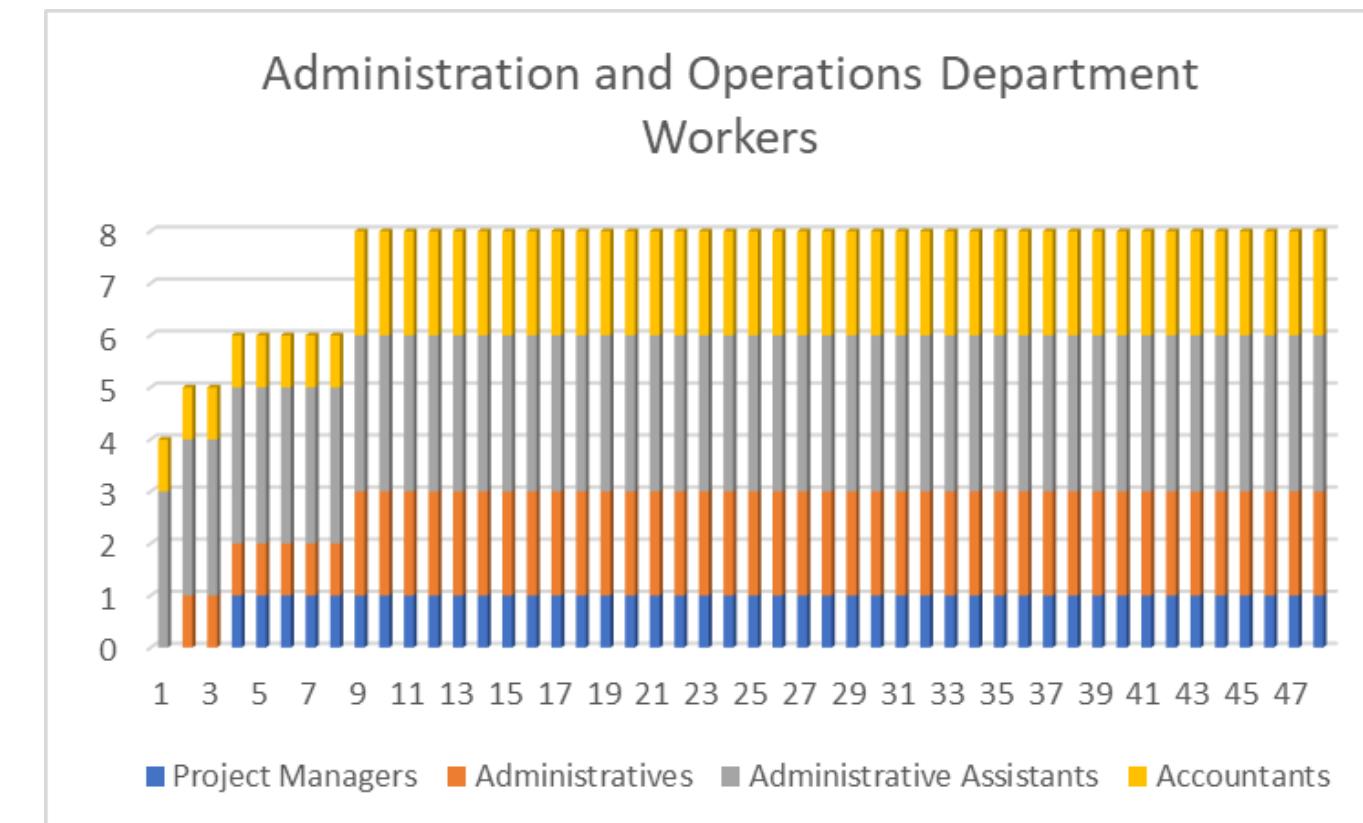
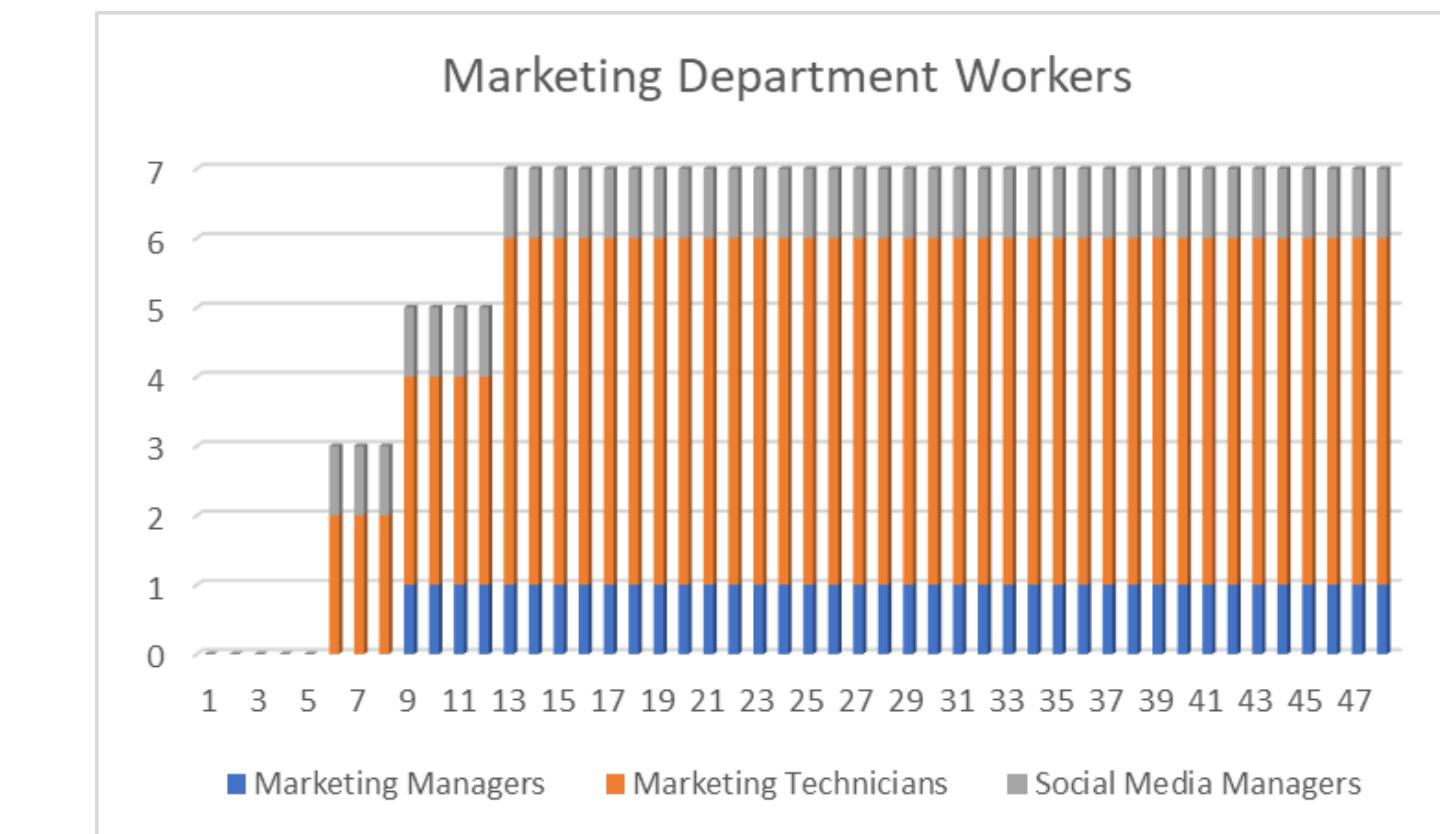
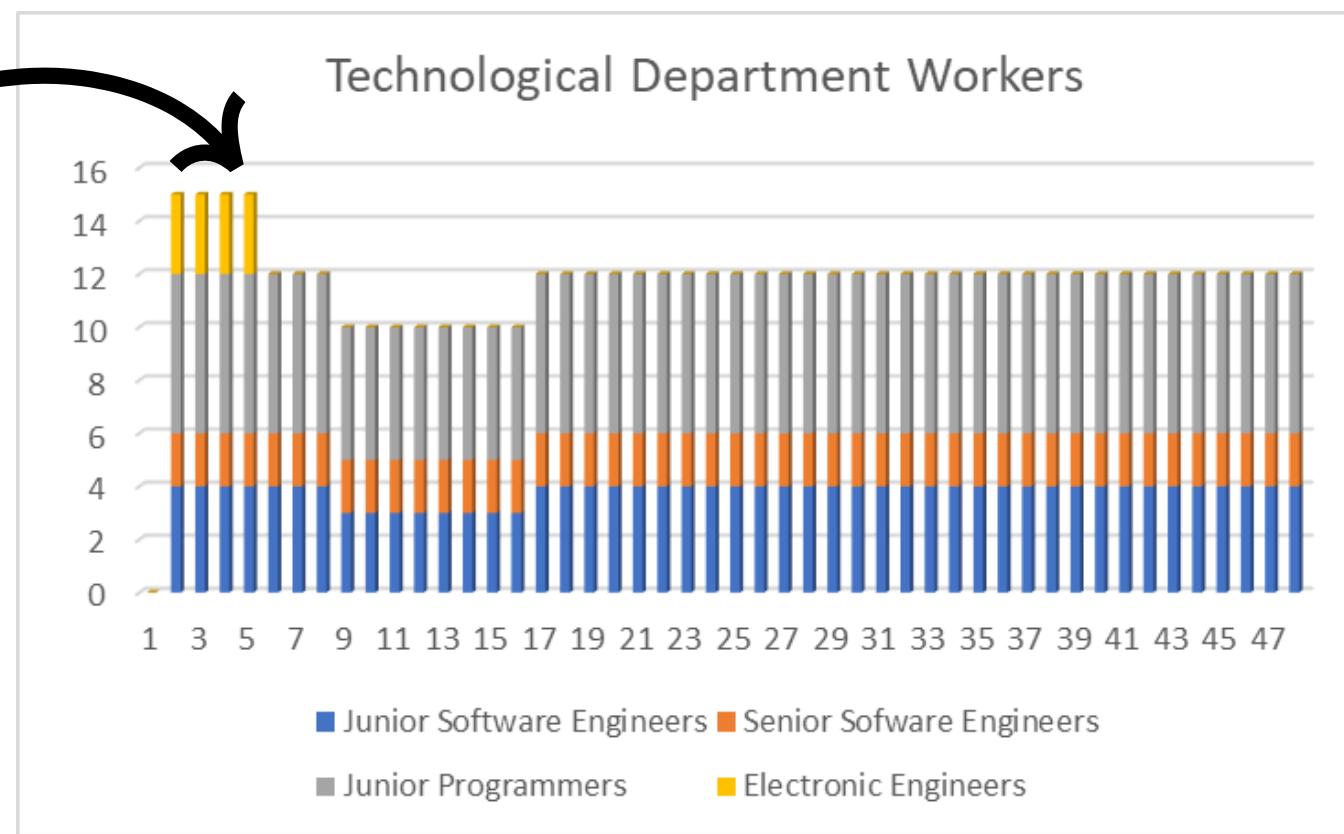
REVENUES - OTHERS

Why these other incomes?

- Though our main sales revisions allow us to be optimistic, we expect to need more incomes to keep our company properly running, and we have made a realistic plan based on the actual information.
- First, we consider offering an advertising service to other companies, with an average of a 20% of our users opening the app a day, receiving 5 impressions each one of them and charging 1.50€ per 1000 impressions, which is the standard cost in the social media.
- We also have the partnership with KIWOKO and the Veterniaries, both of them are billateral, which means not only them promoting our product but we promoting their's and receiving a comission about that.
- All the data has been studied from the actual market, for instance the average veterinary cost or the proportion of pet owners going to vet.

EXPENSES - SALARIES (20%)

temporal
contracts



MARKETING

Why this formula?

M_i : Potential users to reach with Marketing Campaign in Month i

T : Total Market size to reach through Social Media Campaign (70% < 40y Instagram, 45% > 30y Facebook)

r_i : Rate of the increment of the target in month i

r_0 : initial campaign bonus target

r_s : rate of succes ads (portion of potential users that become users)

c_e : cost per engagement (0.03 both in Instagram and Facebook)

$$M_i = r_s \cdot ((T - U_{i-1}) \cdot (r_i + r_0))$$

$$C_{M_i} = c_e \cdot M_i$$

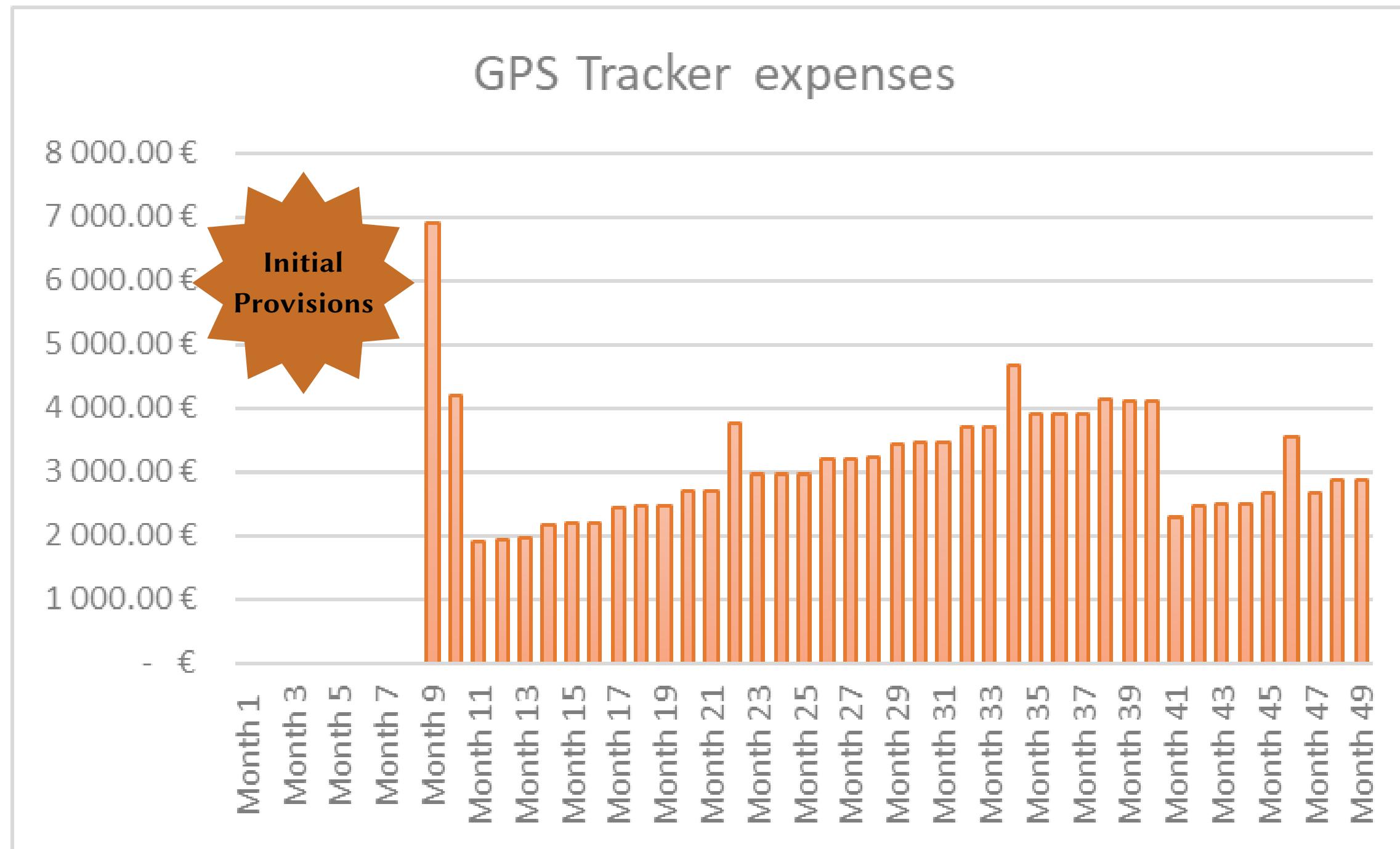
- We want to model how much people do we get from different criteria:
 1. The already share of the market of our company.
 2. The portion of the potential users that we want to reach (initially 10%, increases with the time to reach the rest of the market)
 3. Special campaigns (The initial one and one per each anniversary, when we plan to launch a big update of our app and services).

MARKETING in Data

Target market	5 064 022.34	
Target users	Instagram <40 years	Facebook >30 years
Percentage of age	0.7	0.45
Number of users	3544815.636	2278810.052
Percentage of the target	0.1	0.1
Number of engagements per month	354481.5636	227881.0052
Cost per engagement	0.03	0.03
Monthly cost	10634.44691	6836.430156
TOTAL	17470.87706	
Percentage of success ads	0.01	
Increment target marketing	0.005	
INITIAL CAMPAIGN BONUS TARGET	0.5	
YEARLY CAMPAIGN BONUS TARGET	0.2	

- We expect these parameters to be the basis of our marketing modelling, most of them based on current tendencies (real cost of engagement and probable percentage of success ads).

EXPENSES - PRODUCTION (-1%)



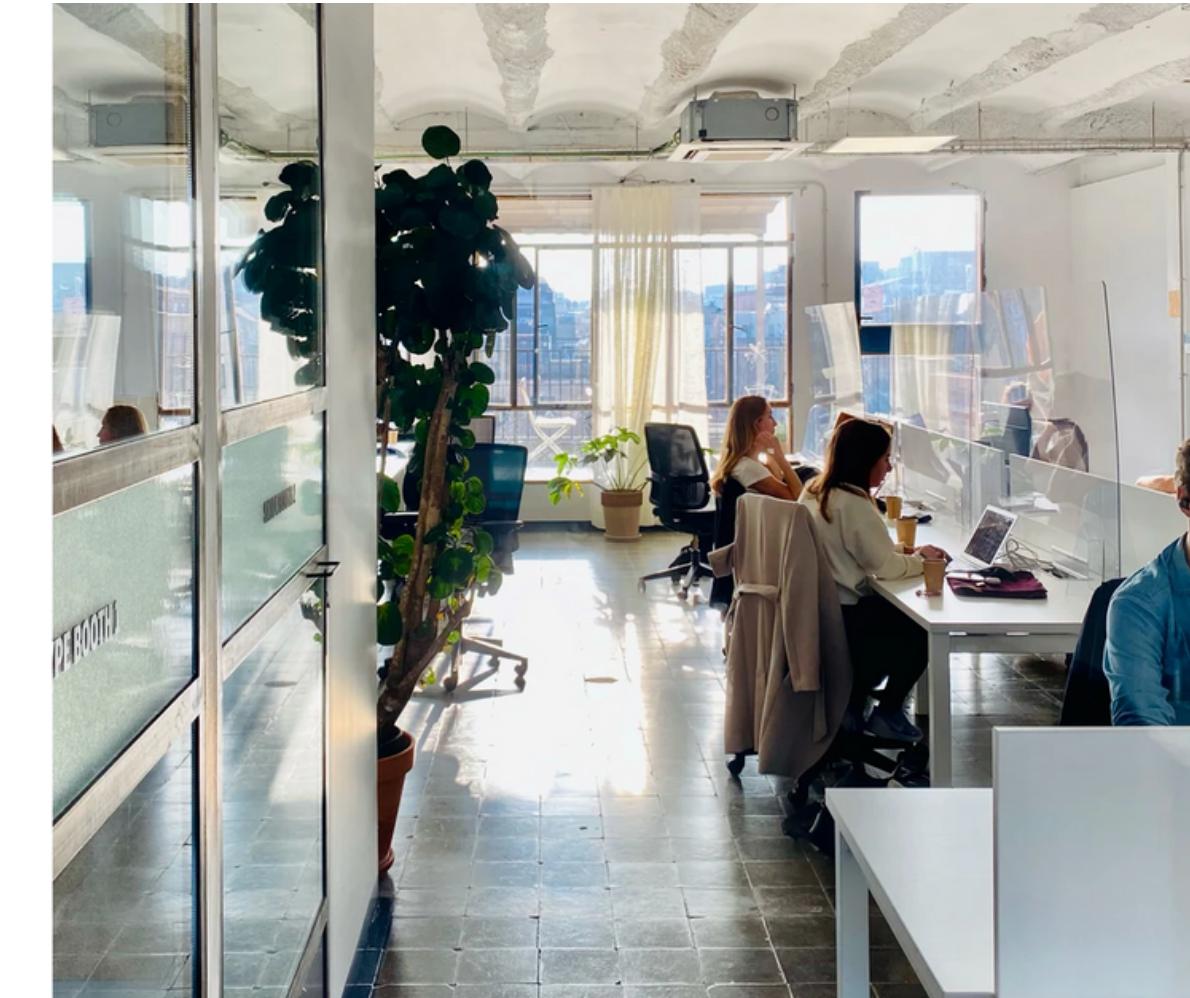
- Cost of a single unit: 6€ (cheaper provider found)

EXPENSES - COWORKING (2%)

BETAHAUS,
FROM
MONTH 2 >

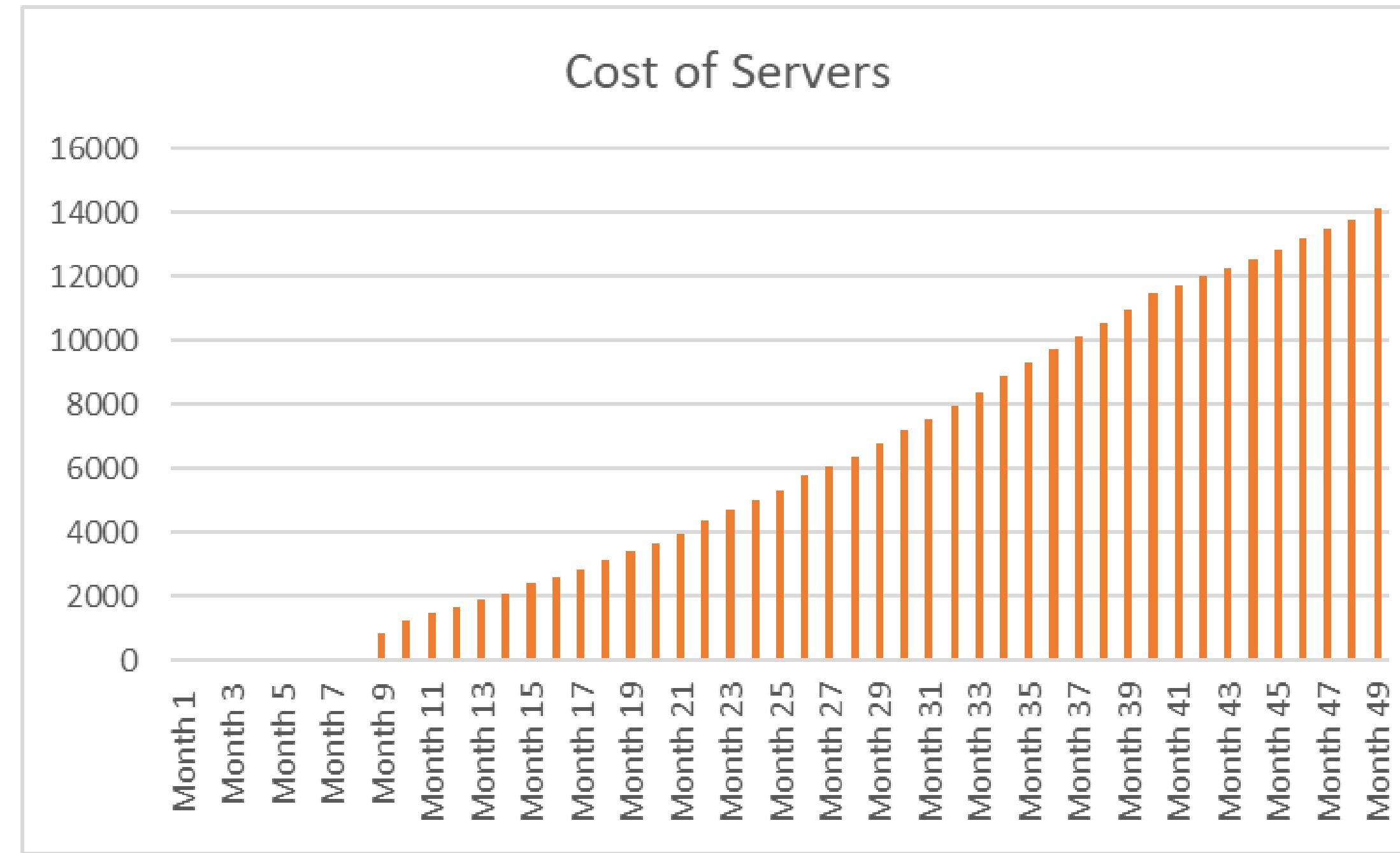
2x

4.800€/month



*We avoid other expenses such as light, water, maintenance...

EXPENSES - SERVERS (2%)



*Includes web domain expenses



Advance-1

Desde
\$104.04
/mes

[Configurar el servidor Advance-1](#)

CPU : Intel Xeon-E 2386G - 6c/12t -
3.5 GHz/4.7 GHz

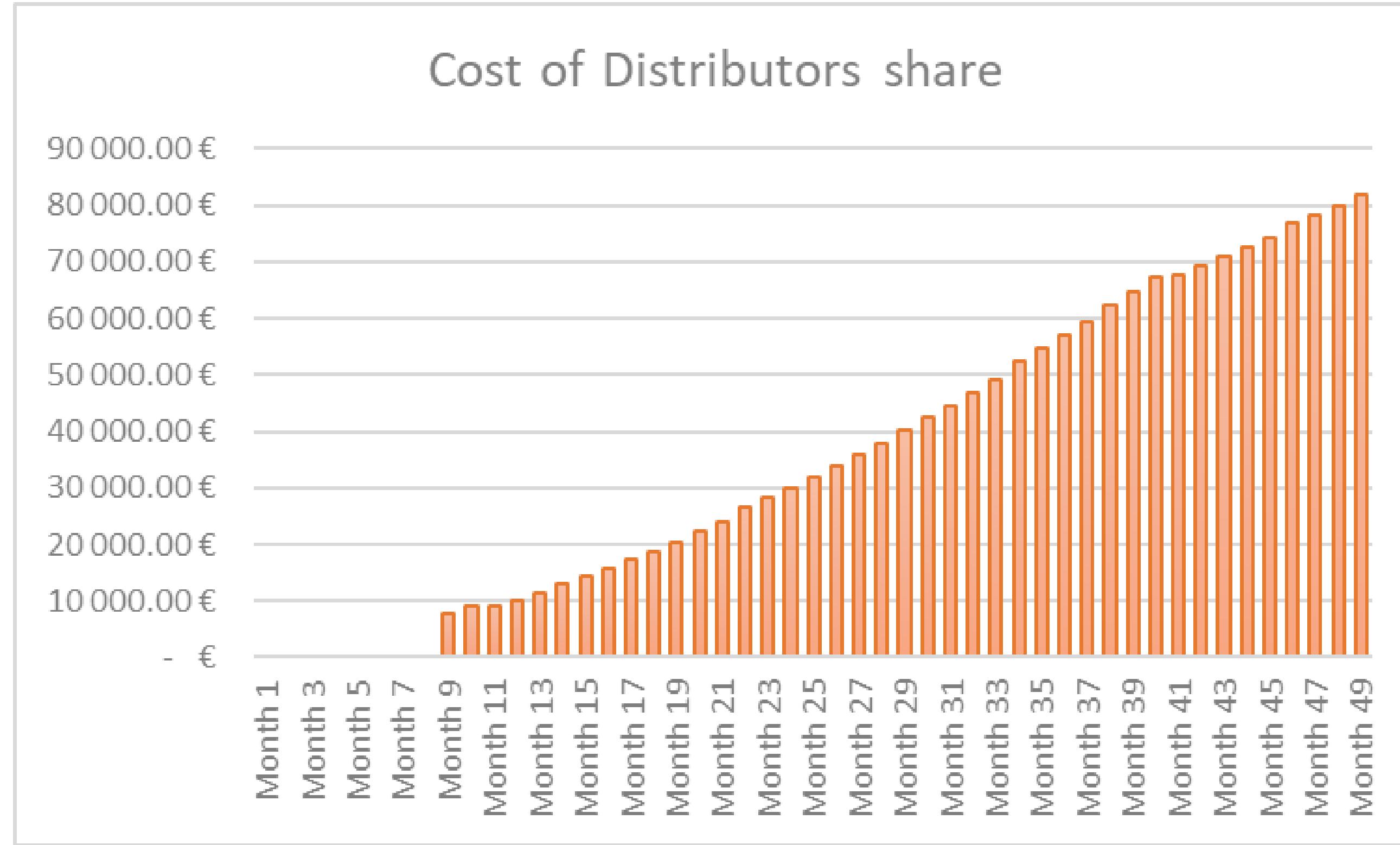
Memoria : Desde 32 GB hasta 128 GB DDR4 ECC

Almacenamiento : HDD SATA, SSD NVMe

Ancho de banda público : 1 Gb/s

Ancho de banda privado : 1 Gb/s garantizado(s)

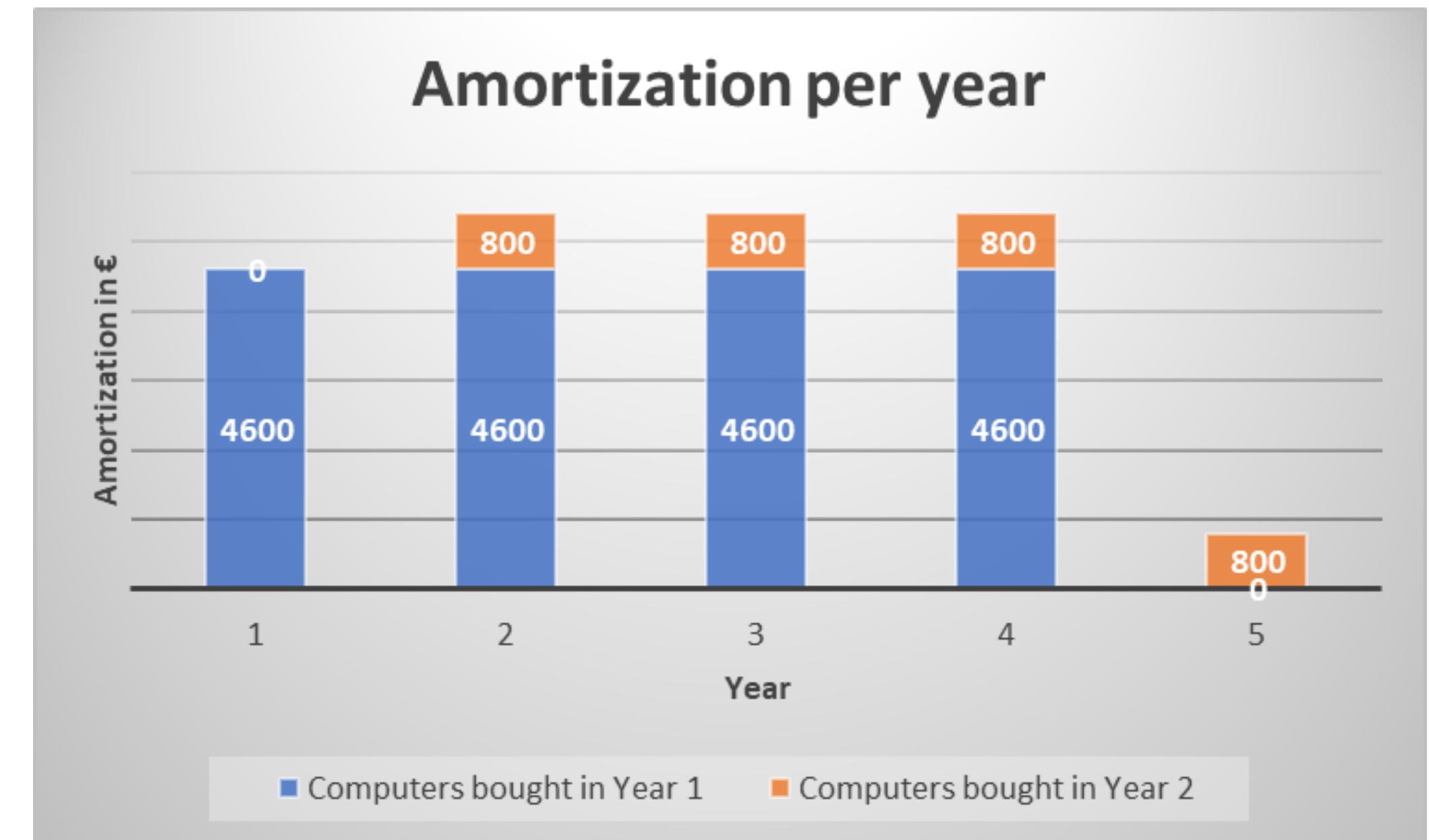
EXPENSES - DISTRIBUTORS



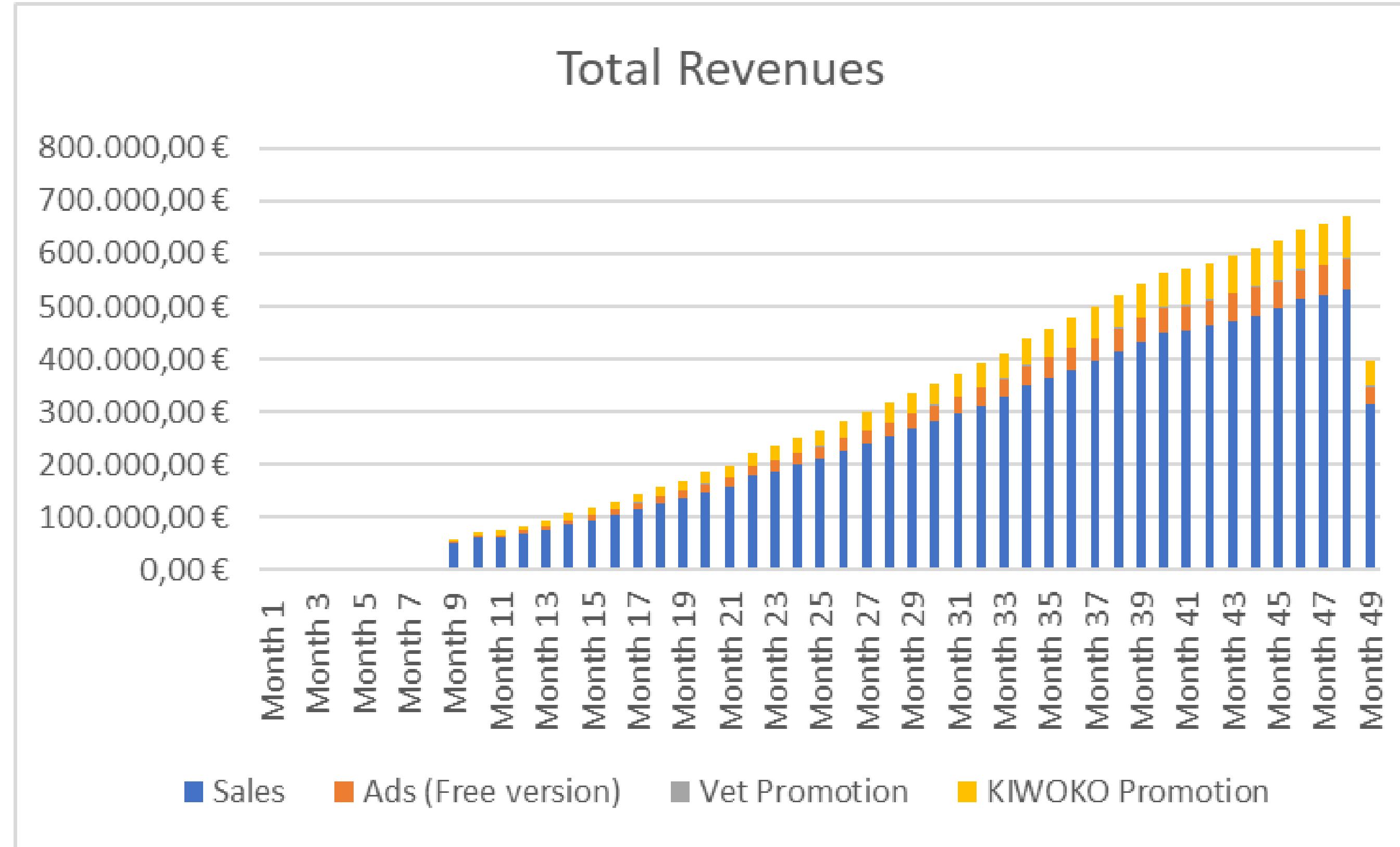
- 15% of subscriptions and products sales through both App Store and Play Store.

Amortization of computers

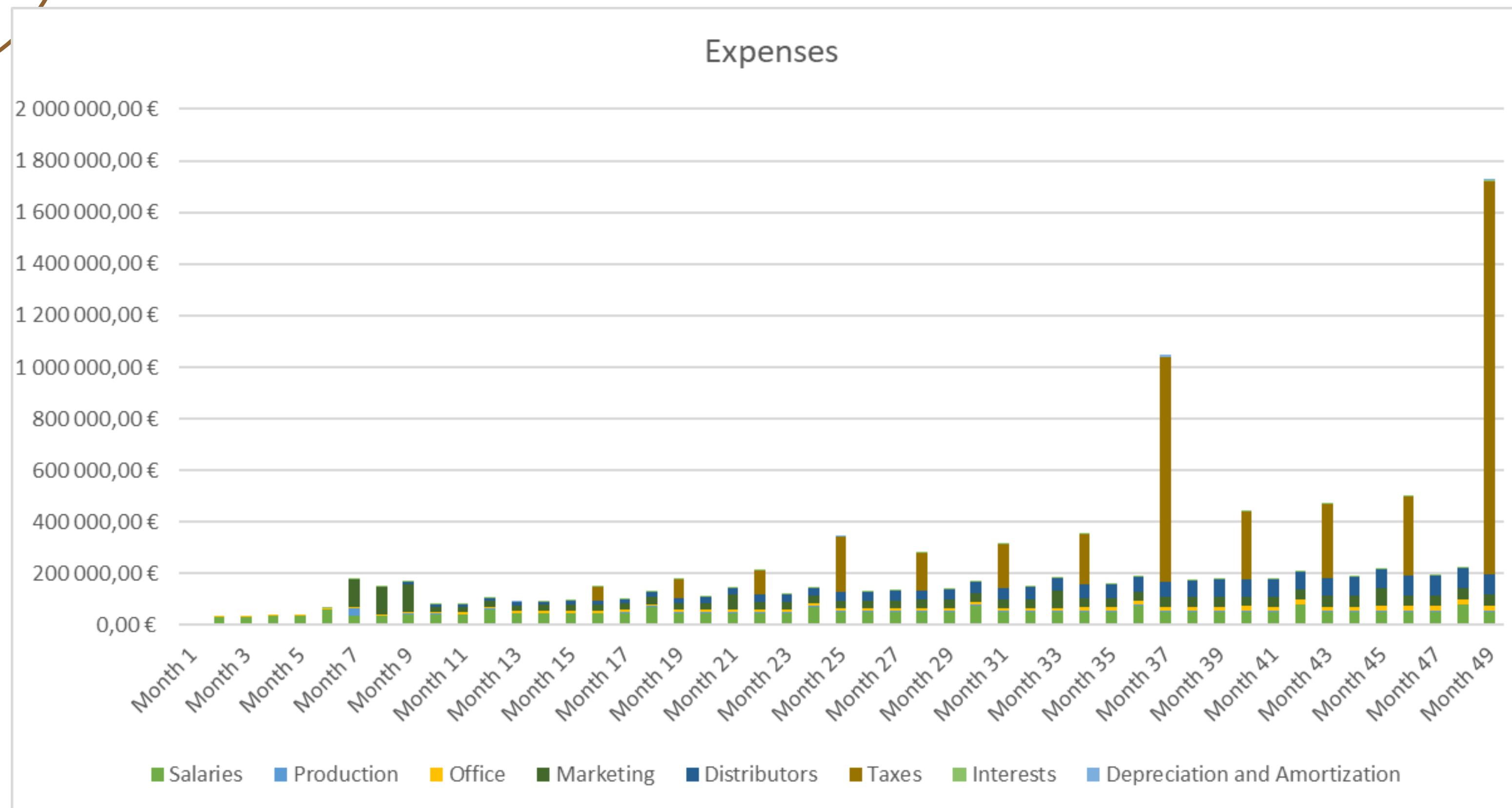
	Units	Cost	Years	Year bought
Computers 1	23	800	4	0
Computers 2	4	800	4	1



BP SCHEME - Monthly Income



BP SCHEME- Monthly Expenses



FORECAST OF CASHFLOW(4 YEARS)

