



Internxt's Series A
Prepared April 2019

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Executive Summary

Opportunity

Internxt is devoted to tackling humanity's biggest challenges through the adequate implementation of revolutionary technologies. Internxt's first product, X Cloud, tackles the lack of trust corporations and individuals face when it comes to storing user data in a secure, private and affordable manner.

In X Cloud, user files are end-to-end encrypted, and only the user holds the encryption keys of these. Additionally, files are split into fragments and nodes only host independent shards -never complete files. This disruptive infrastructure grants the user significantly superior levels of privacy and security, when compared to competing services.

With X Cloud, Internxt is targeting individuals, startups and corporations in developed and developing regions, offering them to switch to a more secure cloud storage service to that they are currently using. Customers make use of X Cloud to store files with the goal of ensuring these are safe from third-parties, including hackers, corporations and governments. According to continuous customer surveying, these files include confidential corporate financial reports, business plans and multimedia. As Internxt's product quality keeps increasing, the company expects to onboard an increasing number of large corporations and public agencies. The global cloud storage market accounted for €40 billion in 2018 and is estimated to reach €200 billion market by 2026, at a CAGR of 21.9% during the forecast period¹.

Internxt's current competition includes Microsoft, Google, Apple, Amazon, Dropbox, pCloud, Sync, Storj, Sia and Tresorit. Internxt is currently competing with them by providing a very similar service in terms of user experience, but significantly superior when it comes to security and privacy, which happens in the backend without interfering with the app's ease of use.

This document was created by Internxt for anyone interested in taking a closer at the company's strengths, weaknesses, forecasts and overall performance. The financial data presented in this business plan was computed by Internxt using EY's Finance Navigator, an official service provided to Internxt by EY (Ernst & Young), a global leader in assurance, tax, transactions and advisory services.

¹ <https://www.marketwatch.com/press-release/cloud-storage-market-2018-global-analysis-opportunities-and-forecast-to-2026-2018-12-10>

Financing Needed

Starting May 15th and ending December 15st, Internxt will be raising €500,000 at a €5,000,000 valuation. The company will be giving away 10% of the company's equity. The minimum ticket to participate in this round is of €500, which would give the investor one share which would account for 0.01% of the total company's equity. Virtually anyone is able to participate in this round. The round will close on December 15th, date in which the cash will be effectively converted to equity. In the event that Internxt manages to raise €500,000 before December 15th, the company would issue the shares to the round participants at an earlier date. Interested parties can request the Series A term-sheet and further details by contacting ir@internxt.com.

Internxt expects to allocate the cash proceeds relative to this round to enhance its growth via an increase in the number of people employed (in the areas of programming and sales), which should help the company to more rapidly develop and sale new ideas. Additionally, the company expects to invest a relevant part of its funds in different marketing activities. The investment in these will not only be limited to the money raised in this round. All company profits during the forecasted years are expected to be spent in different activities relative to growth. Given the early stage in which the company is at, it is hard to predict how these activities will impact Internxt's growth forecasts. For instance, it is complex to predict how potential future products might impact the company's growth, or exactly how effective Internxt's different marketing and sales investments might be. The financial results shown in this document, only account for Internxt's current products, as they are at the time of publication of this business plan. The reason behind this is the complexity behind predicting the impact of potential X Cloud upgrades to target new market segments, future performance of new products etc. Therefore, in reality, Internxt's growth projections are expected to be much higher than those displayed in the financial information of this business plan. Regular updates on Internxt's performance are to be provided, where an outlook at how funds are being managed will be given. More in-depth and frequent reports will be given to investors, as per Internxt's term-sheet.

Company

Ownership & Structure

Internxt is registered as a limited-liability corporation in Spain, as Internxt SL, its identification number being B98936354. Fran Villalba Segarra is the currently only shareholder at Internxt SL. All company's legal concerns are taken care by the respected law firms Cirial180 and Granados Barcelona.

Company history

Internxt's Founder and CEO, Fran Villalba Segarra, had the idea of creating a more decentralized and effective cloud in March 2017. He matured the idea, started working on it, and publicly announced the project in July 2017. In September 2017 Internxt went through a small, non-equity seed round, in the form of an Initial Coin Offering. The round was developed and marketed using Fran's personal resources, and at the end of it ~1,000 ETH was raised for the company. Internxt began building its decentralized cloud service in the last quarter of 2017. During 2018, Internxt's products went through alpha and beta stages, and in the first quarter of 2019, the stable version of these was released. Now that Internxt has officially launched its revolutionary products (X Cloud and X Core), it is working on further improving them to increase their customer acquisition and conversion rates. Internxt current funds are expected to last, at a bare minimum, until early 2021, without generating any revenue. Internxt is currently looking to raise €500,000 in its Series A, in the form of common stock, in exchange for 10% of the company's equity. Although Internxt's financial health is strong, Internxt strives to increase its growth estimates with this round.

Team

Fran Villalba Segarra, Founder and CEO: Fran started learning how to code at an early age and was soon awarded an internship at OnePlus. He then went onto work at Hostinger one of the world's largest cloud companies. Fran then began his journey into entrepreneurship by launching his first startup OneSite, a platform which allows anyone to create their own website for free, which had over 10,000 users within its first few months. Fran's listed on The Next Web's T500, which presents the 500 most talented in the digital scene. He was also nominated for Forbes 30 Under 30 2017.

Harrison Moore, Designer: Before joining Internxt, Harrison had worked as a UI/UX designer for numerous agencies who have worked with technology companies such as Hewlett Packard Enterprises, CAT and CENX among other blue-chip companies. Harrison is a part of the design team responsible for imagining and creating Internxt's products user interface.

Jordan Latham, Designer: Jordan has been immersed in design and entrepreneurship for over 10 years. He has created designs for companies such as AirVPN which is a market leader in security and encryption and has also worked as a creative advisor for Showyou, a video streaming service that has recently been acquired by Vevo.

Jesús González Nieto, Developer: Jesus has a BSc in Computer Science, a Master's Degree in Decentralized Computing. He also counts with over 4 years' experience as a programmer and is a core developer here at Internxt.

Alberto González Torre, Developer: Alberto started programming at the age of 13. He is an outstanding C# developer and has an experience of over 10 years coding in JavaScript.

Joe Priest, Developer: Joe has a Bachelor's degree in Computer Science and extensive knowledge of full-stack web development, with over 15 years' experience in the field. He is responsible for translating the UI/UX designs into code that will produce the elements of Internxt's website, applications and services that you will see and interact with.

Alex Sicart Ramos: Alex is the Co-founder of FileNation, a decentralized, peer-to-peer file sharing platform. He has also talked on stage at events such as TED talks and iFest to discuss blockchain and IPFS and also came first place at an event hosted by German car manufacturer, Audi to create and pitch the most innovative product. Alex was seen by Forbes as being one of Europe's most promising young game-changers and was awarded a place on the Forbes 30 Under 30 Europe 2017. Alex is also a creative consultant for the global leading consultancy firm, Accenture.

Ryan Marsden: Ryan is an experienced Financial Engineer and Project Management Professional with more than 10 years of successfully planning the financials of global multibillion-dollar projects working for multinationals such as BP, where he works as a Lead Cost Manager. Ryan advises Internxt on project management, strategic business planning, cost management, risk management, contracts management, corporate governance, business ethics and team accountability.

Position

Problem Worth Solving

Cloud computing refers to the underlying infrastructure for an emerging model of service provision that has the advantage of reducing cost by sharing computing and storage resources, combined with an on-demand provisioning mechanism relying on a pay-per-use business model. These new features have a direct impact on information technology budgeting but also affect traditional security, trust and privacy mechanisms. The advantages of cloud computing -its ability to scale rapidly, store data remotely, and share services in a dynamic environment, can become disadvantages in maintaining a level of assurance sufficient to sustain confidence in potential customers. These new features have a direct impact on the budgeting of IT budgeting but also affect traditional security, trust and privacy mechanisms.

Many of these mechanisms are no longer adequate but need to be rethought to fit this new paradigm. Decentralized storage has emerged as an answer to the challenge of providing a performant, secure, private, and economical cloud storage solution. Decentralized storage is better positioned to achieve these outcomes as the architecture has a more natural alignment to the decentralized architecture of the Internet as a whole, as opposed to massive centralized data centers. News coverage of data breaches over the past few years has shown that the frequency of such breaches has been increasing by as much as a factor of 10 between 2005 and 2017. In a study by the University of Tampere (Finland), it was found that only around 10% of the respondents trusted the cloud for confidential file uploads, in a study ranging respondents from European, African and Asian countries².

Decentralized storage's process of protecting data makes data breaches more difficult than current methods used by data centers while, at the same time, costing less than current storage methods. This model can address the rapidly expanding amount of data for which current solutions struggle. With an anticipated 44 zettabytes of data expected to exist by 2020 and a market that will grow to €90 billion in the same time frame, Internxt have identified several key market segments that decentralized cloud storage has the potential to address.

² <http://tampub.uta.fi/bitstream/handle/10024/102553/gradu07412.pdf>

Solution

Trust is the most complex relationship among entities as it is nonsymmetric, context-dependent, uncertain and extremely subjective. Internxt removes that trust layer, by making its cloud storage service completely open-source, client-side end-to-end encrypted and decentralized. The data on X Cloud is spread across a decentralized network of machines, and all the files are client-side end-to-end encrypted. There are no single points for hackers to attack. It would be an incredibly complex process for anyone to access a file on this network, and even if they could it would be worthless without the private key held by the owner. Internxt intends to begin to combat the security and privacy issues the Internet is currently facing with the development of its first service: X Cloud.

Additionally, due to the decentralized nature of X Cloud, it is also estimated that it could become around 50% more ecofriendly and is also expected to increasingly become more affordable than any other service currently used by the mass-market. Internxt expects X Cloud to be of vast need amongst users who need to store confidential data on the cloud. This mainly includes businesses, thus mainly making of X Cloud a B2B product. X Cloud is designed as an alternative to services like Dropbox or Amazon S3, by providing a seamless web, mobile and desktop experience, as well as a complete API to which Amazon S3 customers can easily switch. X Core is the foundational base of our first service, X Cloud.

X Core is the infrastructure created by users all around the world participating in the creation of a decentralized, more secure cloud. Users can sell the resources of their machines to those looking to host their data in a more private, secure and efficient way. X Cloud leverages a superior technology to that of traditional cloud services, which allows it to offer a more secure and affordable cloud storage experience. All files stored in X Core are distributed and cryptographically end-to-end encrypted, reliably protecting against hacks and leaks. All of Internxt's code is open source and is available for peer review on GitHub. Needless to say, Internxt's infrastructure robustness is also constantly measured against the most fundamental attacks affecting cloud storage services.

Target Market

Public cloud computing and public cloud storage have proven to be an attractive business model for the large centralized cloud providers. Global cloud storage market accounted for €40 billion in 2018 and is estimated to reach €200 billion market by 2026, at a CAGR of 21.9% during the forecast period. X Cloud currently competes in the file storage market segment, where companies such as Dropbox or pCloud can be found. This segment is characterized by services with simple user interfaces and ease of use. X Cloud's main competitive advantages center on privacy, security, efficiency and a user experience that is virtually indistinguishable from the centralized options. X Cloud offers its customers all the benefits of the cloud, with the comfort of knowing that their files are still only theirs. X Cloud's price and user experience are as competitive as those offered by the current top providers. X Cloud will soon also enter the object storage market, characterized by customers looking to continuously store vast amounts of data via API. X Cloud will not only compete in terms of security here, but also in terms of price, being around 80% more affordable than services like Amazon Web Services, Google Cloud or Microsoft Azure. There is a wide range of potential customers for X Cloud. This includes, amongst others: startups and corporations currently storing financial and business documents locally, looking to safely store them in a place that's safer and practical to access from anywhere; startups and corporations looking for a more affordable way to continuously store large amounts of data on the cloud, in a way that's more affordable; individuals looking to store their files safely on the cloud.

Competition

Current alternatives

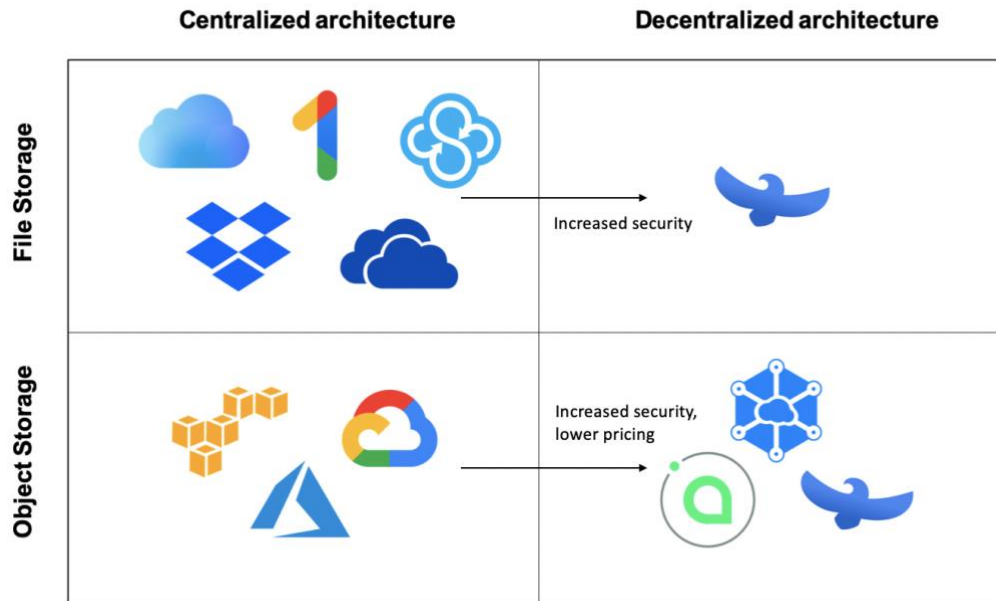
X Cloud counts with two kinds of competitors; those with a centralized architecture (Dropbox, Amazon S3, Tresorit, Sync) and those with one that's decentralized (Storj, Sia).

Cloud Competitors with a centralized architecture

File storage providers (Tresorit, Sync, pCloud, Dropbox, Google One, Microsoft OneDrive). Characterized by an easy-to-use user interface, that users can leverage to upload and manage files. File storage providers more focused on security (Tresorit, Sync, pCloud) feature end-to-end encryption (in-transit and at-rest), where the company does not store the user decryption keys. No file distribution technology used. Mostly used by individuals, teams and startups looking for a more secure cloud storage service. This represents X Cloud's current main competing market, where it competes by offering a more secure alternative for those customers currently using Tresorit, Sync or pCloud. In the file storage market segment, services like Dropbox, Google One or Microsoft OneDrive can also be found. Here, files are stored unencrypted or encrypted where the company knows the decryption key, and no file distribution technology is used. Used by individuals looking to store files on the cloud. This is not Internxt's main competing market segment since customer conversion costs. Customer here is not usually looking for a secure cloud storage service, and companies like Google etc offer their file storage service as part of an ecosystem, which is very hard to penetrate. However, as society becomes keener on privacy (thus reducing conversion costs), and as Internxt works on becoming more affordable than current providers in this market, Internxt expects to gain an increasing number of customers from this market segment. **Object storage providers** (Amazon S3, Google Cloud Storage). Characterized by an API and a variety of tools that let companies automatically upload vast number of files to the cloud. Very attractive market, given the larger storage needs per customer and the significant cost reduction customers face by using a decentralized object storage service. Will start to penetrate market in late-2019 (not accounted in financial documents displayed later in this plan).

Cloud Competitors with a decentralized architecture

Object storage providers (Storj, Sia). These are the most direct competitors of X Cloud in terms of technology. These use a very similar infrastructure to X Cloud's and are also relatively young. They are only present in the object storage market. There are no decentralized cloud storage providers in the file storage market.



X Cloud's advantages

X Cloud decided to start focusing in the secure cloud file storage market. Given our available resources, analyzing the competing forces and how resource-intensive each market is, Internxt decided that it'd have its best shot putting our focus in that very market to start with. Clients in such market segment, mainly currently using either Sync, Tresorit or pCloud, decided to use such services because they offered a more secure alternative to Dropbox, Google One, Microsoft OneDrive etc.

Trying to target the same customer as Dropbox, Google One or Microsoft OneDrive, Internxt thought would not have been a successful strategy. Most clients in this industry are simply looking for cheap, very well integrated cloud storage services. Google integrated very well its cloud storage platform in all Google devices. Same goes for Apple and Microsoft with its respective cloud services. Trying to convince these customers to switch to Internxt's X Cloud, directly competing in an ad campaign against Google & co would result in a very ineffective process. Companies like Dropbox are doing so (with no real competitive advantage) yet were incredibly early to the market. Internxt do not think Dropbox's growth perspectives are too attractive, however, given the difficulty of competing against Google & co with no real differentiation. Internxt do expect, however, to see a progressive concern about privacy, and thus an increasing number of customers to look for more secure alternatives to Google & co -and that's where Internxt are most strong. Internxt also expect to be able to reduce X Cloud's pricing, as Internxt manage to decrease X Cloud's operating costs. For that reason, although Internxt will be competing with Tresorit & co in the beginning stages, Internxt will try to compete directly with Google & co in the file storage market in later stages, as Internxt's corporate strength increases.

Finally, Internxt believes that, although harder to penetrate given the stronger competing forces present, the object storage market is an incredibly attractive in terms of market size and the kind of customer. Storj and Sia are already taking strong positions against Google, Amazon & co. Developing a competing solution in this market requires a significantly higher capital expenditure, given the amount of resources for businesses that Amazon and Google provide and the strong competition from decentralized object storage providers. Internxt expect to start penetrating this market in late-2019, as its corporate strength increases. Sia and Storj provide more secure and more affordable alternatives for businesses making use of object storage, thus being an very attractive option for clients in this market.

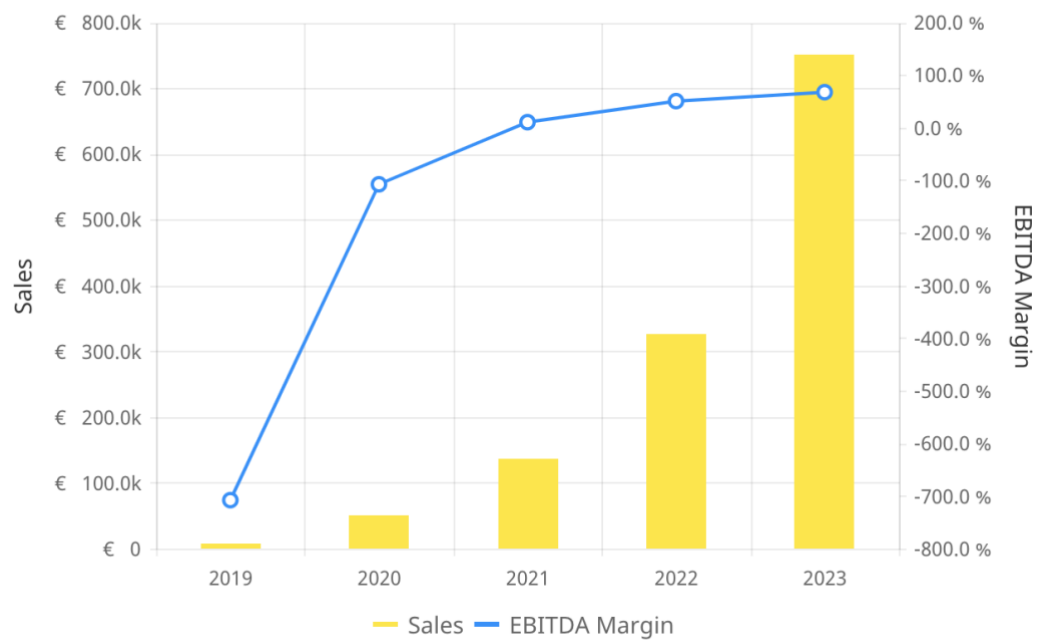
Financial Plan

Key assumptions

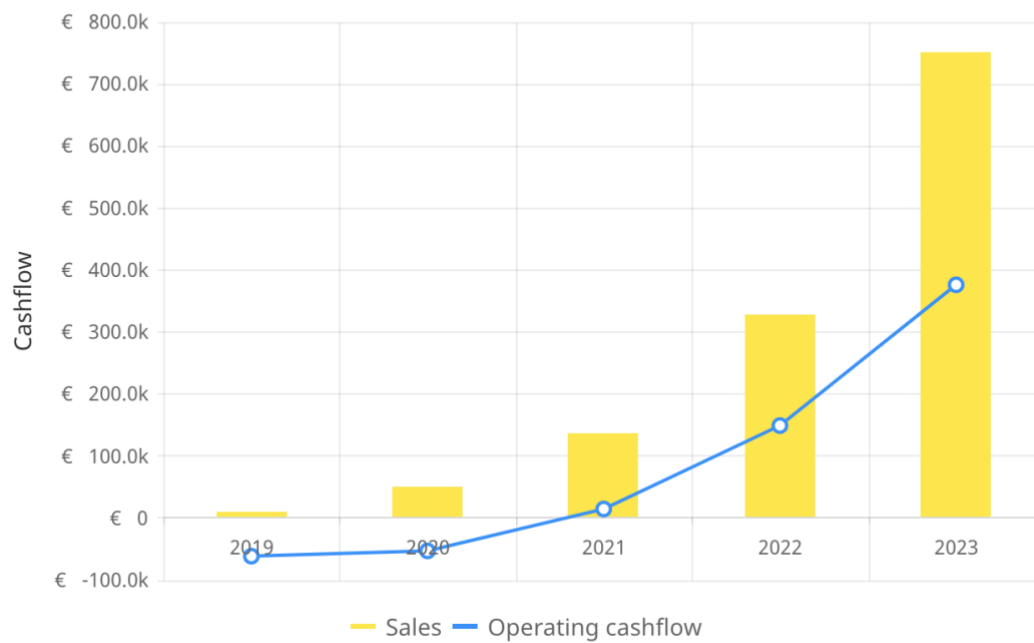
To calculate Internxt's 2019 forecasts, a series of assumptions were made. First and most importantly, these estimates are based only on X Cloud's currently available features, plans and pricing. In order to provide accurate results, it was ignored the fact that X Cloud will be penetrating the object storage market, or that Internxt will be developing further products next to the already available X Cloud. It was also ignored the fact that Internxt will be going through a Series A and potentially further rounds in the forecasted years. Therefore, available forecasts are expected to be drastically less positive than those that will more realistically happen. Internxt is ready to pay for X Cloud's losses (as shown in the below financial documents) until profitable with its currently available funds, thus all raised funds and profits are to be used to enhance the company's growth.

It was assumed a 3% conversion rate from free to paid users, where 2.5% upgrade to the option costing €4.49, and 0.5% upgrade to the option that costs €9.95. This sets an average monthly revenue per paid customer of €5.85, and an average monthly revenue per customer (free and paid) of €0.17. A 7% monthly customer growth throughout the whole 5-year forecast, as well as a 2% churn rate were also used. Additionally, it was also assumed an average salary per employee of €2,000, and an additional 25% cost associated to employee expenses. Internxt also assumed a flat €0,01/GB payout per X Core node per month. Internxt also accounted for a 25% tax rate. These assumptions were made based on Internxt's past performance. Forecasts start as of April 2019, month in which this document was prepared.

EBITDA / Sales



Operating cash flow



Internxt Income Statement		2019	2020	2021	2022	2023
Currency: EUR		Total	Total	Total	Total	Total
Sales		8,821	49,856	136,664	326,923	751,307
Cost of goods sold		(69,057)	(98,798)	(114,117)	(147,692)	(222,584)
Gross margin		(60,235)	(48,942)	22,547	179,231	528,723
Gross margin %		-682.84%	-98.17%	16.50%	54.82%	70.37%
Operating expenses		-	-	-	-	-
Sales & marketing		-	-	-	-	-
Research & development		-	-	-	-	-
General & administration		(2,205)	(4,939)	(8,869)	(15,927)	(28,603)
Total operating expenses		(2,205)	(4,939)	(8,869)	(15,927)	(28,603)
EBITDA (earnings before interest tax depreciation and amortisation)		(62,441)	(53,881)	13,678	163,304	500,120
EBITDA margin %		-707.84%	-108.07%	10.01%	49.95%	66.57%
Subsidy / Grants		-	-	-	-	-
Depreciation and amortisation		-	-	-	-	-
Earnings before interest and tax (EBIT)		(62,441)	(53,881)	13,678	163,304	500,120
Interest		-	-	-	-	-
Financial cost		-	-	-	-	-
Earnings before tax (EBT)		(62,441)	(53,881)	13,678	163,304	500,120
Tax		-	-	-	(15,165)	(125,030)
Net result		(62,441)	(53,881)	13,678	148,139	375,090

Internxt Balance Sheet	2019	2020	2021	2022	2023
Currency: EUR	Total	Total	Total	Total	Total
Fixed assets					
Equipment	-	-	-	-	-
Buildings	-	-	-	-	-
Electronics	-	-	-	-	-
Other assets	-	-	-	-	-
Total fixed assets	-	-	-	-	-
Current assets					
Accounts receivable	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Inventory	-	-	-	-	-
Cash	-	-	-	45,495	420,585
Total current assets	-	-	-	45,495	420,585
Total assets	-	-	-	45,495	420,585
Equity	(62,441)	(116,322)	(102,644)	45,495	420,585
Paid in capital	-	-	-	-	-
Retained earnings	(62,441)	(116,322)	(102,644)	45,495	420,585
Long term liabilities					
Funding need	62,441	116,322	102,644	-	-
Loans	-	-	-	-	-
Total long term liabilities	62,441	116,322	102,644	-	-
Short term liabilities					
Accounts payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total short term liabilities	-	-	-	-	-
Total equity & liabilities	-	-	-	45,495	420,585

Internxt Cash Flow Statement	2019	2020	2021	2022	2023
Currency: EUR	Total	Total	Total	Total	Total
Earnings before interest and tax (EBIT)	(62,441)	(53,881)	13,678	163,304	500,120
Depreciation and amortisation	-	-	-	-	-
Change in working capital	-	-	-	-	-
Interest	-	-	-	-	-
Tax	-	-	-	(15,165)	(125,030)
Operational cashflow	(62,441)	(53,881)	13,678	148,139	375,090
(Des)investments	-	-	-	-	-
Investment cashflow	-	-	-	-	-
Other changes in equity	-	-	-	-	-
Change in interest bearing debt	62,441	53,881	(13,678)	(102,644)	-
Financial cashflow	62,441	53,881	(13,678)	(102,644)	-
Total cashflow	-	-	-	45,495	375,090
Cash beginning of period	-	-	-	-	45,495
Total cashflow	-	-	-	45,495	375,090
Cash end of period	-	-	-	45,495	420,585

Internxt Cash flow	2019	2020	2021	2022	2023
Currency: EUR	Total	Total	Total	Total	Total
Cash in flows	-	-	-	-	-
X Cloud	8,821	49,856	136,664	326,923	751,307
Cash out flows	-	-	-	-	-
X Core	(1,557)	(8,798)	(24,117)	(57,692)	(132,584)
Administrative fees	(2,205)	(4,939)	(8,869)	(15,927)	(28,603)
Employee	(67,500)	(90,000)	(90,000)	(90,000)	(90,000)
Tax	-	-	-	(15,165)	(125,030)
Total cash in flows	8,821	49,856	136,664	326,923	751,307
Total cash out flows	(71,262)	(103,737)	(122,986)	(178,785)	(376,217)
Net cash (in/out)	(62,441)	(53,881)	13,678	148,139	375,090
Opening balance	-	-	-	-	45,495
Temporary differences (AP/AR)	-	-	-	-	-
Inventory cash (in/out)	-	-	-	-	-
Change in funding need	62,441	53,881	(13,678)	(102,644)	-
Closing balance	-	-	-	45,495	420,585

Internxt Revenue	2019	2020	2021	2022	2023
Currency: EUR	Total	Total	Total	Total	Total
Total Revenue	8,821	49,856	136,664	326,923	751,307
Subscription	8,821	49,856	136,664	326,923	751,307
X Cloud					
New subscribers	11,978	32,887	74,068	166,816	375,701
Existing subscribers	3,326	21,698	60,820	146,355	336,979
Total subscribers	11,163	38,737	97,910	228,884	522,060
Price per unit	-	-	-	-	-
No. Of days to get paid	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Prepaid revenue	-	-	-	-	-
Total Revenue	8,821	49,856	136,664	326,924	751,307

Internxt COGS	2019	2020	2021	2022	2023
Currency: EUR	Total	Total	Total	Total	Total
Total Costs	67,765	91,496	94,100	99,808	112,539
X Core					
Number of units sold	8,821	49,856	136,664	326,924	751,307
Cost per unit	-	-	-	-	-
No. of days to pay	-	-	-	-	-
Accounts payable	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
No. of days to inventory	-	-	-	-	-
Inventory	-	-	-	-	-
Total Costs	264	1,494	4,100	9,807	22,540
Direct Labor	67,500	90,000	90,000	90,000	90,000