PocketPaw Co: Finances

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

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:

$$U_i: Users\ in\ month\ i$$
$$U_{i-1}: Users\ in\ month\ i-1$$
$$\Delta_B: Base\ user\ increment\ (random\ new\ users)$$
$$\Delta_M: Marketing\ user\ increment$$
$$r_R: Recommendations\ rate$$
$$r_U: Unsubscription\ rate$$
$$T: Total\ customers\ in\ the\ market$$

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

*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 €

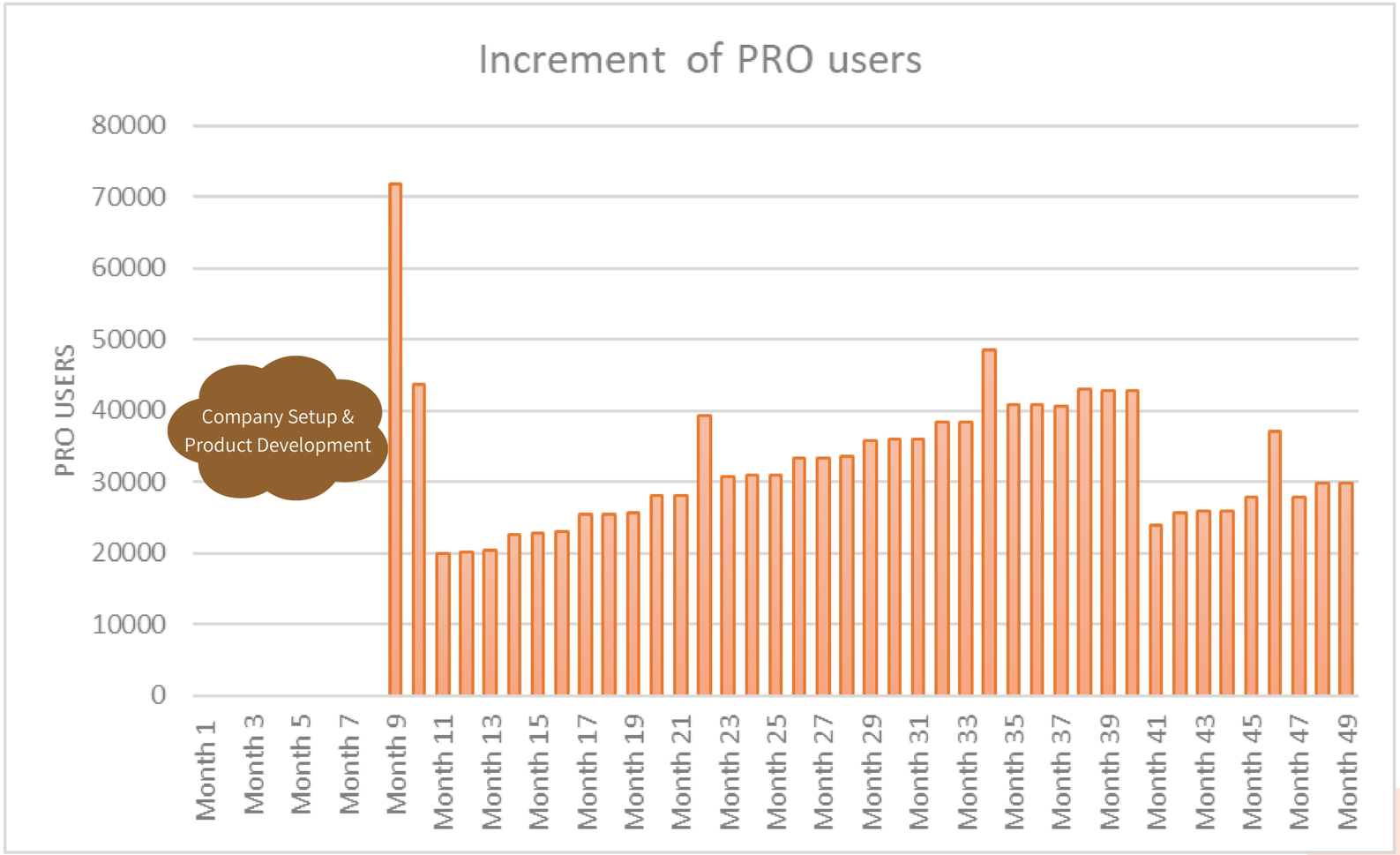
- Actual data:

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

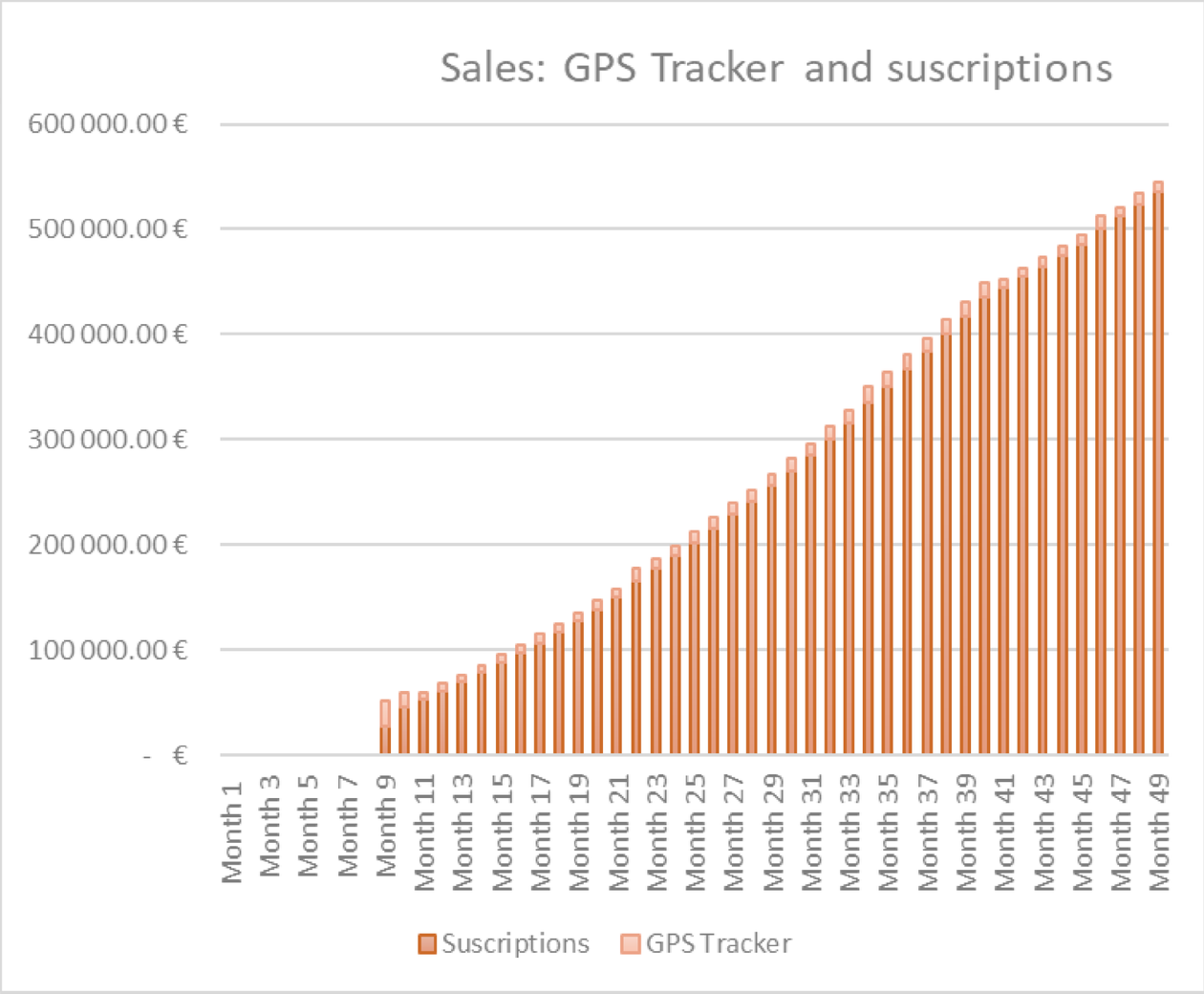
REVENUES - SALES: Users

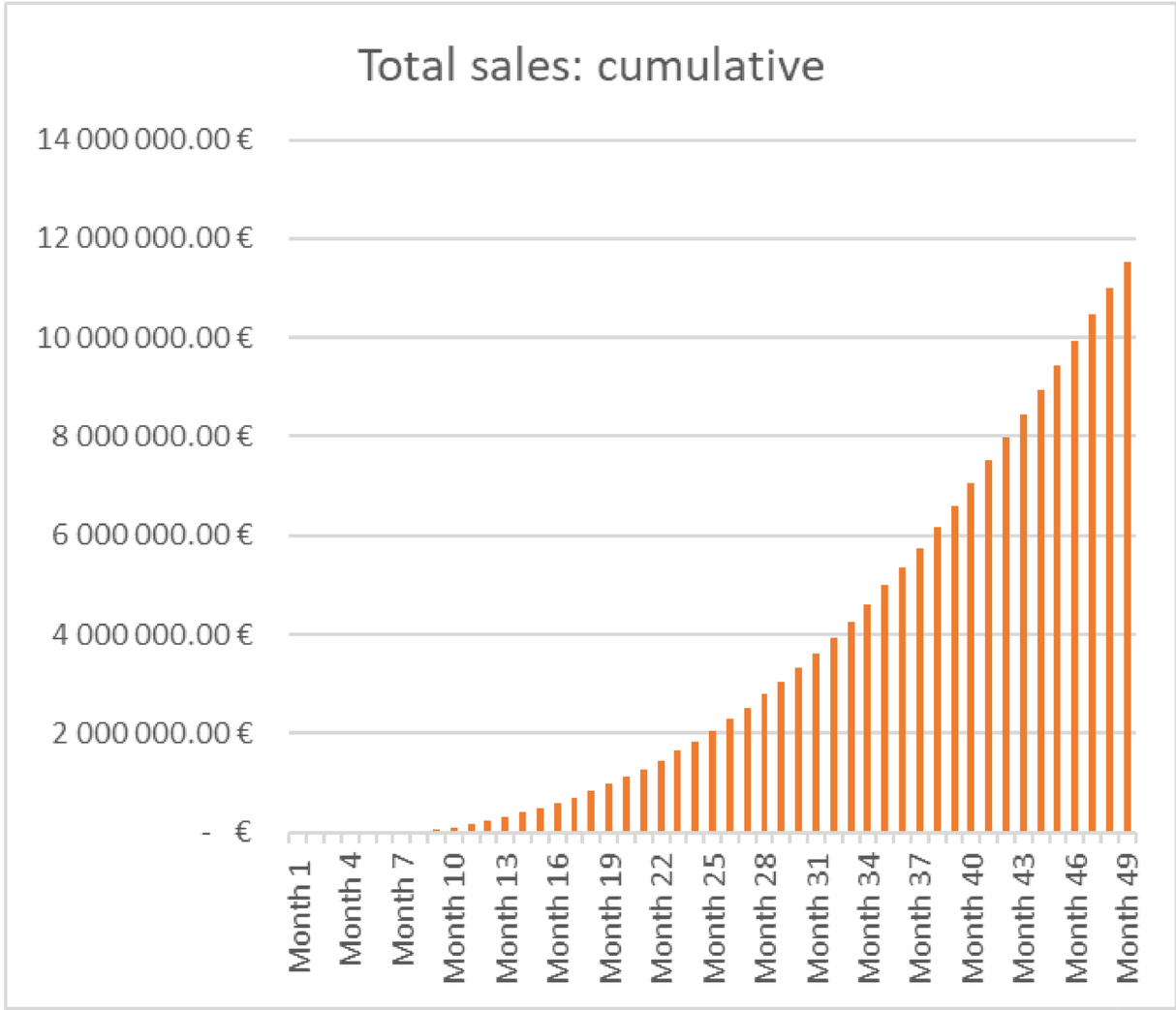
- Our sales mainly consist on the subscriptions and the Tracker units sold, so the PRO version subscriptors are the key.

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.**



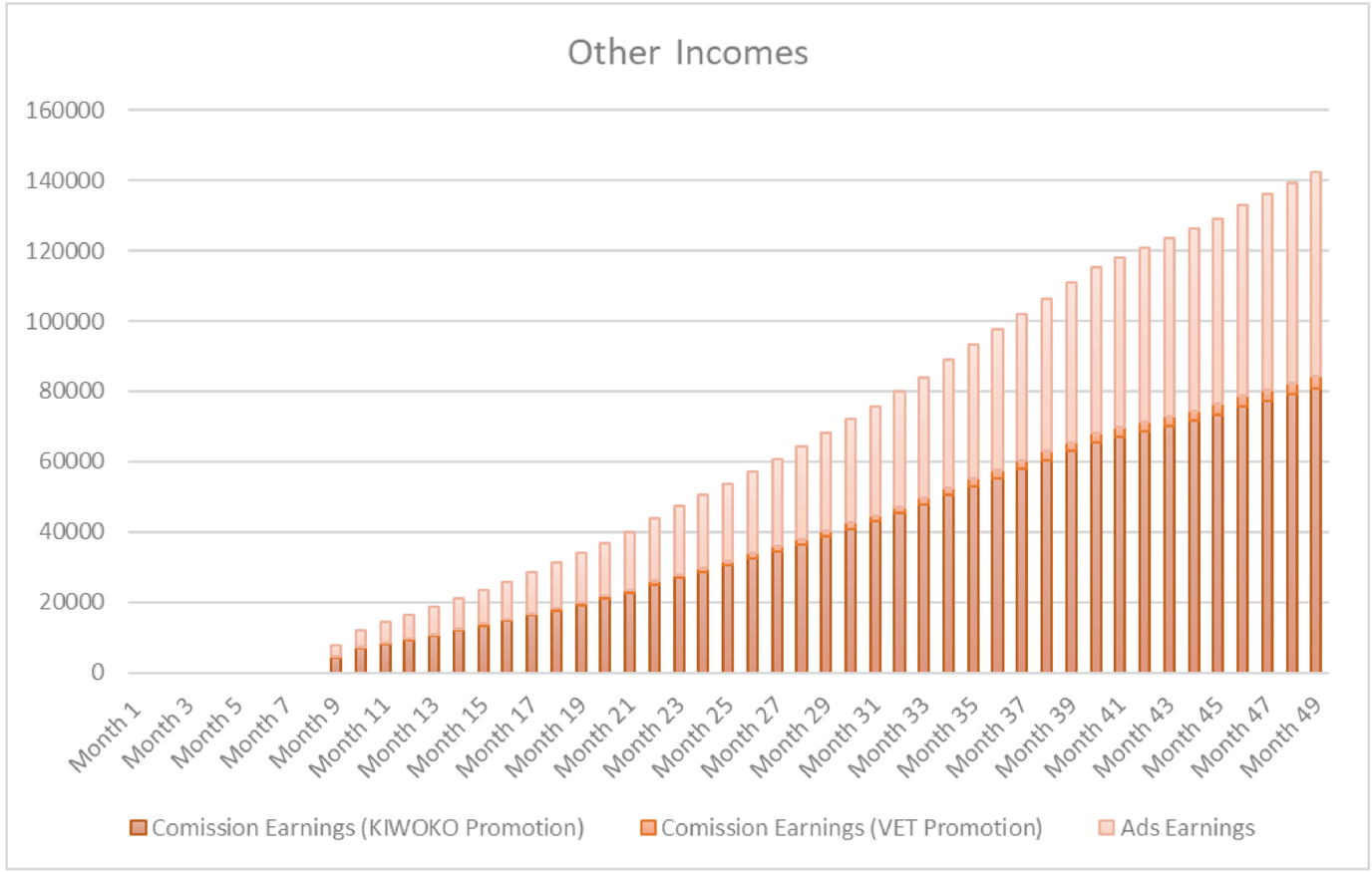
REVENUES - SALES





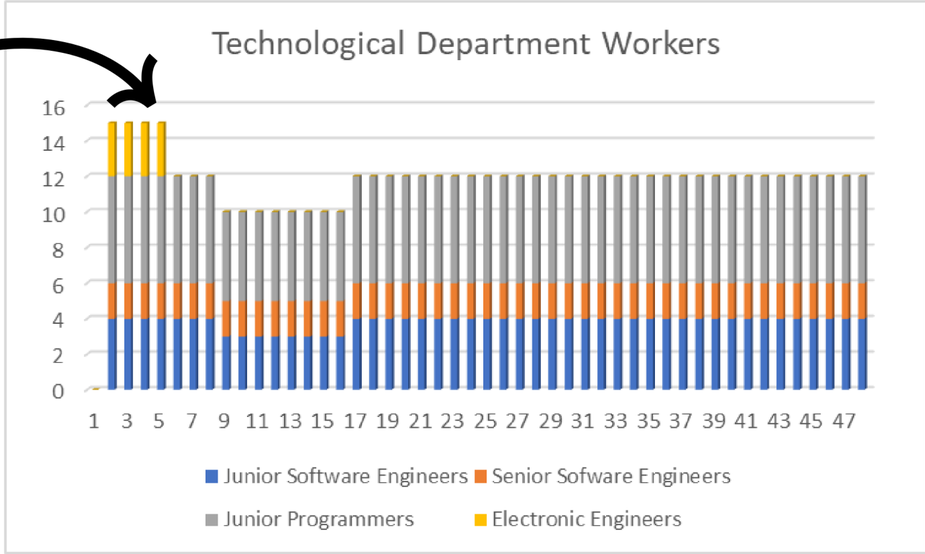
REVENUES - OTHERS

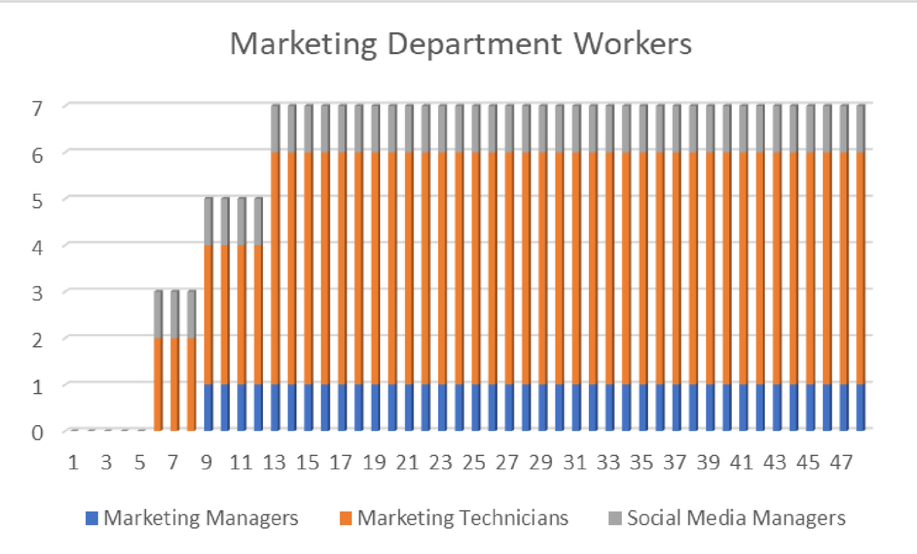
OTHER INCOMES	
ADS	
Impressions per user	5
Number of users that open the app	20.0%
Cost per 1000 impression (CPM)	1.50 €
Vet Promotion	
Vet visits per 10000 users	10
Vet visit average cost	50
Comission from vets	5.0%
KIWOKO Promotion	
Products bought per 1000 users	30
KIWOKO average cost product	25
Comission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

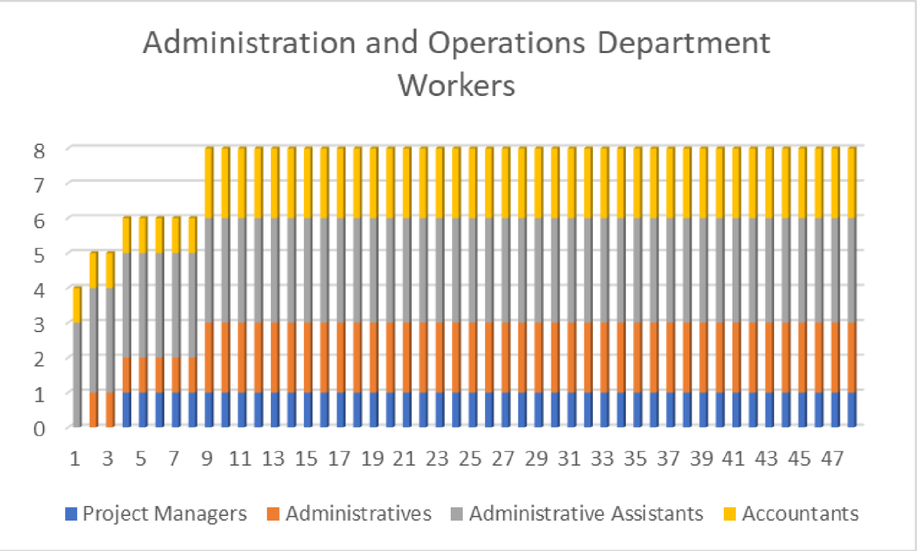


EXPENSES - SALARIES (20%)

temporal contracts



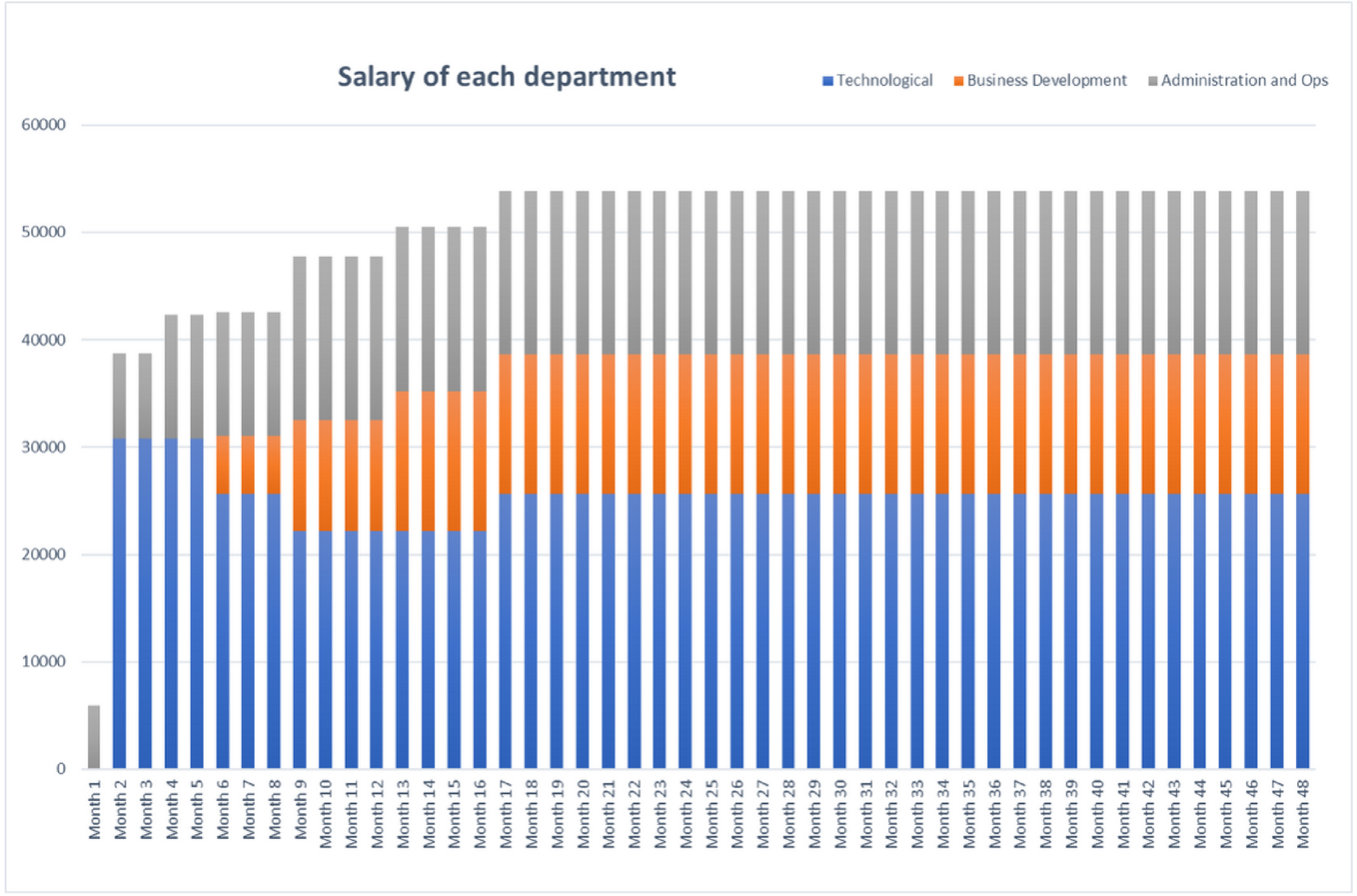




EXPENSES - SALARIES (20%)

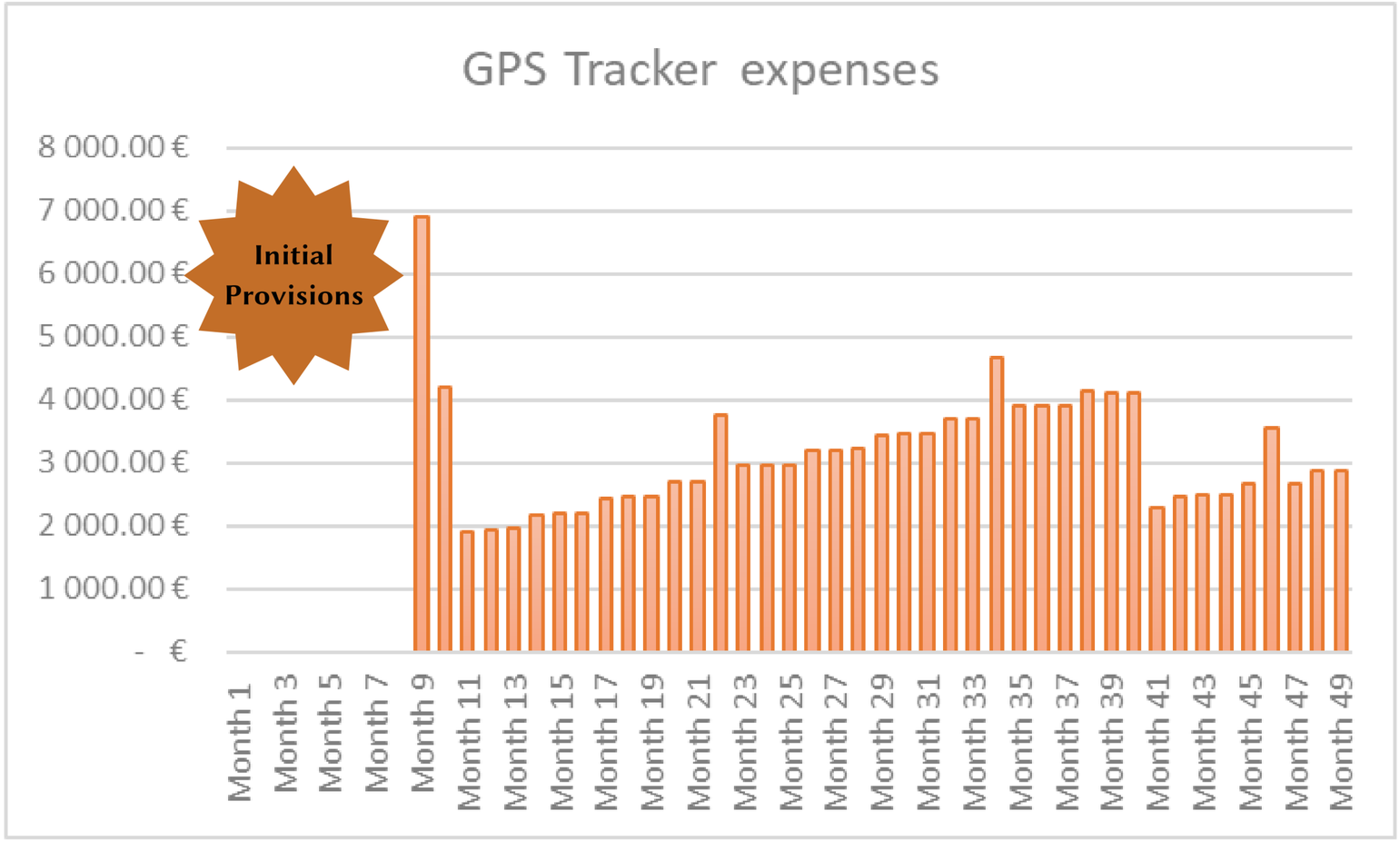
Salaries	Monthly	Yearly	DATA FROM: Jobted
Junior Software Engineers	1.733,00 €	20.800,00 €	(<3 years experience)
Senior Sofware Engineers	4.416,00 €	53.000,00 €	(10-15 years experience)
Junior Programmers	1.641,00 €	19.700,00 €	(<3 years experience)
Electronic Engineers	1.729,00 €	20.750,00 €	(<3 years 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 increasement: **5%**



- Modelling headcounts by company stages (studied in spreadsheets)

EXPENSES - PRODUCTION (-1%)



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

EXPENSES - MARKETING (14%)

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*

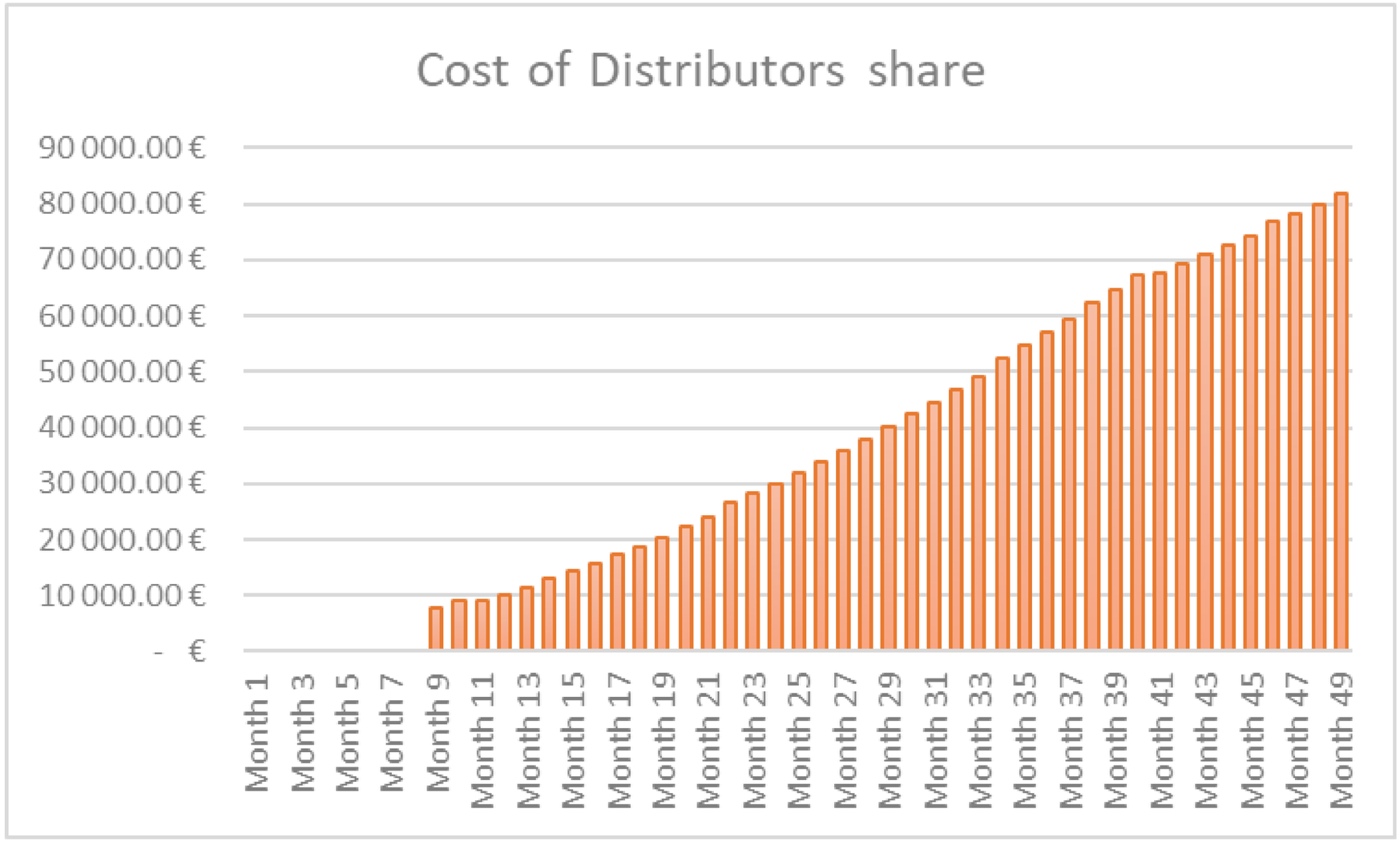
r_s: *rate of succes ads*(*portion of potential users that become users*)

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

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

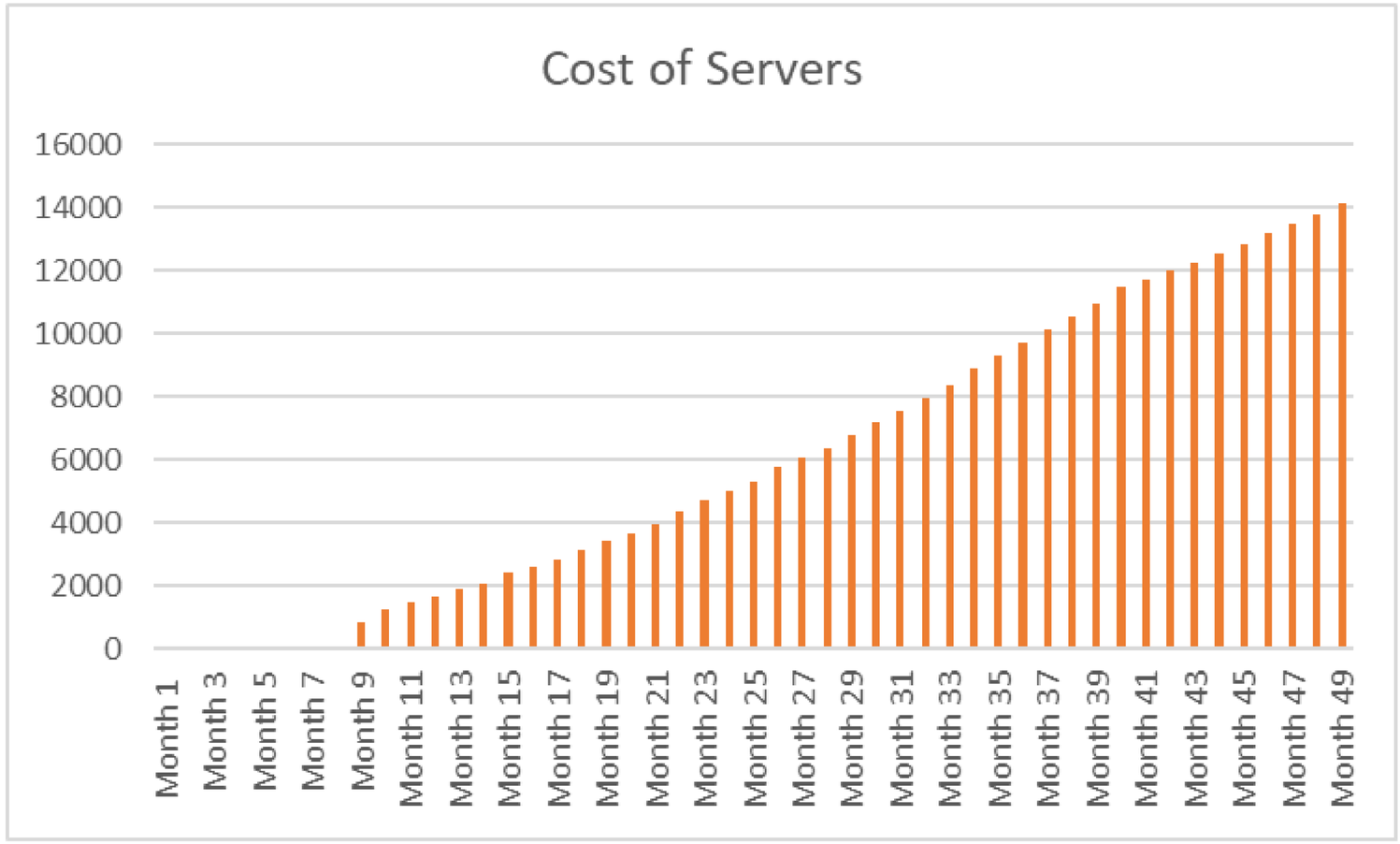
$$\mathrm{C_{M_i}} = \mathrm{c_e} \cdot \mathrm{M_i}$$

EXPENSES - DISTRIBUTORS



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

EXPENSES - SERVERS (2%)



*Includes web domain expenses

OVHcloud

Advance-1

Desde
$104.04
/mes

Configurar el servidor Advance-1

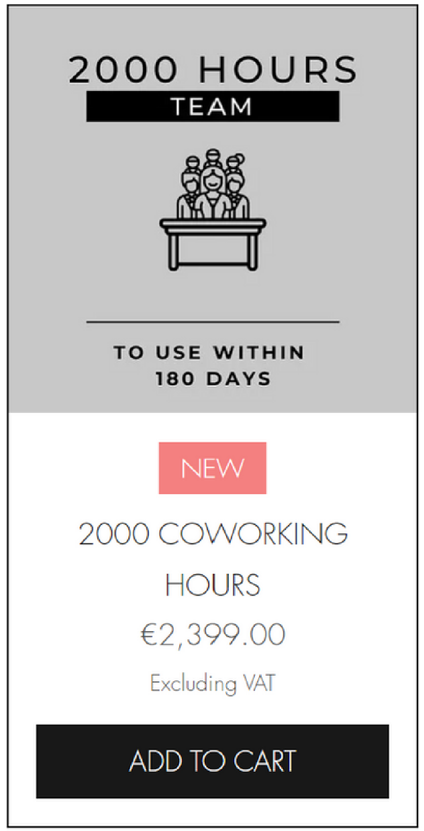
CPU : Intel Xeon-E 2386G - 6c/12t - 3.5 GHz/4.7 GHz
Memoria : Desde 32 GB hasta 128 GB DDR4 ECC
Almacenamiento : HDD SATA, SSD NVMe
Ancho de banda público : 1 Gb/s
Ancho de banda privado : 1 Gb/s garantizado(s)

EXPENSES - COWORKING (2%)

BETAHAUS, FROM MONTH 2 >

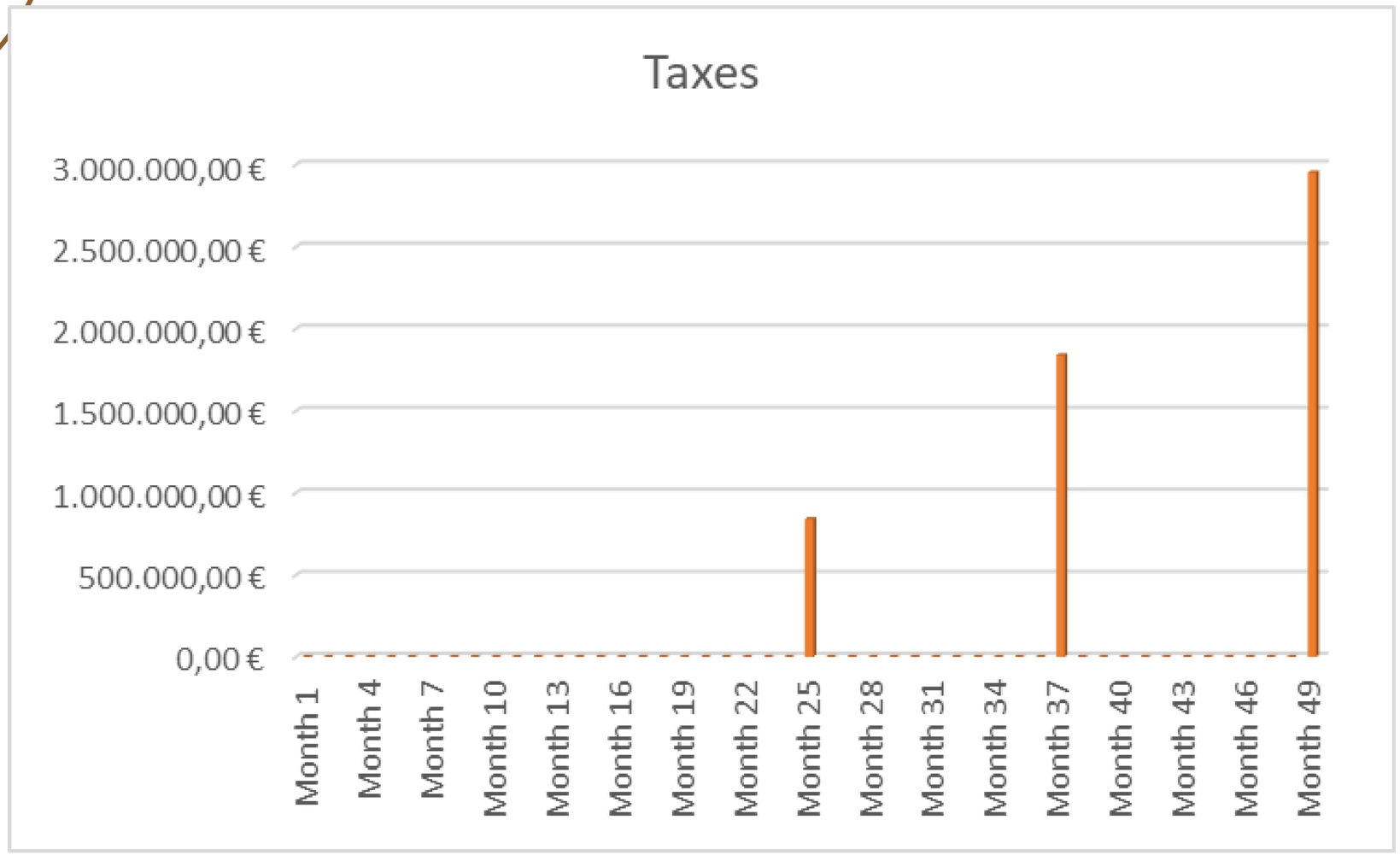
2x

4.800€/month



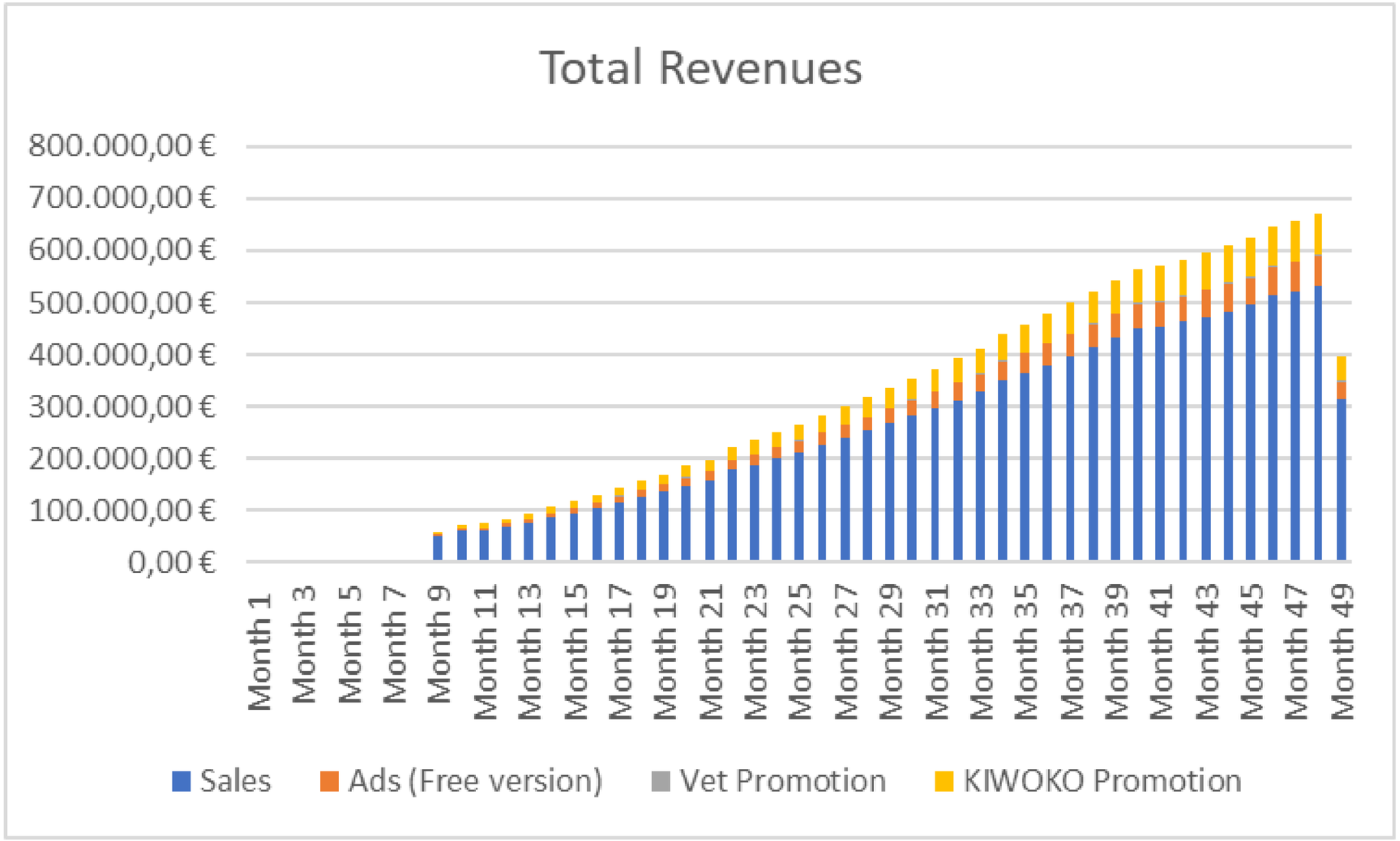
*We avoid other expenses such as light, water, maintenance...

TAXES (46%)

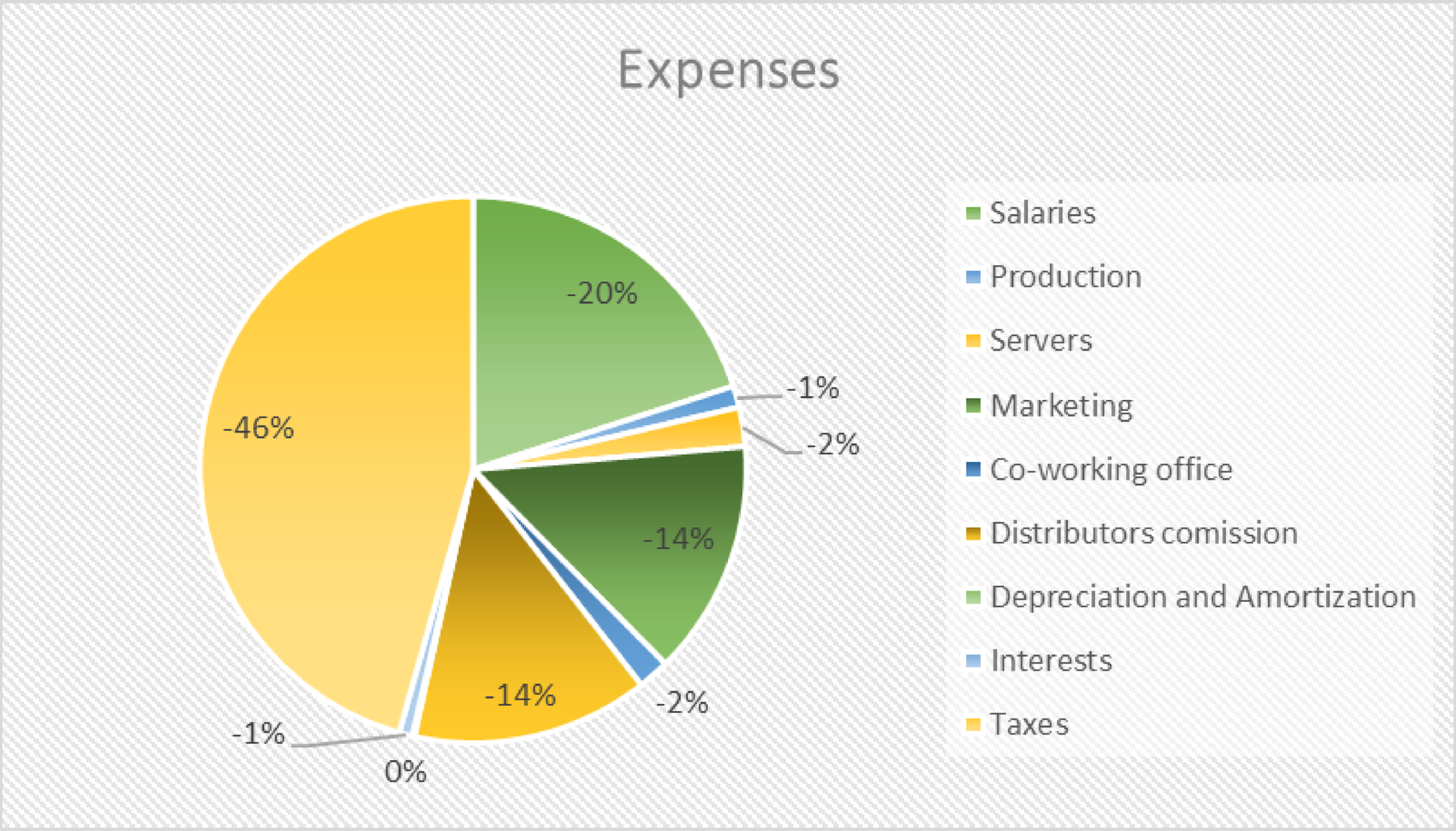


Although this taxes are generated during the whole year, we pay at the first month of next year.

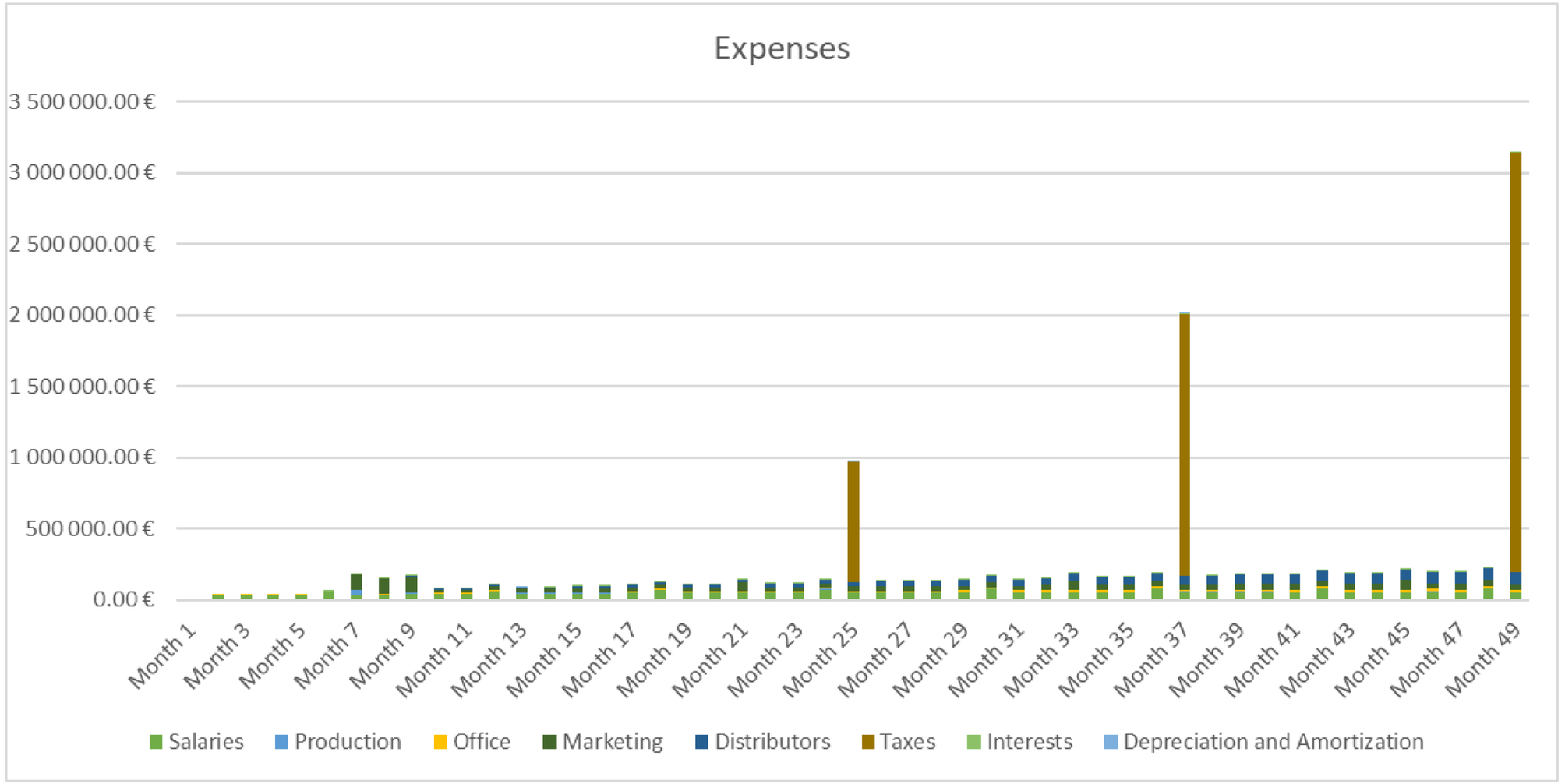
BP SCHEME - Monthly Income



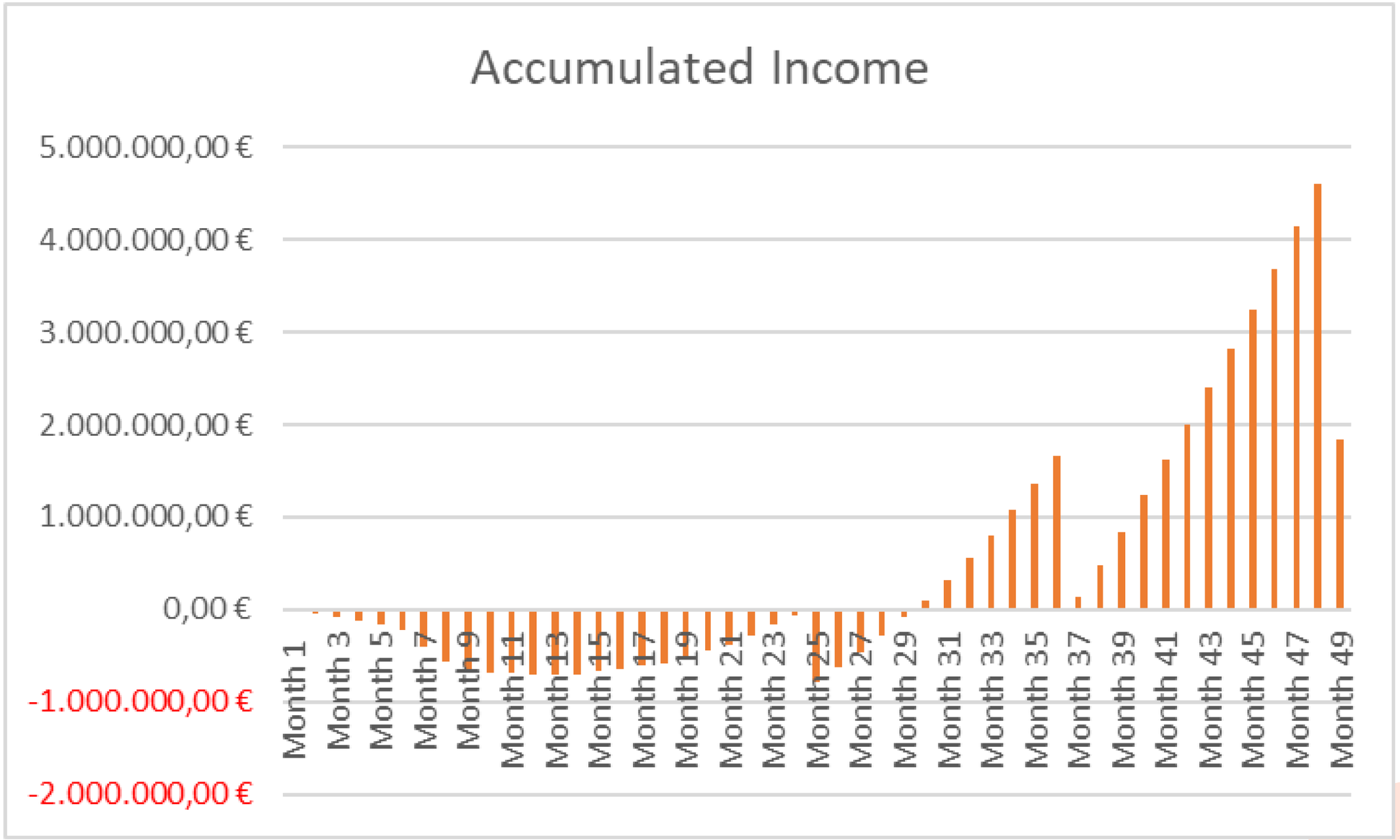
BP SCHEME- Total loss



BP SCHEME- Monthly loss



BP SCHEME


Accumulated Income
5.000.000,00 €
4.000.000,00 €
3.000.000,00 €
2.000.000,00 €
1.000.000,00 €
0,00 €
-1.000.000,00 €
-2.000.000,00 €
Month 1
Month 3
Month 5
Month 7
Month 9
Month 11
Month 13
Month 15
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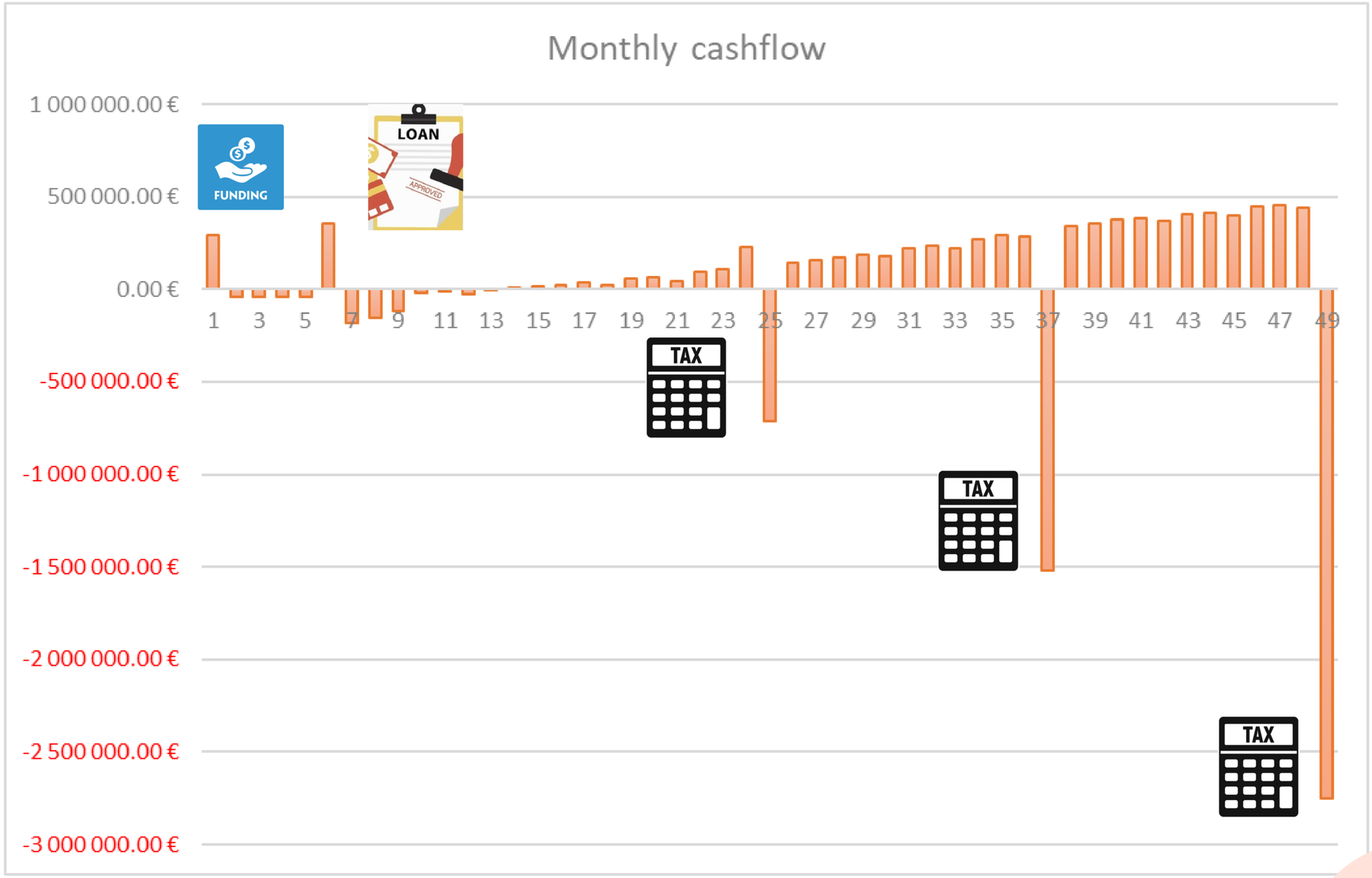
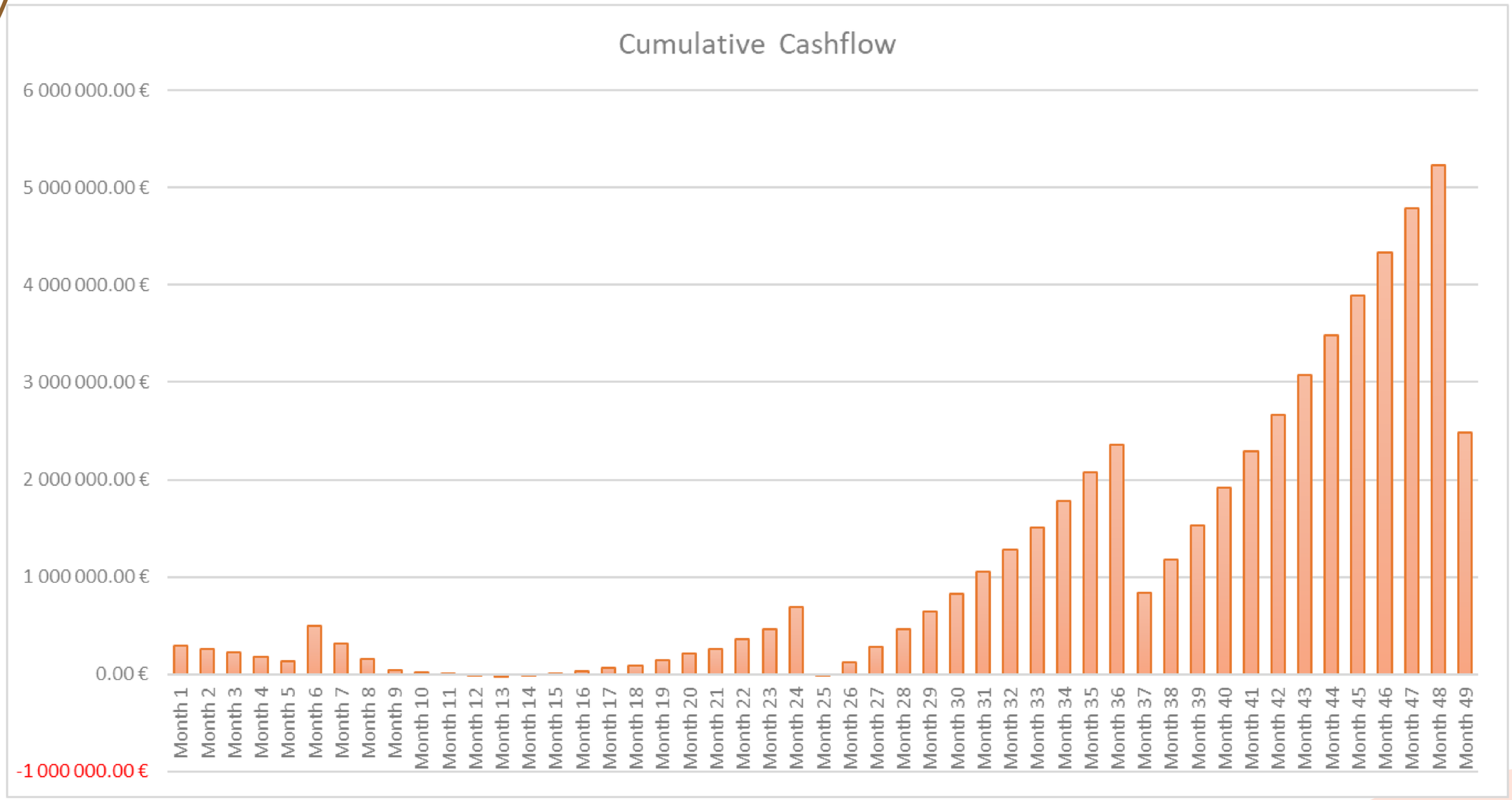
Month 45
Month 47
Month 49

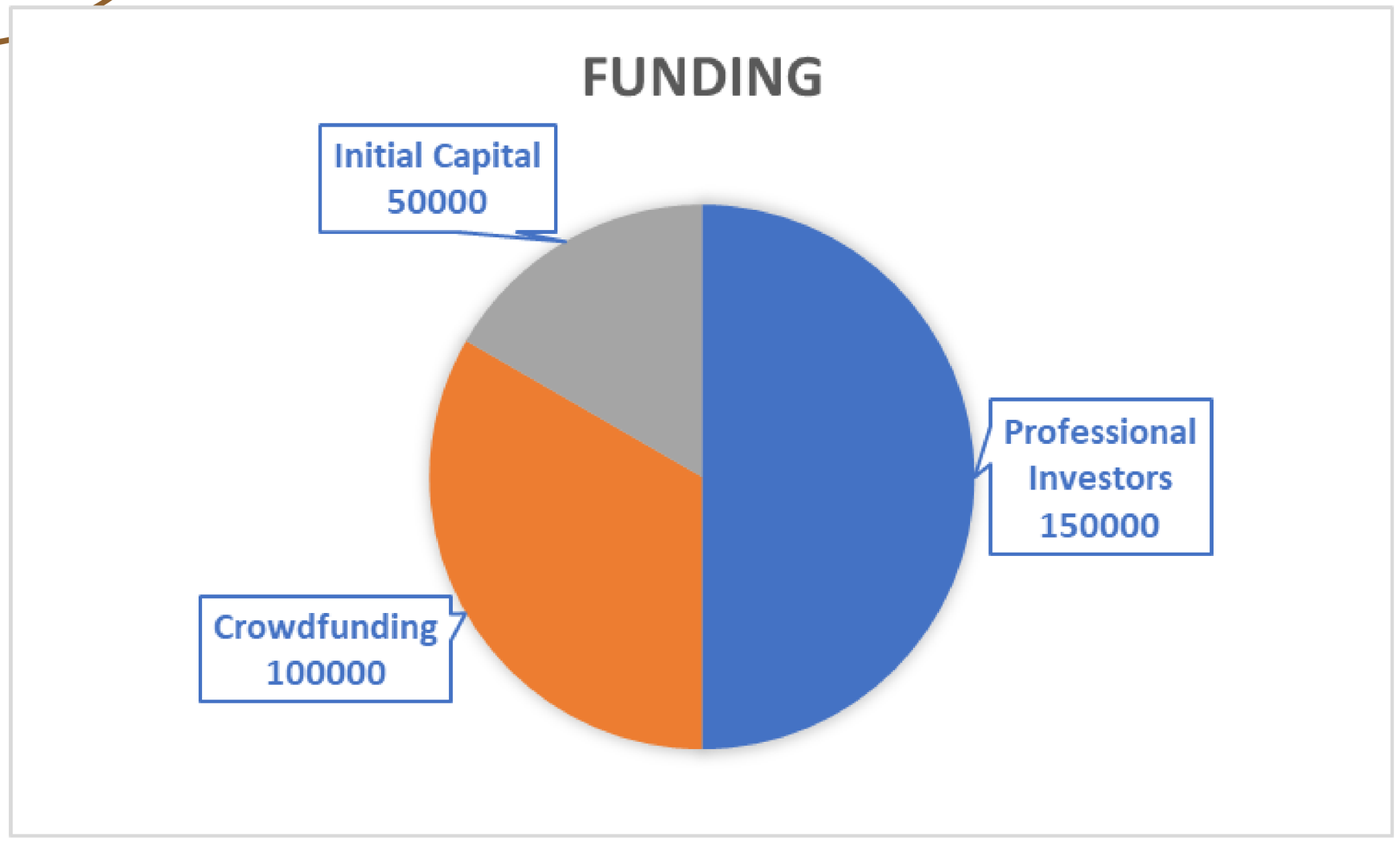
FORECAST OF CASHFLOW(4 YEARS)



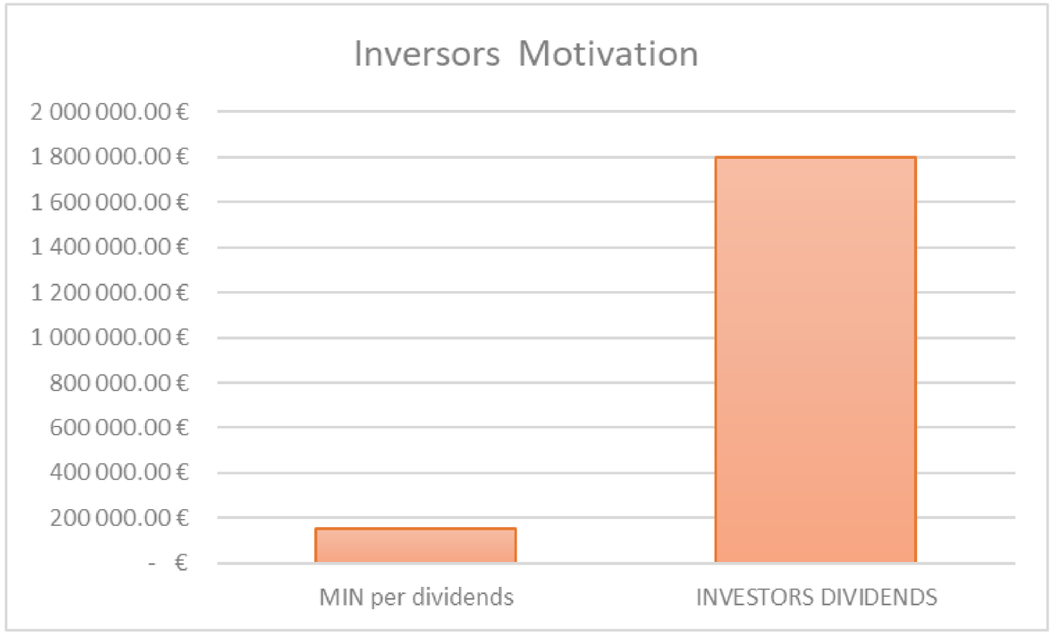
FORECAST OF CASHFLOW(4 YEARS)



FUNDING



INITIAL INVERSION	
Professional Investors	150000
Crowdfunding	100000
Initial Capital	50000



Inversors profitability of **600%**

Thanks for your participation!

EMAIL

info@pocketpaw.com

WEBSITE

www.pocketpaw.com

SOCIALS

@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 meaningfull 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.

SALES: Users

Why this formula?

$$U_i: Users\ in\ month\ i$$
$$U_{i-1}: Users\ in\ month\ i-1$$
$$\Delta_B: Base\ user\ increment\ (random\ new\ users)$$
$$\Delta_M: Marketing\ user\ increment$$
$$r_R: Recommendations\ rate$$
$$r_U: Unsubscription\ rate$$
$$T: Total\ customers\ in\ the\ market$$

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

- 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 $\Delta\_\mathbf{B}$, 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)+ΔB) 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%
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Total customers in the market	**5 064 022.34**
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- 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 previsions 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.

More data and parameters

COGS	
APP	
Cost per server (1000GB)	109
Capacity per User (GB)	0.1
GPS TRACKER	
GPS Tracker Cost per Unit	6

LOANS	
Euribor (January 2023)	3.337%
Years to pay	7

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*)

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

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

- 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).

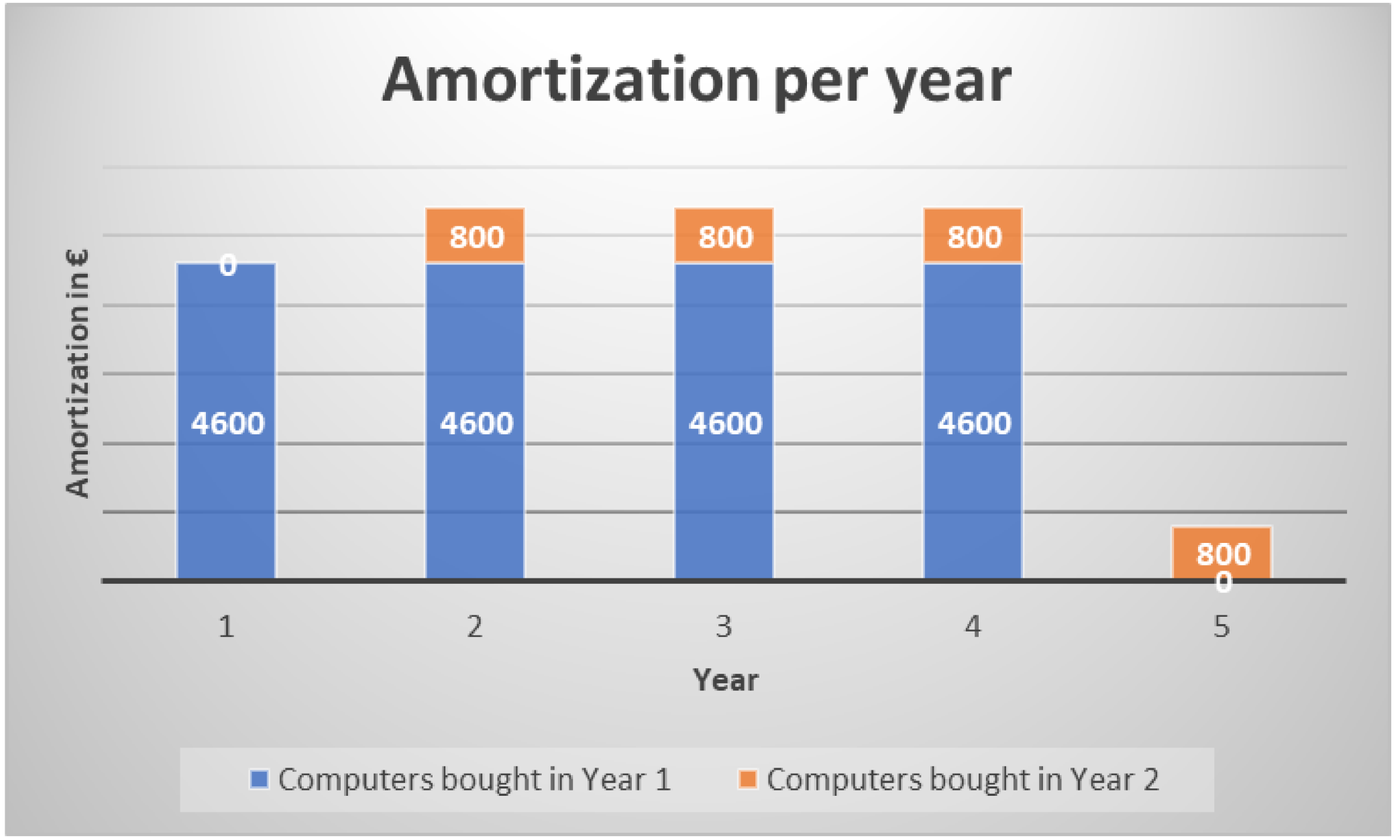
MARKETING in Data

Target market		**5 064 022.34**
	Instagram	**Facebook**
Target users	<40 years	>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 CAMPAING BONUS TARGET	0.2	

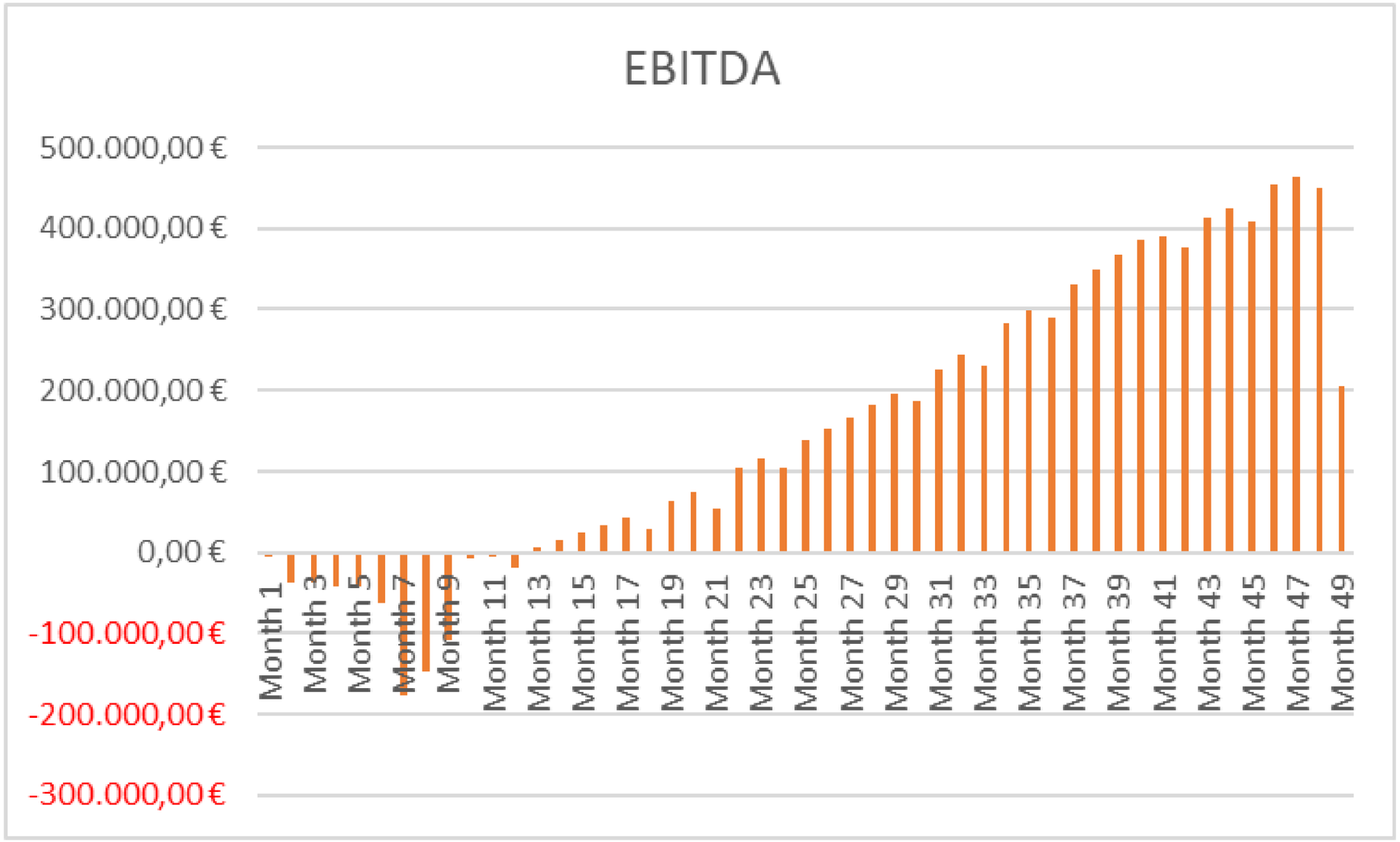
- We expect these parameters to be the basis of our marketing modelling, most of them based on current trendencies (real cost of engagement and probable percentage of success ads.

Amortization of computers

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



BP SCHEME


EBITDA
500.000,00 €
400.000,00 €
300.000,00 €
200.000,00 €
100.000,00 €
0,00 €
-100.000,00 €
-200.000,00 €
-300.000,00 €
Month 1
Month 3
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Month 7
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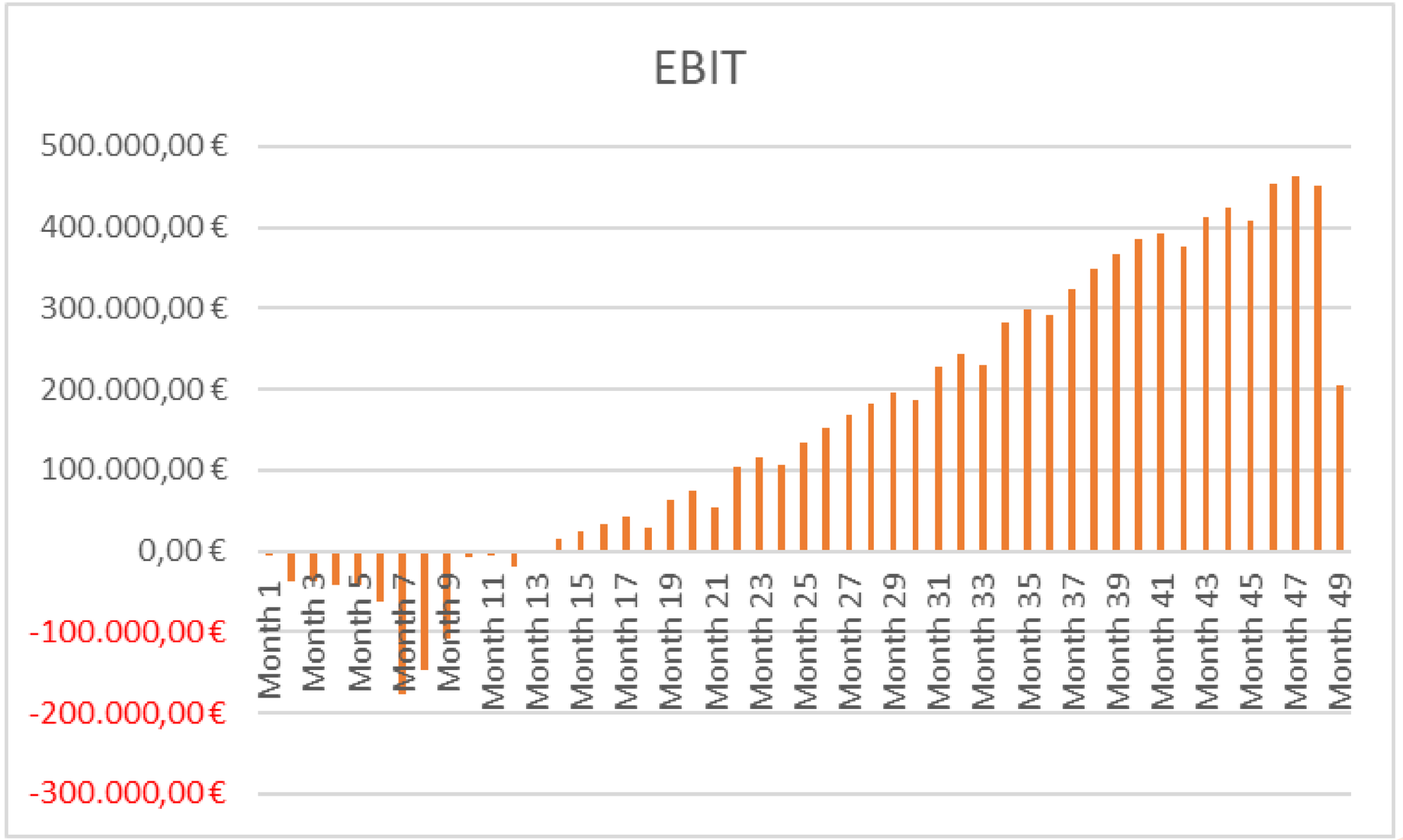
BP SCHEME


EBIT
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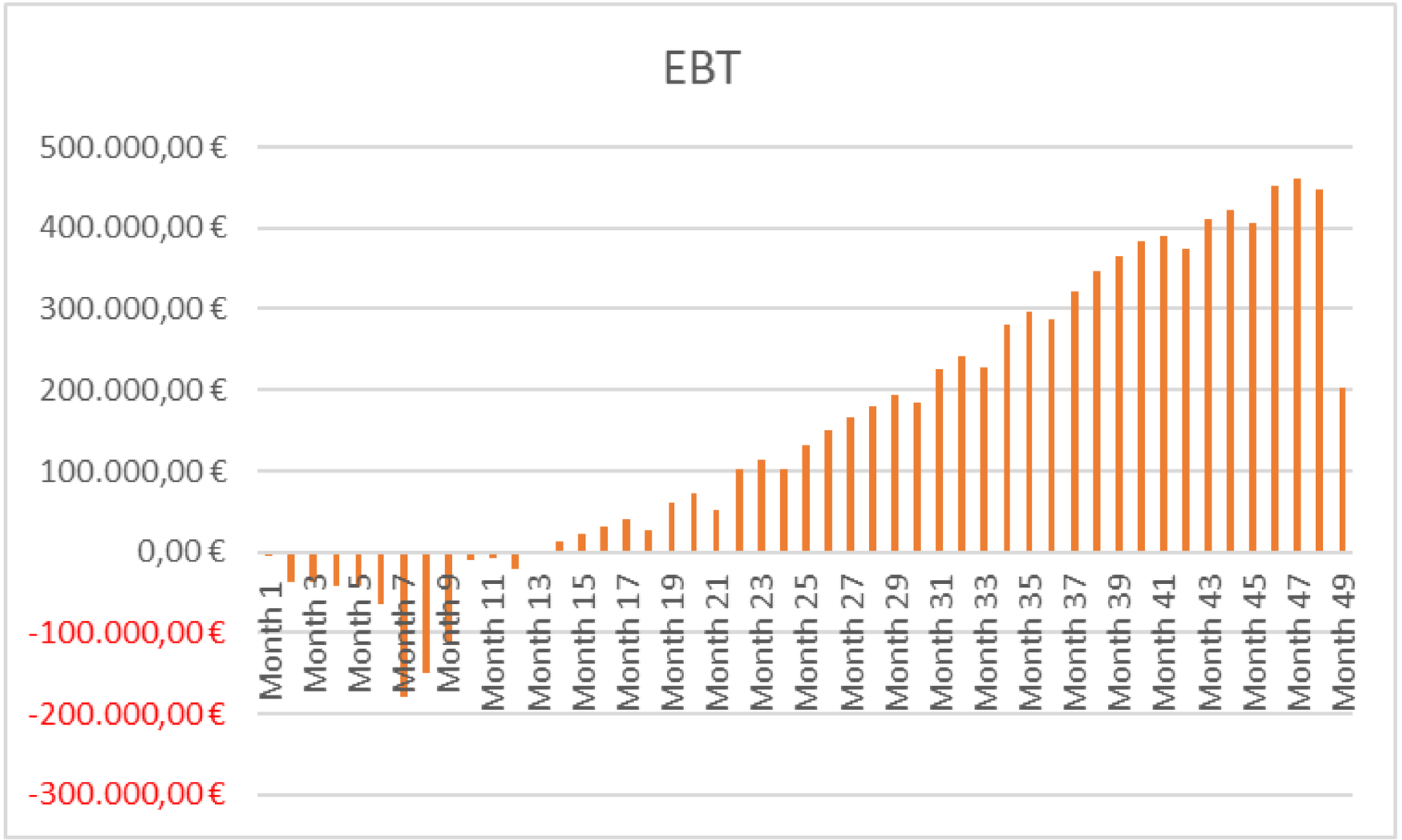
BP SCHEME


EBT
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