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Discrete Development operates with a lean, disciplined cost structure and a predictable revenue model grounded in high-value project delivery. The business remains profitable at all stages due to controlled client intake, low fixed overhead, and a hybrid consulting and product-development approach.

As the company matures, operating costs scale intentionally to support targeted leadership roles and expanded delivery capacity, while preserving cash-positive operations and long-term sustainability.

Key Financial Highlights

- **Revenue Model:** Two projects per month at an average value of \$25,000–\$50,000
- **Recurring Revenue:** Priority Support provides predictable post-delivery revenue while preserving low support overhead.
- **Operating Margin Target:** 30–40% (after contractor and operating costs)
- **Founder Draw:** Capped at \$2,000/month during Year 1 and \$3,000/month during Years 2–3, with increases contingent on sustained profitability.
- **Tax Reserve Policy:** 25–30% of profit allocated monthly to a dedicated reserve
- **Operating Cost Maturity:** Approximately \$38,800/month by Year 5
- **Growth Philosophy:** Capacity expands only as revenue supports it; no debt or external funding

Discrete Development’s financial model prioritizes stability, clarity, and long-term sustainability. The business remains cash-positive throughout the 5-year plan.

Revenue Ramp Table (Years 1–5)

YEAR	PROJECTS/MO	AVG PROJECT VALUE	ANNUAL REVENUE	RECURRING REVENUE	TOTAL REVENUE
1	1	\$25k	\$300k	\$0	\$300k
2	1.5	\$30k	\$546k	\$500/mo	\$546k
3	2	\$35k	\$840k	\$1,200/mo	\$854k
4	2	\$40k	\$960k	\$1,500/mo	\$978k
5	2	\$50k	\$1.2M	\$2,000/mo	\$1.224M

Cost Ramp Table (Years 1–5)

YEAR	OPERATING COST	ANNUAL OPERATING COST	NOTES
1	\$8k	~\$96,000	Mostly software, contractors, insurance
2	\$12k	~\$144,000	Add PM contractor
3	\$18k	~\$216,000	Add DevOps contractor
4	\$25k	~\$300,000	Begin partial payroll
5	\$38.8k	~\$466,000	Target Operational Level

Break-Even Analysis (Consultant-Friendly, Even Though You're Self-Funded)

Because Discrete Development is self-funded and scales capacity deliberately, break-even occurs early and continuously rather than at a single inflection point. However, for clarity, the following simplified model illustrates the revenue required to cover operating costs at each stage.

YEAR	MONTHLY COST	REQUIRED MONTHLY REVENUE TO BREAK EVEN	NOTES
1	\$8k	~\$12,000	Achieved with one small project per month, enhancements, or system corrections
2	\$12k	~\$18,000	Achieved with one small project per month
3	\$18k	~\$27,000	Achieved with one mid-size project per month
4	\$25k	~\$36,000	Achieved with one standard project per month
5	\$38.8k	~\$55,000	Achieved with two projects per month (your target)

Cash Flow Model (Simple, Clear, Consultant-Ready)

This model assumes:

- \$2,000/month founder draw
- 25% tax reserve on profit
- Revenue and cost ramps from the tables above

Year 1 Cash Flow Model (Example)

MONTH	REVENUE	OPERATING COST	PROFIT	TAX RESERVE	FOUNDER DRAW	NET CASH FLOW
Jan-Dec	\$25k	\$8k	\$17k	\$4,250	\$2k	\$10,750

Annual net cash flow: **~\$129,000**

This pattern continues with increasing revenue and cost, but the business remains cash-positive every year.

