

WA5: Financial Model & Cost Estimation for ServiLink

1. Objective

To estimate the total financial requirements, cost structure, and revenue projections for the successful launch and operation of ServiLink — a builder-backed local service platform connecting residents with verified local workers.

2. Financial Model Overview

ServiLink operates on a freemium + subscription + commission model, where:

- Builders pay for the first-year free access for new residents.
- After one year, residents can opt for subscription-based premium plans.
- The startup earns commissions from every service booked through the platform.

The model focuses on three key revenue streams:

1. Builder Subscription Fees
2. Resident Subscriptions (Post Free Year)
3. Service Commission per Transaction

3. Cost Estimation

A. Fixed Costs (Monthly)

Particulars	Estimated Cost (₹)
Office rent & utilities	25,000
Core team salaries (2 devs + 1 support)	60,000
Website & app hosting, maintenance	10,000
Marketing & promotions	15,000
Miscellaneous/admin expenses	10,000
Total Fixed Cost	1,20,000/month

B. Variable Costs (Per Service Transaction)

Component	Estimated Cost (₹)
Payment gateway charges	10
Customer support	20
Worker incentive/commission	100
Marketing per transaction	20
Total Variable Cost	150 per service

C. Revenue Estimation

Revenue Stream	Pricing	Monthly Volume (Estimate)	Monthly Revenue (₹)
Builder Subscriptions	₹15,000 per builder	5 builders	75,000
Resident Subscriptions	₹99/month	800 residents	79,200
Commission per Service	₹150/service	1,200 services	1,80,000
Total Monthly Revenue			3,34,200

D. Profitability Estimate

Particular	Amount (₹)
Total Revenue	3,34,200
Total Fixed Costs	1,20,000
Total Variable Costs ($1,200 \times 150$)	1,80,000
Net Monthly Profit	34,200

4. Break-Even Point

Fixed Costs = ₹1,20,000

Contribution Margin = ₹150

Break-Even Volume = 800 Services/month

Hence, ServiLink becomes profitable after 800 successful service transactions per month.

5. Financial Forecast (1-Year Projection)

Quarter	Projected Revenue (₹)	Projected Cost (₹)	Profit/Loss (₹)
Q1 (Setup & Launch)	80,000	1,50,000	-70,000
Q2 (Early Adoption)	1,80,000	1,60,000	+20,000
Q3 (Growth Phase)	2,50,000	1,80,000	+70,000
Q4 (Stabilization)	3,34,200	3,00,000	+34,200

6. Key Insights

- ServiLink can reach profitability within 6–8 months after launch.
- Builder partnerships will fund early operations and reduce initial risk.
- Subscription and commission revenues ensure recurring income.
- Scaling beyond one region (e.g., expanding to nearby housing societies) can triple monthly profit.