Friendly.AI
Final Venture Concept Pitch

"A virtual chatbot and friend that helps you navigate life's big challenges"

Venture Concept

Problem:
- In the United States, there is a big loneliness epidemic.
- According to Surgeon General **Vivek Murthy**, one in two Americans feel lonely.
- Per a 2021 study, **49%** of Americans say they have less than three close friends.

Solution:
- **Friendly.AI** is a mobile application with an AI-powered chatbot that provides conversation capabilities through voice.

Providing you Customized Avatars to Chat With!

Users are able to customize an avatar that is similar in quality to what you'd see in a video game. This builds trust in the virtual chatbot as a real friend.
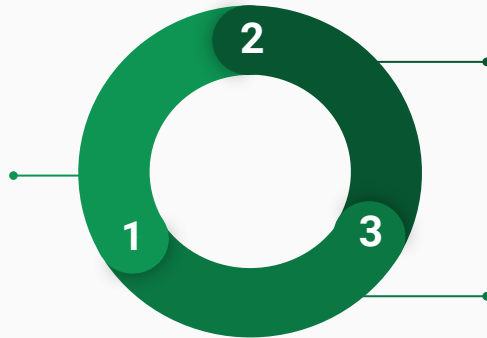
Improved Outlook on Life!

It is hoped that by using this mobile app, millions of people will improve their mental health and suffer less from loneliness. The app gives people *hope*, *encouragement* and *positivity*.

24/7 Conversational Partner!

The user is able to talk to their avatar and friend 24/7 as a conversational partner. Any problem can be talked through out loud with your AI chatbot friend via our app.

Target Customer Segment

Customer Segments	Est. Adult Population in the U.S.	Mobile Phone Ownership by Segment (Percentage)	Est. Adult Population in the U.S. with a Mobile Phone by Segment
Males aged 18-29	**~26.5 Million (M)**	**96%**	**~25.2M**
Females aged 18-29	~27M	96%	~25.9M
Males aged 30-49	~43.4M	96%	~41.7M
Females aged 30-49	~42.9M	96%	~41.2M
Males aged 50-64	~31.4M	83%	~26M
Females aged 50-64	~32.3M	83%	~26.8M
Males aged 65+	~15.9M+	61%	~9.7M+
Females aged 65+	~17.8M+	61%	~10.9M+

- We are targeting the adult male population here in the U.S. with a cellphone, which is **~25.2M** as a *beachhead* customer segment and an anchor for further expansion.

- **Research has shown that adult males aged 18-29 here in the U.S. suffer the most from loneliness**.

- Moreover, men's issues are not talked about much in mainstream American culture. <u>Men are often at risk for</u>: suicide, alchohol/drug abuse, gambling addition, and criminal acts.

- **Friendly.AI** would therefore try ameliorate the situation for people who are hurting badly from loneliness!

Key Customer Problem(s)

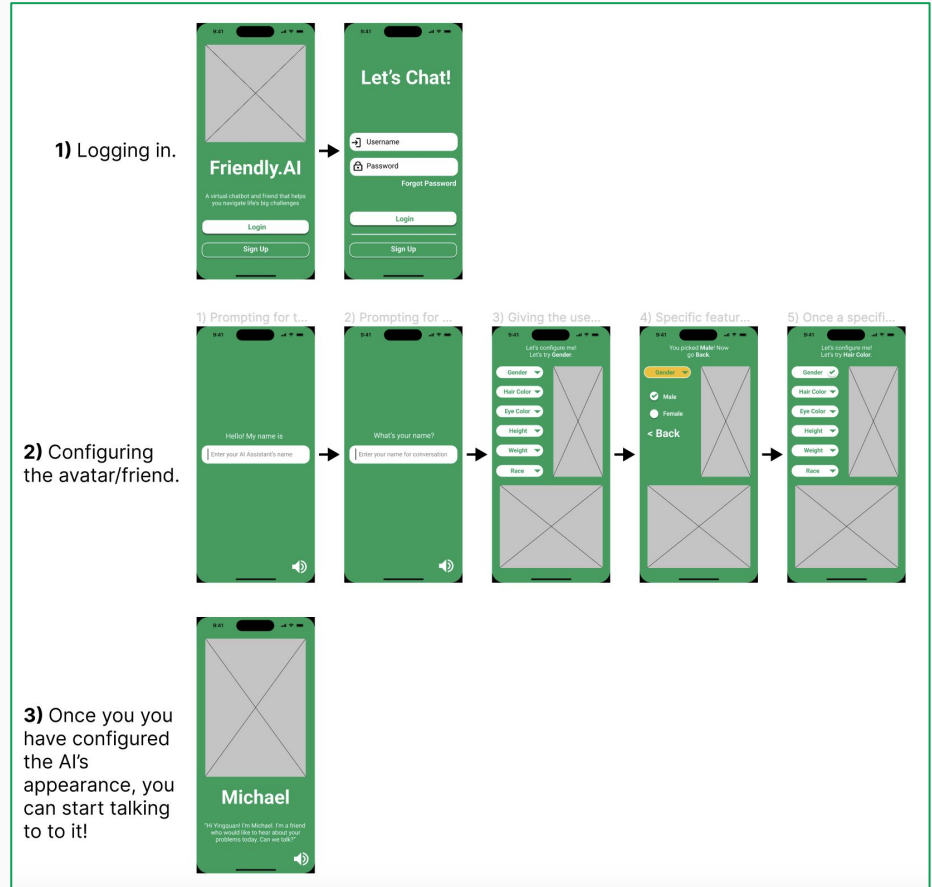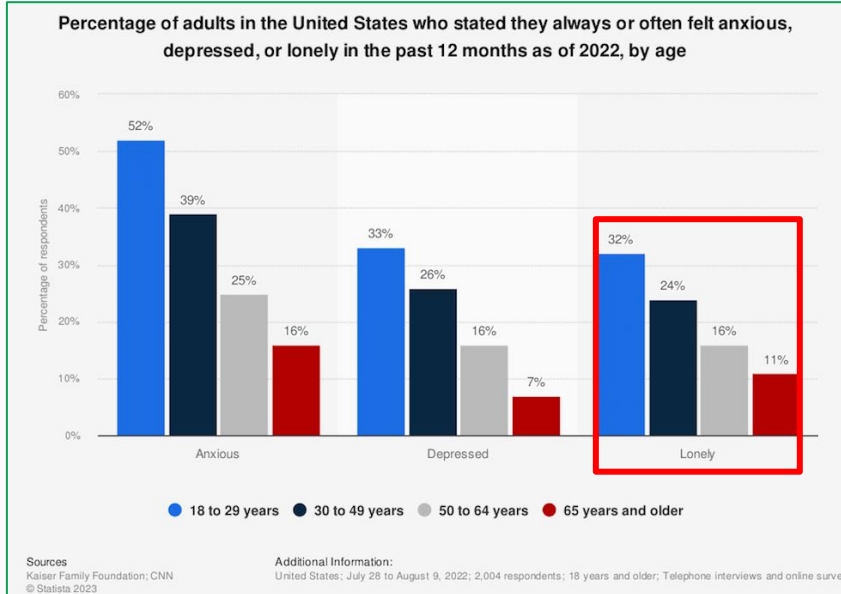| Critical Pains	Critical Gains	Jobs-To-Be-Done
• Due to the pandemic and current economic conditions, people are more **isolated** than ever.	• Customers would have a friend in the form of an AI-powered chatbot that would be able to listen to your troubles.	• Customers would need to find the application on the app store, download it, and sign-up.
• **People are losing contact with friends, and consistently experiencing enduring loneliness**.	• **Isolated people would have a positive support system, even if that support system is an AI**.	• Customers would need to customize their AI-powered avatar and friend.
• Persistent isolation and hopelessness can lead to self-harm and harm to others.	• People's well-being would improve greatly and they would see life more optimistically.	• Customers would need to use the app and they will **ALWAYS** be able to provide us feedback to improve the app.

Proposed Solution

The set of wireframes on the right showcases the **Friendly.AI** *minimum viable product* (MVP). The set of wireframes demonstrate the *user interface* and *user experience* (UI/UX). **The use case shown here demonstrates that a conversational partner in the form of an AI chatbot will be available to chat after configuration**!
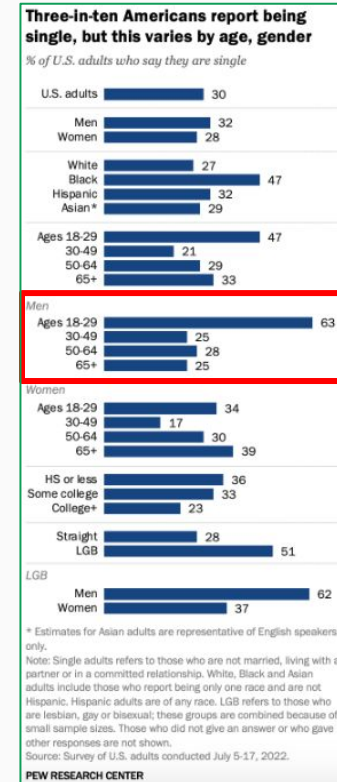
- When I looked at the statistics, these were two stats that caught my eye.

Percentage of adults in the United States who stated they always or often felt anxious, depressed, or lonely in the past 12 months as of 2022, by age

Source: Kaiser Family foundation; CNN Study (2023)

Three-in-ten Americans report being single, but this varies by age, gender

% of U.S. adults who say they are single

Source: Pew Research Center Study (2022)

Age of Original Poster

People are Seeking

Why the Reddit Post was Made

Loneliness: Is it Chronic?

Transient 16.7%

Up-And-Down 10.0%

Enduring 73.3%

Severity of the Post from Lowest to Highest (0-10)
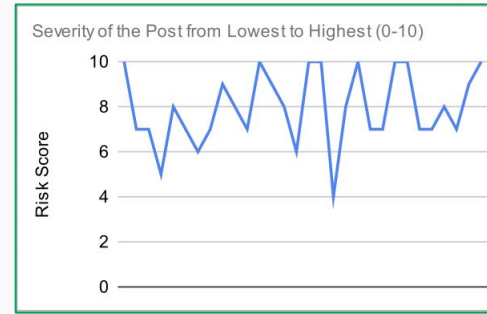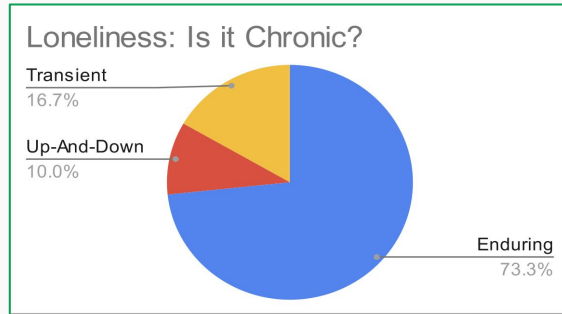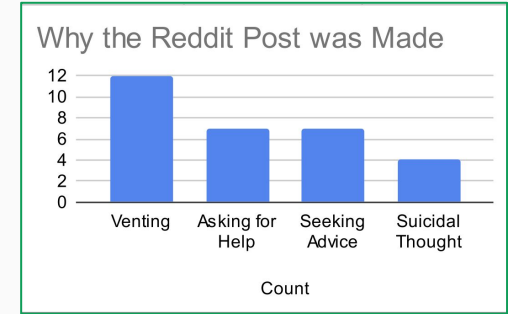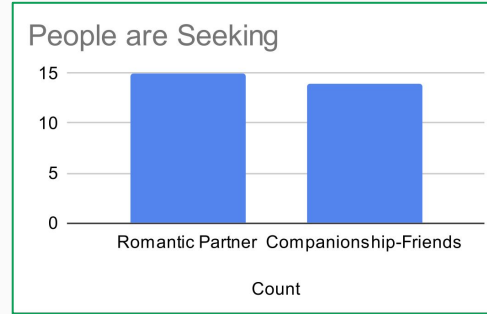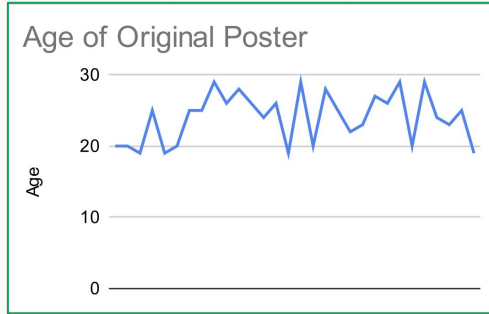
- I then spent hours reading in the subreddits: **/lonely**, **/loneliness**, **/ForeverAlone** until I found 30 posts that I felt strong about. I then manually categorized the posts according to five different features.
- People generally posted to *vent*, and it's evident that they experience *enduring* loneliness. The most severe cases are the *suicidal thought* posts, that potentially need intervention.
- My general impressions: **Lots of young men (18-29) expressed lack of hope for their situation and that affects their well-being in every way**.

Market Size

Customer Segments	Est. Adult Population in the U.S.	Mobile Phone Ownership by Segment (Percentage)	Est. Adult Population in the U.S. with a Mobile Phone by Segment
Males aged 18-29	~26.5 Million (M)	96%	~25.2M
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The Revenue Model

- The revenue model is going to be primarily a **subscription service** with tiers of service.

- In addition to subscriptions, revenue will be brought in through **advertising**.

- Lastly, revenue will be brought in via **professional services/advisory**.

Competitive Advantage & Value Proposition

Competitive Advantage

- 24/7/365 access to a virtual chatbot and friend that will **ALWAYS** give you positivity.

- The **ONLY** app that will listen to you and provide you immediate relief from whatever mental or emotional turmoil you are experiencing.

- By deploying our app on mobile phones, the app will scale. You carry your friend with you **ANYWHERE**. The technology stack powered by **ChatGPT** is robust.

- Your virtual chatbot and friend will **NEVER** disclose your secrets and all the data w.r.t. the conversations that you share will be kept private and encrypted.

Value Proposition

- **PROBLEM**: In the United States, there is a big problem with loneliness, in fact the U.S. is in the midst of a loneliness epidemic.

- **SOLUTION**: Friendly.AI's mission statement is stated as "*A virtual chatbot and friend that helps you navigate life's big challenges.*"

- Friendly.AI is a mobile application with an AI-powered chatbot that provides conversation capabilities through voice.

- It is hoped that through using this app, **MILLIONS** of people will improve their mental health and suffer less from loneliness, even if the support system is an AI.

Business Model Overview

Cost Centers

Key Partners
Who should be involved as you produce and deliver your solution?

Government/NGO Organizations: The National Institutes of Health (NIH), American Psychological Association (APA), etc.

Academic Institutions: Virginia Tech, U. of Maryland, George Mason, George Washington U., Georgetown U. etc.

Industry Partners: Amazon Web Services, Reddit, Twitter, Meta, etc.

- **Loneliness is such a pervasive problem that a holistic consortium of partners is needed to really address the problem's root cause.**
- From government institutions/NGOs to researchers in academia to industry partners, **Friendly.AI** will solicit feedback from all parties that may offer unique views and critiques of our solution.
- The app is most likely going to be deployed on a college campus as the initial pilot, so it's important to nurture relationships with students who may become early users of the app.

Key Activities
What do you need to do to produce, market, and deliver your solution?

1. Get the UI/UX designs flushed out and totally ready to go.
2. Concurrent to #1, build the prototype and get a usable MVP working ASAP.
3. Identify innovators who would be willing to test the app, possibly via social media.
4. Publish the app on the Apple App Store as well as the Android App Store.
5. Monitor the app's adoption and see what feedback there is from users. Pay attention to pain points and fix them!

Key Resources
What do you need to have in order to produce, market, and deliver your solution?

- Capital to hire a really talented UI/UX designer who has strong taste in product design, product management, and marketing.
- Office space where the team can work and collaborate. A public library would work in lieu of an actual office space.
- I as the chief engineer will code the application and might need help from a subject matter expert (SME), so we'll bring in a few engineering advisors.
- **Material needs include**: laptops, monitors, softwares, hardware for testing the app. Lastly, grit and determination most of all!

Value Propositions
What problems do you have and how do you solve them?

- **Problem**: In the United States, there is a big problem with loneliness; in fact, the U.S. is in the midst of a loneliness epidemic. According to Surgeon General Vivek Murthy, one in two Americans feel lonely. Due to the after effects of the pandemic as well as turbulent economic conditions and layoffs, people are feeling more lonely than ever.

- **Solution**: Friendly.AI's mission statement is stated as - "*A virtual chatbot and friend that helps you navigate life's big challenges.*"

- **Friendly.AI** is a mobile application with an AI-powered chatbot that provides conversation capabilities through voice. Users are able to customize an avatar that is similar in quality to what you'd see in a video game. The user is able to talk to the avatar 24/7 as a conversational partner.

- It is hoped that by using this mobile app, millions of people will improve their mental health and suffer less from loneliness, even tough the support system is an AI. The app is ultimately a social good that helps people in need and gives them hope, encouragement, and positivity!

Profit Centers

Customer Relationships
How do you talk to your market about your solution? How do you acquire customers?

1. Establish personal relationships with customers in the beginning and solicit their feedback.
2. The CEO will personally interview customers to understand their **pain points** in the beginning.
3. The Friendly.AI solution offered will be of **high quality** and **reliable**.
4. Communicate to users that all private information shared will be encrypted and **NEVER** be sold.
5. By delivering an unforgettable experience, the app will attain new customers through **word-of-mouth**.

Channels
How do you deliver your solution to customers and where can they find it?

1. Start with **social media**: Facebook, TikTok, Instagram, etc.
2. Partner with a university and get undergraduate **brand ambassadors** to spread the word.
3. Go to conferences, conventions, meetups, and festivals with a booth and provide info.
4. Speak at conferences, conventions, and meetups to get the word out on **Friendly.AI**.
5. Always encourage people to download the app, use it, and provide feedback!

Customer Segments
Who needs your solution? How many people need your solution right now or will eventually need it?

Customer Segments	Est. Adult Population in the U.S. with a Mobile Phone by Segment
Males aged 18-29	~25.2M
Females aged 18-29	~25.9M
Males aged 30-49	~41.7M
Females aged 30-49	~41.2M
Males aged 50-64	~26M
Females aged 50-64	~26.8M
Males aged 65+	~9.7M+
Females aged 65+	~10.9M+

- We are going to start by targeting the adult male segment here in the U.S. between ages 18-29. Within this segment, it's estimated that ~25.2M have cellphones and could be potential customers. **It has been found that adult males aged 18-29 suffer the most from loneliness.**
- Therefore, a natural place to launch the app would be in partnership with some college student organization at a university. Depending on how much traction there is, the app would then be rolled out to other segments such as female and older customers.
- Eventually depending on how well the app does, viral/explosive growth could lead to **100+M** people who are active users here in the U.S.!

Cost Structure

- **Fixed Costs**: Machinery and equipment (i.e. laptop, office equipment, noise cancelling headphones, etc.), salary, SaaS subscription costs (including the cost to publish the app with Apple and Google). There will be no rent costs because the chief engineer and chief product designer will work out of public libraries.
- **Variable Costs**: Server usage costs, licensing, advertising and social media influencing costs, traveling, research and knowledge gathering.
- The application is going to have a **price-driven** cost structure in the beginning; our goal is to keep costs low to attract users in the beginning. The first stretch is going to be about delivering high quality at a low price. Then as the app achieves traction, we will change to a **value-driven** cost structure and charge a higher premium for exceptional service.
- The end goal is to achieve **economies of scale**, where millions of people are using the application. When that happens, it becomes much easier to negotiate prices with partners. Moreover, the app could potentially even expand beyond the U.S.

Revenue Model

- The revenue model is going to be primarily a **subscription service**. There's going to be four different tiers of service: 1) *free tier*, 2) *bronze tier*, 3) *silver tier*, and 4) *gold tier*. Each tier unlocks more features and gives the user more features.
- In addition to subscriptions, revenue will be brought in through **advertising**. When the app has reached critical mass and has achieved a set of users who continuously come back to the app, advertisements will be introduced. The ads will be non-invasive in nature and really seek to provide professional services (i.e. counseling, therapy, meetups, events, etc.) so that people would get out of the house and meet other people in real life!
- Lastly, revenue will be brought in via **professional services/advisory**. Even though the application is primarily B2C, eventually the app could even serve B2B customers. For any company that wants to bring in **Friendly.AI**, we will have consultants and customer engineers to support them. This client-facing stream would generate revenue and sales for sure!

Unit Economics & Scalability

Friendly.AI Gross Profit Margin =
   (129,500 / 150,000) x 100 => **86.3%**

Friendly.AI Operating Profit Margin =
    (29,780 / 150,000) x 100 => **19.8%**

Friendly.AI Net Income (Year 1) = **$15,185**

Friendly.AI Startup Funds = **$65,000**

Friendly.AI Working Capital =
    55,300 - 16,200 => **$39,100**

- **Scalability** is all about creating value for customers such that if the number of users increase exponentially, then so does the amount of value created.
- Our belief is that a solution reaches **product-market fit** only when the majority of customers (>50%) use the product daily.
- Lastly with respect to scaling, the team has to think about **automation** from the start. **Only through automating processes and modes of delivery will the company truly scale**.
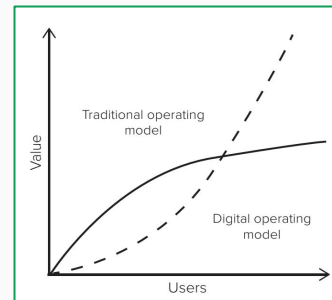
(**Source**: Digital, Data, and Design Institute; *Harvard*)

Growth & Strategy & Funding Needs

Friendly.AI PMV = $3,000,000 / .10 = **$30 Million**

Growth

- We are looking to achieve **viral/explosive growth** through mostly **word-of-mouth**.

- We want to achieve **economies of scale** such that the more users there are, the more the app is able to generate profits and create a sustaining business.

- We want people to **LOVE** the product. **We would rather have 10 people who love the product than 100 people who only like the product**.

Funding Needs

- The team is starting up small and lean with limited financial resources in the beginning. This we see as an **advantage**.

- Eventually as we scale, we will seek **venture capital funding** and exchange equity in return depending on how good the deal is (i.e. Series A, B, C, etc.).

- We hope to establish **connections** in the startup world and will leverage those connections when the time is right for venture capital.