Beverage Creator-Background

Natalie (CEO) and Sam (CTO) have started a new AI company that will assist craft brewers and distillers on recipe formulation by adding in some key flavour profiles they're aiming for (Ex: Sweet and tropical flavored rum punch). The AI will then create a unique recipe along with instructions on how to brew/distill.

They're still early days, and while they have numerous brewers and distillers willing to try the product as early adopters (and signed LOI's), they need to build out their Minimal Viable Product (MVP) in order for them to use it. Natalie and Sam have decided to use their positive momentum on securing early adopters to raise a $250K pre-seed round led by Angels and early-stage investors in the local area. One particular Angel who comes from a finance background has asked for a high-level 12-month budget on how they will use the $250K.

The founders (who do not have a finance background) have decided that they would make a list of all their expected revenues and expenses to try and figure this out. Expenses seems easier to predict than revenue, so they started there first:

Expenses:

Salaries: Natalie ($75,000/year), Sam ($75,000/year), Developer ($65,000/year) and hired as soon as they are able to secure the $250,000 investment

Subscriptions: Google Cloud ($450/month), Linkedin Premium ($99/month), Hubspot ($29/month).

Insurance: $375/month

Rent: $450/month (coworking location for $150/desk)

Computers: Three computers at $2,500/each for a total of ($7,500)

Legal: Expected $15K in legal fees when closing the investment

Accounting: Bookkeeping ($200/month), Yearly review engagement ($5,000)

Office Expense: $500/month

Revenue:

Natalie and Sam were able to get ROI's signed from 10 breweries/distilleries that said they would pay $99/month for recipe creator platform. They don't know if this is the best pricing model (SaaS) as they could look at a usage-based model like on a per recipe created basis. They also aren't sure if there is potential to upsell existing customers on premium features. All seem possible. However, since they aren't going to spend a bunch of time testing various pricing models before they have their MVP built they are expecting to start charging their 10 early adopters 6-months after they receive investment and then add 2 new customers each month. It will look something like the below:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
New customers						10	12	14	16	18	20	22	22
Revenue						$990	$1,188	$1,386	$1,584	$1,782	$1,980	$2,178	$11,088