|  | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Income** | | | | | |
| | | | | | |
| Base Subscription Revenue (3 year contract) | $ 75,000.00 | $ 75,000.00 | $ 75,000.00 | $ 75,000.00 | $ 75,000.00 |
| Subscription Renewal Revenue | | | | $ 75,000.00 | $ 75,000.00 |
| Revenue on full price bridges ($20,000 per bridge) | $ 80,000.00 | $ 1,180,000.00 | $ 2,620,000.00 | $ 4,540,000.00 | $ 6,540,000.00 |
| Revenue on half price bridges ($10,000 per bridge, new customers get first bridge half off) | $ 10,000.00 | $ 10,000.00 | $ 10,000.00 | $ 10,000.00 | $ 10,000.00 |
| Additional HoloLens Users ($4,000 per user) | $ - | $ 16,000.00 | $ 16,000.00 | $ 16,000.00 | $ 16,000.00 |
| | | | | | |
| **Total Income** | $ 165,000.00 | $ 1,281,000.00 | $ 2,721,000.00 | $ 4,716,000.00 | $ 6,716,000.00 |
| | | | | | |
| **Expenses** | | | | | |
| Systems Architecture Developers ($75,000) *2 year 1, 1 after that | $ 150,000.00 | $ 75,000.00 | $ 75,000.00 | $ 75,000.00 | $ 75,000.00 |
| AR Application Developers ($85,000 /yr) | $ 170,000.00 | $ 85,000.00 | $ 85,000.00 | $ 85,000.00 | $ 85,000.00 |
| Lead Developer ($95,000 /yr) | $ 95,000.00 | $ 95,000.00 | $ 95,000.00 | $ 95,000.00 | $ 95,000.00 |
| Customer Support ($40,000 /yr) *Training begins last 2 months of yr1 | $ 6,800.00 | $ 40,000.00 | $ 120,000.00 | $ 200,000.00 | $ 280,000.00 |
| Leasing Cost for Skycatch drones ($1,500 per mo.) | $ 12,000.00 | $ 108,000.00 | $ 270,000.00 | $ 396,000.00 | $ 540,000.00 |
| Microsoft HoloLens Cost ($3,000 per) | $ 6,000.00 | $ 18,000.00 | $ 18,000.00 | $ 18,000.00 | $ 18,000.00 |
| Server Costs | $ 18,000.00 | $ 18,000.00 | $ 24,000.00 | $ 24,000.00 | $ 30,000.00 |
| Management & Administrative Costs | $ 200,000.00 | $ 250,000.00 | $ 350,000.00 | $ 450,000.00 | $ 450,000.00 |
| | | | | | |
| **Total Expenses** | $ 657,800.00 | $ 689,000.00 | $ 1,037,000.00 | $ 1,343,000.00 | $ 1,573,000.00 |
| | | | | | |
| **Net Income** | **$ (492,800.00)** | **$ 592,000.00** | **$ 1,684,000.00** | **$ 3,373,000.00** | **$ 5,143,000.00** |

**Assumptions**

*Revenue Assumptions*

A customer will pay a $75,000 base subscription which will include the floating bridges application available for all users, they will also get the first bridge half price as an incentive for signing up with us. The base subscription also includes 2 HoloLens headsets, and access to all data from the bridges that they purchase. This includes the 3D bridge models ready for HoloLens assessment. the Base subscription includes support and training.

We plan to have acquire 1 new customer every year for the first 5 years, totaling 5 customers by year 5. Since the contract is 3 years long, we assume the first two customers will renew their contracts in years 4 and 5 respectively.

Refer to tab (Sales Forecast) for all of the assumptions surrounding our bridge revenue

Customers can choose to add on more HoloLens for the price of $4,000. We buy the HoloLens for $3,000, and then mark them up $1,000 to the customers. Our customer will pay this extra money because we offer support and maintenance on the headsets.

*Expense Assumptions*

We think that we will need 2 systems architecture developers, 2 AR application developers and 1 lead developer in year 1, which will work to build our bridge auto inspection and assessment tool, our AR application for the HoloLens, and tie them together. We will only need that full staff of developers for year 1 to build the applications, but after that we can scale back the development team, and transition the team into customer support.

Since we will need to expand the customer support team to help our customers with issues regarding our software, and AR applications, we expect to have 1 employee in the end of year 1 and into year 2, and then 3 total in year 3. We will hire 2 more for a total of 5 in year 4, and then end year 5 having 7 customer support employees.

Skycatch Drone leases: We start off with 2 drones so we can complete application testing, and so the first customer can complete their 5 assessments at the end of year 1. In year 2, we plan to complete 60 bridge projects, so the number of drones we will need is around 6, since we estimate that inspections will take 1-2 days. years 3/4 are forecasted for 132, 228 bridge projects respectively, requiring 15 drones in year 3, and 22 in year 4. In year 5, we expect to complete 328 bridge projects, requiring 30 drones. Drone leases are $1,500 per month, according to Skycatch's website.

Since we provide our new customers with 2 HoloLens headsets, we will need to purchase 2 headsets per year (1 new client every year). On top of that, we forecast that in the second year of business with our new clients, they will want to add 4 new devices to their package. We will need to buy 2 devices in year 1, and 6 each year after that, for the first 5 years.

Server costs are based off of a rough estimation. We estimate that monthly costs for a high end server would be $1,500 per month. Skycatch's website states that the average 3D model file would be roughly 32gb. Being said, we would need space for around 25 terrabytes of 3D models after year 5. storage space does not cost that much, but since our business is dependent on data from Skycatch being provided for our customers, we need to make sure we are reliable, and are able to store data. We are okay with overspending on data

Management & Administrative costs would include costs for management salary, office space, supplies, network costs, power, etc. Everything that we would need to run a business day to day would be included in this budget