

The Flying Carpet Business Plan



1.The Project

Name: The Flying Carpet

Business Description

The Flying Carpet is a Madrid based yoga studio you can visit anytime, anywhere via **mobile app**. Why do we call our Madrid based yoga studio the Flying Carpet? Because it's the first yoga school in Spain you can take with you- and yoga used to be practiced on small carpets before the invention of the modern yoga mat. Our **long-term goal** is to be the first yoga studio to offer a **full immersion experience**. You'll be able to book an

aromatherapy massage after practicing under the guidance of an Indian Yoga Master, and receive both services anywhere in the world. The Flying Carpet is a "Sanctuary on Your Schedule."

Location and opportunity

Our physical space will be located in Madrid, and web hosting will be done in Spain to take advantage of Spain’s relatively low cost, high quality infrastructure. Currently, there are no yoga apps in Spanish. However, the business model has proven to be very successful in the USA. Yogaglo, based in California, offers online yoga classes for a subscription price of \$18 per month. In less than 5 years, Yogaglo has gained 35,000 paying subscribers. Other online yoga providers in the USA have also been very successful (Yoga Studio, Yoga Anytime and My Yoga Pro). We intend to replicate this model in Spain. Although all of our projections are for the Spanish market, we expect The Flying Carpet to gain a number of customers from the United States, Mexico, Latin America and South America (ex-Brasil).

Starting Date: September 1, 2015.

Registration Details

We plan to register in Spain as a Corporation: The Flying Carpet, S.A.

Number of Employees

We will start with two full-time employees (one manager and one receptionist) and seven part time employees (three yoga teachers, one social media consultant, one person in charge of video filming and production, a software developer and a person to clean the physical facility). As we grow we expect to hire up to five additional full-time employees (two for online sales and marketing, one for web and app design, one in video production, and one in administration) and up to twenty more yoga instructors.

Estimated Initial Investment:

ITEM	NEEDED
App Build Out Costs	12.560 €
Studio Build Out Costs	20.500 €
Six Months Operating Expenses	36.690 €
TOTAL	69.750 €

This investment will be financed privately, by the founder's family.

Permits and or licenses

No licenses are required to teach yoga. However, most instructors have certifications from reputable schools. Our founder, Mary Clare Bland, has three such certifications. All of our instructors will be certified by The Yoga Alliance.

2. The Founder

Founder name: Mary Clare Bland.



Personal data: DOB: [REDACTED] Nationality: American.

Ms. Bland has a University Degree in Economics, and a Minor in Spanish. She did her undergraduate degree at Saint Louis University and Saint Louis University in Madrid. She has a Masters Degree from a Tier 1 Business School (Indiana University School of Business) in Economics and Finance, and is A.B.D. in Financial Economics. Ms. Bland worked for six years as an Equity Analyst at The Bank of New York and Equinox Capital Management, in New York City. She started two successful businesses in New York City: East Side Tae Kwon Do, Inc. and East Side Yoga, Inc., which she owned and operated for over ten years. She also serves as a Business Consultant, Social Media Consultant, Blogger and Website Designer to help others with their small businesses.

Professional qualifications and membership to professional associations

Ms. Bland is certified to teach yoga by the Amrit Yoga Institute, and Master Duncan Wong. She is certified to teach kids yoga by Karma Kids Yoga. She is a certified Thai Yoga Practitioner and a certified Reiki Master. She is a member of the Association for Talent Development, and the Alumni Associations of Saint Louis University in Madrid and Indiana University.

Personal economic and financial situation

Ms. Bland currently earns [REDACTED] euros per month as a social media consultant/web designer for Mastiff Real Estate Group, plus additional income on a project basis. She has no debt. Her basic living expenses are food (250 euros per month), shelter (550 euros per month) and international health insurance (50 euros per month). She has personal cash savings of [REDACTED] euros, and roughly [REDACTED] euros of hard assets (jewelry, silver and art).

Future involvement in the project

Ms. Bland plans to own and manage The Flying Carpet full-time. She will teach yoga classes and operate the business.

3. Project/Service Description

Description of the product and service

The Flying Carpet will offer yoga classes live and online (via a website and an app). The yoga classes will be for all levels of yoga practitioners. All classes will be offered live in the Madrid studio.

We will film the live classes and produce videos for the app. The app will start with twelve videos. Throughout Year 1, we will add three new class videos per week. Starting in Year 2 we will add four new class videos per week, and eventually add special workshops and lectures. The app will be for both **IOS and Android operating systems**.

We will offer the following yoga classes:

- Hatha Yoga Level 1
- Hatha Yoga Level 2
- Hatha Yoga Level 3
- Vinyasa Yoga Level 1
- Vinyasa Yoga Level 2
- Vinyasa Yoga Level 3
- Restorative Yoga
- Meditation
- Led Ashtanga
- Nidra

- Yoga Reboot
- JetLag Rx

Innovative elements and competitive value

Innovative Element

Offering exercise classes online, rather than in a physical space, is still a new concept. There are currently no online yoga schools in Spain, or even in the Spanish language. Moreover, our long-term goal is to be the first full immersion yoga school in the world. Although immersion technology is still in its early stages, we expect to be able to start implementing features within the next three years. **We want to build the app and infrastructure now so we are positioned to implement classes using Google Glass, or a similar technology, as soon as the technology exits the experimental stage and is commercially viable.**

Competitive Value for The Flying Carpet

Fitness apps have gained a huge market share in the United States, and this market share is quickly growing. However, they are still quite new to Spain. Most importantly, much of the content is in English. None are dedicated to yoga.

The Flying Carpet app will be the only yoga app in the Spanish language, geared towards Spanish users

Although the market for health and fitness apps is approaching \$400 million in America, there is very little in the European market, and even less in the Spanish language. Given:

1. The popularity of yoga classes in Spain (Madrid alone has over 20 yoga studios, plus countless yoga teachers that run classes (*tax free*) in the parks and non-dedicated spaces)
2. The high penetration of smart phones (In 2014, 83% of mobile users in Spain ages 13 and older used a smartphone)
3. The cost consciousness of the Spanish consumer (the monthly price of unlimited classes via The Flying Carpet app is equivalent to the price of a single yoga class in Madrid),

early adoption of ***The Flying Carpet app is expected to surpass the 710% five year growth rate achieved by Yogaglo in the U.S.***

Summary of Competitive Strengths

Competitor Type 1: Existing Yoga Classes

- **Price-** 15 euros per month of unlimited classes vs live studio classes which average 15 euros per class
- **Convenience- time.** Class times are 20, 40 and 60 minutes, classes can be taken on demand
- **Convenience- no transportation required**
- **Range of Classes-** most Spanish yoga schools offer one type of yoga- The Flying Carpet will offer 5 types
- **Range of Instructors-** up to 25

Competitor Type 2: Existing Fitness Apps

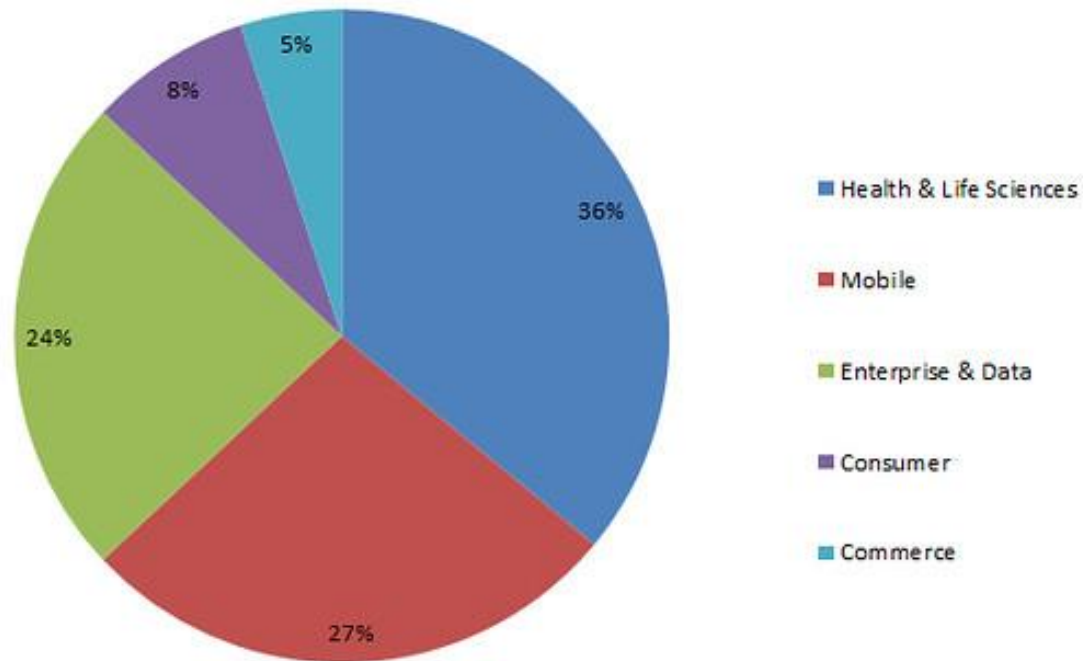
- The Flying Carpet **will be in Spanish-** other apps are predominantly in English
- The Flying Carpet will be **the only Spanish language fitness app dedicated to yoga**
- The Flying Carpet will use **state of the art app design and video technology**
- The Flying Carpet will be available on **both Android and IOS operating systems-** many fitness apps in Spain are optimized only for Blackberry or Android

Competitive Value for Spain

We expect The Flying Carpet to pave way for the adoption of other Spanish language fitness apps in Spain. Once app developers gain expertise, Spain's competitive cost structure will make these developers sought after by European and American business owners.

FACT: Google Ventures (the venture capital arm of Google, Inc.) views healthcare and mobile as the two most important areas in which to invest. The Flying Carpet spans both of these areas.

Google Ventures Investments, 2014



SOURCE: *The Wall Street Journal*

4. Business Description

Major Costs

The Flying Carpet will have both a **physical space**, where we hold live yoga classes and film the videos, and a **virtual space** (via app and website). Major costs associated with each of these are as follows:

Virtual Location

Items such as web hosting are relatively low. The most significant cost is the labor associated with making, editing and uploading the videos. We plan to start with twelve videos (one for each class), make three new videos per week for the first year, and eight new videos per week in the following years. We estimate it will take three hours of labor to produce each video: one hour of filming and two hours of post-production/uploading time. This is moderately skilled labor, and requires attention to detail and a high level of

execution. Therefore we estimate we can pay our employees 20 euros per hour. This would imply the following monthly and yearly costs:

	Year One	Years 2-5
Videos added per week	3	4
Avg. cost per video	20 €	20 €
Yearly cost	2.880 €	10.920 €

Physical Location

There are two major costs associated with maintaining a physical space and running daily yoga classes: rent and labor. As the focus of our business will be classes purchased on our app, we do not need a large space. After looking at a number of websites and speaking to a real estate broker, we estimate we can find a suitable location in Madrid for 1.500 euros per month, or 18.000 euros per year.

We include in our budget a full-time receptionist, who we estimate will cost 1.500 euros per month, or 18.000 euros per year, a cleaning person for 200 euros per month (2.400 euros per year) and occasional maintenance, valued at approximately 400 euros per year.

Regarding yoga classes, we plan on starting with three classes per day and increasing the number in 2016 to five classes per day (with the exception of August). Assuming we pay the instructors 20 euros per hour, this will mean an average yearly instructor cost of 28.500 euros.

	Monthly cost	Yearly cost
Rent	1.500€	18.000€
Receptionist	1.500 €	18.000 €
Yoga teachers	2.500 €	28.500 €
Cleaning	200€	2.400 €

Main Suppliers and Contracts

Since we are providing a service, we have no need to contract with suppliers.

Description of facilities, necessary equipment and premises arrangements

We will enter into a commercial lease for our facility space. We are looking at commercial spaces in Madrid, and plan to locate in a relatively affluent, residential neighborhood

such as Salamanca or Chamberi. We will need to purchase yoga mats, bolsters and blankets, plus basic furnishings for the space. As it's a yoga school, most of the floor space will be used for classes so furnishings will be kept to a minimum. We estimate these items will cost 3.000 euros.

For the yoga videos, we will need to purchase a professional quality video camera, video editing software, a tripod and lights. Our research has shown us that we wish to purchase the following equipment:

Equipment		Cost
Video camera	Canon XA10 (include mic)	1.500 €
Lights	Prokit Minimaster Kit	1.200 €
Editing software	Sony Vegas Pro 13 Suite	700 €
Tripod		200 €
TOTAL		3.600 €

Finally, we will need to invest in **app and website development**. We are budgeting **2.000 euros to build the website**, and **10.000 euros to develop the app**.

Comparison with other companies of the sector

There are no similar Spanish competitors to our business. The two closest competitors are Yogaglo, Yoga Studio, Yoga Anytime and My Yoga Pro, all based in the U.S. Our video production costs and app development costs are modeled after those of My Yoga Pro, which is a start-up and had its cost structure temporarily posted on the crowdfunding website Kickstarter. The yoga studio costs are taken from Ms. Bland's experience of owning the yoga studio East Side Yoga, based in Manhattan. The labor costs for The Flying Carpet are 33% cheaper than those she incurred at East Side Yoga, to account for labor market differentials between New York City and Madrid.

5. Market Analysis

Global Market Overview

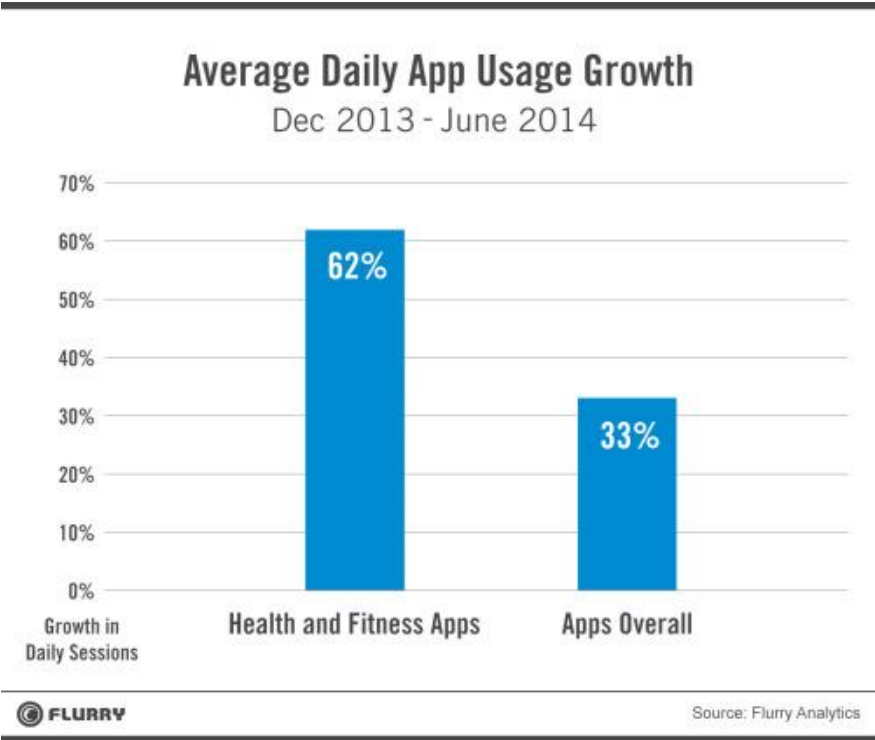
FACT: 75% of Americans own a health/fitness app. (Mobihealth news, 2014).

FACT: The market for sports and fitness apps will cross \$400 million in 2016 (ABI Fitness).

In 2016, the global market for fitness apps is expected to easily surpass \$400 million. The most recent hard data available is for the first half of 2014. In this period, " . . . *the growth in health and fitness app usage has been stunning. We have studied the usage*

of over 6,800 iPhone and iPad apps listed in the health and fitness category on Flurry's platform and we have seen a 62% increase in usage of health and fitness apps over the past six months. This compares to 33% increase in usage, measured in sessions, for the mobile app industry in general. Growth in health and fitness is 87% faster than the industry, which is itself growing at an astounding rate (Flurry Mobile, 2014)."

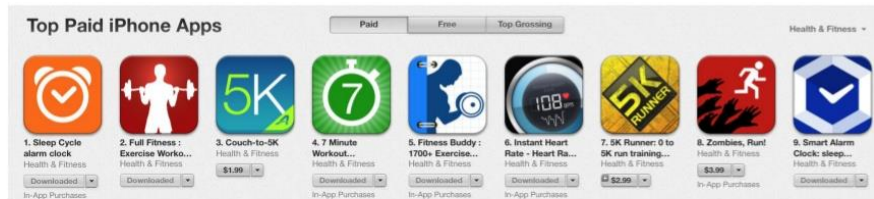
By all reports, this trend has continued into 2015 and if anything, appears to be increasing. An October, 2014 report by Price Waterhouse Coopers showed that 21% of Americans have taken fitness apps to new levels, and now own wearable devices to help them track their fitness via apps.



FACT: There is an entire category related to health and fitness apps on the Apple App Store and Google Play Store.

Health & Fitness Category Apps

There is an entire category dedicated to Health & Fitness apps on the Apple App Store & Google Play Store.



“By 2017, there will be 1.4 billion mobile sensing health and fitness app downloads globally, with health apps increasing the fastest over the next five years.”

<http://onworld.com/news/mobile-sensing-health-wellness.html>

“Sports, Health and Fitness App use grew 49% in 2013.”

<http://blog.flurry.com/bid/103601/Mobile-Use-Grows-15-in-2013-Propelled-by-Messaging-Apps>

Spanish Market Highlights

FACT: In multiple Google searches for *apps de deportivas en español*, eight of the top eleven apps listed were in English. Only Endomondo, Nike+Running and MiCoach Adidas were available in Spanish in the Android system. **There were no yoga apps listed.**

FACT: According to Apple, four of the top ten most purchased apps on the iTunes Store España in 2014 were fitness apps (7 Min Workout, Runtastic, Full Fitness and . All-in-one-Fitness).

FACT: In 2014, 83% of mobile users in Spain ages 13 and older used a smartphone, compared to the UK (75%) and in the US (73%) (Source: eMarket comScore MobiLens).

Given the **high adoption rates of fitness apps by Spaniards** (even using English only content in the Android market), the fact that **smart phone penetration is higher in Spain than in the US**, and **lack of competitors**, we believe that it is reasonable to expect that a Spanish language yoga app will experience usage rates at least as high as those experienced by yoga apps in the US.

Potential Customers

In Spain

Although there are no available figures that quantify the size of the Spanish yoga market, our field research has shown that Madrid has over 25 yoga studios, Barcelona over 20, Valencia over 15 and Sevilla over 10. It is very difficult to estimate the number of yoga studios in Spain because tens of thousands take informal classes in parks, or non-dedicated spaces. For most of these people, cost is an issue. They can't afford to pay the average 12-15 euros per class charged by formal yoga studios. These people would most likely convert to a yoga app that charges 15 euros per month for unlimited classes.

To arrive at an estimate of the number of yogis in Spain, we can use American data to estimate the size. In 2012 (the most recent statistic available), 6.4% of the American population practiced yoga. Applied to Spain, this would mean that roughly 3 million people practice yoga. As the Spanish yoga market is a few years behind the US market in terms of evolution, using a 2012 benchmark likely provides a good estimate of the actual market size. These are all potential customers.

In the U.S.A.

FACT: The market for a Spanish language yoga app in the U.S. appears to be significant.

The Flying Carpet app could gain significant market share in the United States. In the interests of being conservative, the US market is not included in The Flying Carpet's financial projections. However, the number of Spanish speaking yoga practitioners in the U.S. is large, and quickly growing. For more about this, please refer to the following articles:

1. The Future of Yoga is in . . . Spanish (*The Huffington Post*, July 2014)
http://www.huffingtonpost.com/kwalshyjmagcom/the-future-of-yoga-is-ins_b_5548826.html
2. The Future of Yoga is in Spanish (*Yoga Journal*, June 2014)
<http://www.yogajournal.com/lifestyle/future-yoga-spanish/>

Having content available in Spanish could allow a Spanish company such as The Flying Carpet to penetrate the U.S. market in a significant fashion. Moreover, since The Flying Carpet's approach to yoga is non-religious, it is likely to be easily embraced by the predominantly Catholic Latino consumers in the U.S.

Competitors

There are no Spanish language yoga apps available in either Google Play or the iTunes App Store

There are currently no yoga apps available in the Spanish language on iTunes or in Google Play. Although there are a large number of yoga studios in Spain, the highly competitive cost structure of online yoga means that The Flying Carpet can expect to draw a large number of users from physical studios. This has been the experience in America, where there are a number of very successful yoga apps.

Demand Analysis

Given the **high adoption rates of fitness apps by Spaniards** (even using English only content in the Android market), the fact that **smart phone penetration is higher in Spain than in the US**, the **lack of competitors**, and **The Flying Carpet's highly competitive pricing**, it is more than reasonable to expect that a Spanish language yoga app will experience usage rates at least as high as those experienced by yoga apps in the US.

The Flying Carpet's business plan uses Yogaglo's numbers as a conservative benchmark to estimate potential users. According to our financial models, once we adjust for the differentials in the sizes of the US and Spanish markets, it is estimated that **The Flying Carpet will have 5.175 Spanish subscribers by 4Q20**.

This is a very conservative number as it does not upwardly adjust the numbers to account for the lack of competition, customers acquired in South America, Central America, Mexico or the US Spanish speaking market. It also does not account for the fact that Spain's economy is weaker than America's. Since yoga apps are a cheap substitute for live studio classes, logically we would expect usage rates to be higher in Spain for such an "inferior good."

6. Commercial (Marketing) Plan

Sales strategy, pricing, distribution

Pricing

App: 15 euros per month for unlimited virtual yoga classes. This is equivalent to a single yoga class at a studio in Madrid. Our benchmark Yogaglo uses a similar

pricing strategy: one month's subscription is equivalent to a single yoga class in Los Angeles.

Physical Classes: Our pricing structure is competitive with most yoga schools in Madrid. We will offer single classes, class cards and unlimited monthly classes according to the following schedule:

Lista de Precios:

Matrícula:	5 €
Clase Suelta:	
1 h.	15 €
45 min.	12 €
20 min.	5 €
Abono de 5 clases (Validez 90 días)	
Clases de 1 h.	70 €
Clases de 45 min.	55 €
Clases de 20 min.	22 €
Abono de 10 clases (Validez 6 meses)	
Clases de 1 h.	135 €
Clases de 45 min.	105 €
Clases de 20 min.	45 €
Mes ilimitado:	105 €
6 meses ilimitados:	600 €
	1.1000
Un año ilimitado:	€
Clases privadas	
1 hr.	100 €
45 min.	75 €
30 min.	50 €
Duet (semiprivada- dos personas)	
1 hr.	150 €
45 min.	100 €
30 min.	75 €

Alquiler de estera	1 €
Botella de agua	1 €

Sales Strategy

Virtually all of our marketing will be done online via **social media** and **networking with complementary local businesses**. Details of this follow below.

Social Media Distribution Channels

We launched social media pages/channels for The Flying Carpet in December, 2014. Since then, we have accumulated a number of followers on these distribution channels. Please see below table for channel name, current number of followers, target number of year end followers, and strategies for accumulating followers/creating buzz around the app:

Social Media Channel	Current Followers 5/5/2015	Targeted Followers 31/12/2015	Strategy
Facebook	126	250	Promote via posts in Spanish language facebook pages, such as Wanted in Ibiza, Yoga at the Park Madrid, etc. Offer Free Wifi at studio to people that check-in on Facebook
Twitter	333	1000	Use Twitter to promote blog, Youtube "Teaser Yoga Videos," Instagram contest Promote app during Twitter chats such as #shareyoga Run a contest for "Best Spanish Yoga Pose Name." Winner: a free month app subscription
Pinterest	1072	2000	Run promoted pins for Yoga Pose in Spain entries, create boards for all contest entries
Instagram	24	100	Run a contest for "Best Yoga Asana at Spanish Landmark." Winner: a free month app subscription
Blog	11	100	Run a contest for "How a Yoga Retreat Changed My Life." Winner: a free month app subscription

Youtube	2	100	Post "Teaser Yoga Classes" on site. Each teaser class will be under 5 minutes long. Youtube is the second largest search engine
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Promotion:

As detailed in the above table, we will promote The Flying Carpet yoga app on all social media channels via the following special promotions:

- Twitter: Run a contest for "Best Spanish Yoga Pose Name." Winner: a free month app subscription.
- Instagram: Run a contest for "Best Yoga Asana at Spanish Landmark." Winner: a free month app subscription.
- Blog: Run a contest for "How a Yoga Retreat Changed My Life." Winner: a free month app subscription.
- Facebook: Offer Free Wifi at studio to people that check-in on Facebook.
- Youtube: Post "Teaser Yoga Classes" on site. Each teaser class will be under 5 minutes long. **Youtube is the second largest search engine after Google.**

We have engaged a social media marketing expert to promote The Flying Carpet. The monthly cost of this is 250 euros per month. Our goal is to have a full-time social media employee on our staff by year end, 2016.

Networking: Yoga Classes at Local Businesses

We will offer free yoga classes at a number of locations in Madrid. This is the same strategy employed by the Canadian company Lululemon (NASDAQ: LULU), and has proven quite successful. The concept is The Flying Carpet will offer free yoga teaching at local businesses, in exchange for publicity on their websites and social media channels. In effect, **this turns complementary businesses websites and social media channels into distribution channels for The Flying Carpet.** We have already approached a number of businesses about this. These are the businesses we have approached, and how the free classes will be promoted:

- Tablet Hotels (tablethotels.com): Ms. Bland met with the founder of Tablet Hotels while in New York City. He is considering offering free yoga classes at Madrid Hotels that are offered on the Tablet Hotels website. These videos would be featured on the Tablet Hotels app that is currently under development, and on The Flying Carpet's Youtube channel.

- Oysho stores (oysho.com): Ms. Bland has approached Oysho marketing executives with the idea of offering yoga classes in Oysho stores to promote their fitness apparel. The classes would be promoted via flyers and posters at participating Oysho franchises. She is still waiting to hear a response.
- El Jardin del Angel (jardindelangel.es): Classes will be offered on Friday mornings. All participants must purchase a flower from the flower shop to take the class. The classes will be promoted via flyers and posters at El Jardin del Angel, and via the shop's website and Facebook page.
- Altea (alteainmobiliaria.com): Ms. Bland has approached the founder of Altea to teach yoga classes in featured luxury apartments for sale around Madrid. These videos would be filmed and released on the Altea website and The Flying Carpet Youtube channel to promote our classes, and Altea's real estate for sale. The owner is a friend of Ms. Bland's and is currently considering our request.

Ambassadors

We will create Flying Carpet Brand Ambassadors- this is the same strategy employed by LULU in the U.S. and Canada. These ambassadors will receive a 15% discount on their monthly subscription to The Flying Carpet app, and a 15% discount on all classes taken at our physical sanctuary in Madrid, in return for writing an online review on an approved social media channel (Facebook, Twitter, Blog, YouTube video) of the service they used.

7. Organization and Personnel

Staff

We will begin with the following staff:

Full-time: One receptionist, one video cameraman/producer. In the first year we will add a full-time Yoga Instructor.

Part-time: One social media consultant, one website designer and up to twenty part-time yoga teachers.

Qualifications and Experience:

Receptionist: Basic secondary school education, able to use basic computer programs such as Microsoft Word and Excel, excellent Internet search skills, able to answer phone clearly and interact with customers in a calm, professional manner.

Video cameraperson/producer: Have a year or more experience filming professional videos and using video editing software. Able to use computer programs such as Microsoft Word and Excel, excellent Internet search skills.

Yoga teachers: All yoga teachers must have a minimum of five years' experience practicing yoga, and be certified by The Yoga Alliance, or its equivalent.

Social Media Consultant: Must have a University Degree in marketing, two years or more experience working as a social media consultant, excellent computer skills and communication skills.

Web Designer: Must have experience as a graphic designer, and excellent knowledge of HTML, CSS and Wordpress. The applicant will need to submit an online portfolio of past work to be considered, and have excellent communication skills.

Training Programs:

All yoga instructors will be required to complete a basic Yoga Teacher Training Course (20 hours, certified by Yoga Alliance) with Ms. Bland to ensure they have basic teaching skills, are able to adjust clients in a safe and helpful manner, and know basic professional etiquette. They will be required to take basic professional enrichment courses (approximately two hours per month) to help them create new class outlines, introduce new material, and learn advanced instructional tools. They will also be required to take a five hour media training course before they are featured in the yoga videos.

The Flying Carpet will launch a Yoga Teacher Training course after the business is established to train new yoga instructors. This will be a 200 hour course, certified by The Yoga Alliance. The goal will be to add high quality yoga instructors to the Spanish and International yoga industries.

Necessary External Services

We will require the following external services:

- Maintenance personnel
- Cleaning personnel

8. Required Investment

According to our financial projections, we will require a total of 33.060 euros to build out the physical space, purchase the video equipment and editing software, create the app

and the website. Based upon past experience with start-ups, we will also require a cash reserve equivalent to the first six months of operating expenses. According to our financial projections, this amount is 36.690 euros. Thus we will require a total initial investment of 69.750 euros. This will be allocated as follows:

Estimated Start-up Costs		2015
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App Development		8,000 €
Website Development		2,000 €
Computer purchase		1,200 €
Video Production		
Labor		960 €
Purchase of video equipment		
Camera	Canon XA10 (includes audio)	1,500 €
Tripod		200 €
Lights	Prokit Minimaster Kit	1,200 €
Editing Software	Sony Vegas Pro 13 Suite	700 €
Madrid Studio		
Buildout		15,000 €
	Paint	750 €
	Labor (4 person crew)	14,250 €
Front Desk		400 €
Seating		500 €
Chairs		200 €
Shelves		500 €
Dressing Rooms		
Clothing Racks		100 €
Benches		200 €
Yoga Equipment		
Mats		300 €
Blankets	Blocks	200 €
	Bolsters	400 €
	Blankets	200 €

TOTAL INITIAL INVESTMENT COSTS **33,060 €**

First six months operating expenses: **36,690 €**

TOTAL INITIAL INVESTMENT REQUIRED **69,750 €**

Current Assets

Our current assets are:

- We own the **domain name theflyingcarpet.es**, and have secured a year's web hosting (25 euros plus 120 euros=**145 euros**).
- Basic **website for The Flying Carpet Yoga** and **blog Thoughts from the Flying Carpet**. (**3.000 euros** initial construction costs).
- We have created social media sites on Facebook, Twitter, Instagram and Pinterest with between 24 and 1.100 followers on each site. In addition, we have a Youtube account for The Flying Carpet, and a blog called Thoughts From the Flying Carpet. According to The Harvard Business Review, followers are best valued by CPF (cost per follower). These are typically valued in a range, with Twitter follower securing the highest CPF (an average of \$2.50-\$4.00 per follower). Based upon the official CPF's provided by Twitter and Facebook, using Twitter CPF's as a proxy for Instagram, YouTube and blog followers, and using Facebook CPF's as a proxy for Pinterest, **The Flying Carpet's social media followers are valued in a range of 3.030 euros to 5.649 euros.**

Social Media Account Followers Valuation

Account	Followers	Average CPF		SOURCE	Follower Value Range	
		<i>min</i>	<i>max</i>		<i>min</i>	<i>max</i>
Twitter	333	\$2.50	\$4.00	Twitter	\$ 832.50	\$ 1,332.00
Facebook	126	\$1.50	\$3.00	Facebook	\$ 189.00	\$ 378.00

Pinterest	1072	\$1.50	\$3.00	Quora (FB proxy rec)	\$ 1,608.00	\$ 3,216.00
Instagram	24	\$2.50	\$4.00	Quora (Twitter proxy rec)	\$ 60.00	\$ 96.00
Blog	11	\$2.50	\$4.00	Quora (Twitter proxy rec)	\$ 27.50	\$ 44.00
Youtube	2	\$2.50	\$4.00	Quora (Twitter proxy rec)	\$ 5.00	\$ 8.00
					\$ 2,722.00	\$ 5,074.00
Dollar/Euro exchange rate as of May 5, 2015:					1.1134	1.1134
Value of The Flying Carpet's social media followers:					3,030.67 €	5,649.39 €

9. Financial Plan

Finance required

The Flying Carpet requires a total initial investment of 69.750 euros. 33.060 euros to build out the physical space, purchase the video equipment and editing software, create the app and the website, and a cash reserve equivalent to the first six months of operating expenses. This cash reserve is equal to 36.690 euros.

Planned financial tools

All investment capital will be provided by Ms. Bland and her family. Ms. Bland will fund [REDACTED] euros from her personal savings, and her father [REDACTED] has pledged to finance the [REDACTED] euros from cash held in a money market account.

Cash flow forecast

10. Profit and Loss Forecast

Key Factors Explained

Revenue Projections: These financial projections use Yogaglo's numbers as a conservative benchmark to estimate potential users. Adjusting for the differentials in the sizes of the US and Spanish markets, it is estimated that **The Flying Carpet will have 5.175 Spanish subscribers by 4Q20.**

App Price: We project this as 15 euros per month. This is equivalent to a single yoga class at a studio in Madrid. Our benchmark Yogaglo uses a similar pricing strategy: one month's subscription is equivalent to a single yoga class in Los Angeles.

Physical Classes: Our projected pricing structure is competitive with that of most Madrid yoga schools.

Video production costs and app development costs: These are modeled after those of My Yoga Pro, which is a start-up and had its cost structure temporarily posted on the crowdfunding website Kickstarter.

Physical yoga studio costs: These projections are based on Ms. Bland's experience of owning the yoga studio East Side Yoga, based in Manhattan. The labor costs for The Flying Carpet are 33% cheaper than those she incurred at East Side Yoga, to account for labor market differentials between New York City and Madrid.

Bank, accounting and insurance costs: These are based upon the costs Ms. Bland incurred running a yoga school in New York City. Based upon Internet research and interviews with small business owners in Madrid, she believes them to be a conservative proxy for similar costs incurred in Madrid.

Interest, Taxes, Depreciation and Amortization: These revenue projections all appear on an EBITDA basis.

11. Appendix

