FLOWCLASS
AI-powered One-stop Tutorial Courses
Searching and Enrolling Platform
# TABLE OF CONTENTS

## BUSINESS REPORT

3 Executive Summary
4 Organizational Overview
5 Market Analysis
5 Our Solution: Flowclass
6 Marketing Plan
7 Operational Plan
8 Management Team
9 Financial Planning
10 Sustainability & Impact
12 Appendix
Executive Summary

Flowsophic Limited was founded by four student entrepreneurs at the Chinese University of Hong Kong with the vision to create an inclusive and interconnected educational sphere across Asia. With the rising importance of private tutoring as a supplement to formal education, our new solution Flowclass has been developed to be the Super Connector between private tutors and all needy students regardless of their backgrounds.

We see the critical problem of the current middlemen’s cost per conversion model. While these middlemen are expected to match tutors and students ethically, this is not the case because they are trying to complete the matches without respecting the needs of both tutors and students. Mismatches and misrepresentations are often the case under cost per conversion model.

Flowclass solves this problem with its AI-based tutorial service searching and enrolling platform that centralizes the information of tutorial centres and private tutors. As it helps tutors reach students, it is in the prosperous market of helping tutors to advertise their courses and portfolios. Amid COVID, the Asian private tutoring rises 60% from pre-COVID US$87bn to post-COVID US$140bn. Since 10% of the industry revenue is spent as marketing expenses, there is a potential market size of ________ for Flowclass.

Flowclass solves the longstanding issue of the middlemen by removing the cost per conversion model, which is once thought to be the only possible model! Our new model, cost per enquiry, charges a tutor when a student sends his/her first message to that tutor in our in-app chatroom. 90% of our partnering tutors believe that this is a much better model and our business model could already attract tutors.

Flowclass also offers its own AI to provide suggestions to students on the top 5 tutors that best suit them. This saves students 10x time for finding a suitable tutor since they do not have to browse thousands of tutors’ profiles and they could contact the tutors directly without middleman. A complete journey, from choosing tutors to booking classes, is available in one single platform to attract students.

We have a strong nexus in our home market, Hong Kong, with 70+ commercial partnerships with private tutorial centres, and 100+ partnerships with student unions. In 3 years, Flowclass would expand to seven large cities, namely Hong Kong, Macau, Taipei, New Taipei, Kaohsiung, Singapore, and Bangkok. Non-academic interest class tutors (e.g. piano tutors) would also be available. The unit economics is ____1____, and we see a valuation of ________

We are socially and environmentally sustainable. A “SEN” tag would be applied to all tutors who are able and willing to teach SEN students. Flowclass AI also includes SEN as one of its consideration factors. SEN students are included in our platform, and we aim for 15x SROI across all cities. We also encourage tutors to adopt our backend system, achieving paperless in managing their students’ records.

We are now offering ________, with an additional ________.
Organizational Overview

Founded in 2020 by four student entrepreneurs at the Chinese University of Hong Kong, Flowsophic Limited envisions to create an inclusive and interconnected educational sphere across Asia. As students, we understand the importance of private tutoring as a universal supplementary education to academically challenged students, who are often unsupported in the Asian elitist educational systems.

Therefore, our mission is to become the Super Connector between private tutors and all needy students regardless of their age, gender, race, and special educational needs. Our product, Flowclass, exactly achieves this. We grow with a long-tail multiple-niche strategy, meaning that we differentiate the tutors into smaller segments to cater to students’ needs accurately. We are currently in [alignment with the strategy] We are actively looking for seed-round investment opportunities.

Market Analysis

Accelerated by the COVID pandemic, the Asian private tutoring market has been expanded from US$87bn (pre-COVID) to US$140bn (post-COVID), representing a 60% boom. It is also expected that it will grow rapidly with a CAGR of 7% in the subsequent years. As 10% of the industry is spent as marketing expenses, Flowclass is targeting [alignment with the strategy]

In the most prosperous Asian cities, on average 68% of students receive private tutoring. However, while middlemen platforms are abundant across Asia, they often charge tutors by a cost per conversion model. This model is poor to both students and tutors because the middlemen have great incentives to complete the student-tutor matches without respecting their needs. Therefore, mismatches (matching a tutor who studies the subject in Chinese with an English student) and misrepresentations (faking the tutors’ academic credentials) are often the cases. This is disconcerting.

In addition, when students browse those middlemen websites, they often have to read hundreds of the tutors’ profiles if they really want to find a good tutor that suits their needs. The only tool that aids students is “filtering”, which is not considered as a technology nowadays. Therefore, even if there are so many middlemen platforms, they are not differentiated and there is large market gap for Flowclass to grow.

We have conducted surveys to tutors and parents/students. 90% tutors agree that they would be better off if there is no middleman, and 76% parents/students agree that the current middlemen are generally poor. Few attempts to solve the problem because it seems that middlemen are the only possible “market maker” in the private tutoring market, but we dare challenge it with Flowclass, which...

- Re-imagine another possible revenue model
- Capable in the development of AI as a replacement to the ineffective middlemen
- First-mover advantage because the training dataset of AI could only be obtained at the expense of time
Our Solution: Flowclass

**Flowclass is an AI-based tutorial service searching and enrolling platform** that centralizes the information of tutorial centres and private tutors. We bring thousands of tutorial centres and private tutors online, building personalized recommendations for students to choose and enrol in tutorial classes directly.

We envision that this will be the only platform that students/parents need for searching for the tutors. For students, our powerful filter function is the simplest way to search for tutors and courses according to their preferred location, subjects, teaching style, Special Educational Needs, etc. We understand that students employ middlemen services since they are overwhelmed by thousands of choices available. Therefore, we provide the Flowclass AI which offers top 5 recommendations based on big data and machine learning through search ranking. Our platform runs 24/7, unlike the middlemen platforms which only operates in office hours due to manual processing. Flowclass AI completely replaces middlemen.

If they are interested in a tutorial centre, they could view all the ratings and comments easily, empowering students/parents to make more informed decisions. Past students are encouraged by our coupons to offer their feedback and list their exam results to further boost transparency of tutorial services. There is no need to visit the centre physically to take the brochure, and in fact, they could visit the centres virtually in our app.

If they are interested in any tutors, they could contact the tutors directly in our built-in chatroom. Our AI will suggest the opening and follow-up questions to assist users to ask the...
right questions. If they are persuaded to book the lectures, they could do this in a few clicks by auto-submitting their own student profile. Email notifications would be sent to both students and tutors.

As a platform, we have to attract both sides, students/parents (users) and tutors (customers). To attract the students/parents, the above features, Flowclass AI, power filtering, virtual visit, in-app chatroom, and one-click booking, are offered free of charge. The whole process allows students/parents to save 10x time for finding a suitable tutor. To attract tutors, we have invented a new unique pricing system, cost per enquiry.

When a student sends his/her first message to the tutor in the chatroom, we charge that tutor a cost per enquiry (CPE) based on the monthly course fee. The percentage is regressive so as to reward good-performing tutors who receive hundreds of enquiries. Compared to the traditional cost per conversion model, our new CPE model is 5x cheaper in terms of the final customer acquisition. We are able to offer this low price since there is no manual processing in Flowclass and thus we maintain low HR expenses.

With our CPE model, we are not a middleman, but a Super Connector between students and tutors. We also offer marketing packages to tutorial centres which wish to boost their publicity on Flowclass. The packages would include popup ads, banner ads, chatroom ads, and other ad-hoc digital marketing services. Currently, we have pushed the app versions to the Hong Kong Apple App Store and Google Play Store for public testing and data collection to enable our Flowclass AI. We had achieved #1 in Google Play Education Apps Trending and #8 in App Store Education Apps in Hong Kong.

Flowclass is non-replicable. The dataset that enables the AI to work requires much time for creation, and its increasing number of users infers to high defensibility against any copycats.

Marketing Plan

Flowsophic Limited is the best operator of Flowclass. With its 70+ commercial partnerships with small-scale and large-scale private tutorial centres, and 100+ academic partnerships with student unions in Hong Kong, Flowsophic has been designing Flowclass in consultation with its customers (private tutors) and users (students/parents). The features of Flowclass are all extremely useful in tutors’ and students’ eyes.

Our go-to market strategy is to secure strong presence in our home market, Hong Kong. With our strong digital marketing capability and our first step is to invite our followers and visitors to download the app Flowclass. The next step is to promote Flowclass on Youtube and Instagram, popular social media in students’ communities, with a 6-second short video that only includes the call-to-action for students’ short attention span. For attracting parents, squared poster on Facebook would be promoted. Digital marketing would be the main marketing method to attract users as Flowclass targets a mass audience.

However, direct selling is the main channel to sell Flowclass to our customers, the tutors. We would first sell Flowclass and its innovative pricing mechanism to our current commercial partners. As Flowclass is developed with them, we are confident to secure our...
customers within first month. We would then cold call and physically visit the remaining tutorial centres using the contact information in the Hong Kong Government’s database, aiming to have [number] on boarded Flowclass in May, with [number] monthly unique visitors across all platforms.

To pivot to overseas market, similar plan would be implemented. We would always first secure the [number] centres with a localised partnership base, and then market Flowclass to local students/parents, and lastly direct selling to other local private tutors.

**Operational Plan**

**Roadmap**

In the coming three months, we would develop the web version of Flowclass so that it is a cross-platform solution which is capable to attract millions of web traffic every month. Trackers that trace user behaviours have been installed across all platforms for creating the training dataset to feed into the AI algorithm. March and April are our trial period, and we would start charging private tutors with the CPE model in May (the third month). We aim to have [number] on boarded Flowclass in May, with [number] monthly unique visitors across all platforms.

In the following three months, massive marketing campaigns targeting 1mn impressions would be launched to scale up the impacts on the private tutoring industry. The AI would be completed during the quarter and launched across all platforms, attracting [number] monthly unique visitors. It is expected that the traction would be leveraged to secure [number] centres, so we would have [number] centres on Flowclass in August 2021.

In the following 1 year, we would focus on pre-Series A fundraising in order to expand to other locations. The Macau and Taiwan markets would be our targets for Greater China expansion as traditional Chinese is the written language in these markets and thus there is no need for translating our app. Local R&D office would be set up in Taiwan for their generally lower salary range to save costs. Meanwhile, we aim to fully penetrate into the Hong Kong market, having [number] on Flowclass in August 2022. When the Greater China (ex. Mainland) market is penetrated to a large extent, Flowclass would also expand into interest classes and allow tutorial centres that solely offer interest classes (e.g. piano classes) to be onboarded.

In the following 1.5 years, Go ASEAN expansion strategy is the backbone of Flowclass. In February 2023, we would cover [number] in Macau (as the Macau market is relatively small) and [number] in the major Taiwanese cities of Taipei, New Taipei, and Kaohsiung. Series A funding would be raised in this period for further expansion into Singapore, whose culture is highly similar to Hong Kong, and Bangkok, where “tutoring overtakes teaching” (Source: Bangkok Post), to start our ASEAN expansion. We aim to have local operations in seven cities by the end of 2023, namely Hong Kong, Macau, Taipei, New Taipei, Kaohsiung, Singapore, and Bangkok.

In the long run (5-year timeframe), Flowclass would also include interest classes and their offering centres in all seven cities. Expansion opportunities into Kuala Lumpur and Jakarta would also be considered as the 2nd phase of ASEAN expansion.
Streamlined Operations and Enhanced Profits

Flowclass AI is designed to be user-facing, and it would complete the user journey without any manual labour involvement. Our backend system is designed to be highly scalable using cloud technology without any human involvement. Therefore, more users and more customers would not increase any operating cost, except for the Amazon Web Services (AWS) Cloud Service fee because we indeed need more cloud processing power. However, as we benefit from the AWS free credits for startups and AWS Edstart programme, AWS is simply free in the next two years.

Our operations are designed to run purely by AWS cloud technology. The model of Flowclass is simple and therefore most of the resources are directed towards hiring business development managers to invite tutors to be listed on Flowclass and software engineers to develop more attractive features.

Discarding the cost of hiring software engineers in the calculation of unit economics (since they are not engaged in any selling activities), we have two factors to consider: customer lifetime value and cost per acquisition. Regarding customer lifetime value, there are typically 3 hot seasons per year (September the start of school year, February the last resort before public exam, and July the start of summer holiday), and we expect average tutors to recruit 10 students from our platform which implies 100 enquiries in the CPE model. Typically, we would charge $\text{[value]}$. Although we expect that tutors stay in Flowclass in perpetuity, the ordinary SaaS assumption that customers would stay for 3 years applies here for calculation. A multiplication of all these factors yields a customer lifetime value $\text{[value]}$. For the cost per acquisition, we expect that each sales representative, having a monthly salary of $\text{[value]}$, could close $\text{[value]}$ deals per month. The cost per acquisition is $\text{[value]}$. The unit economics is $\text{[value]}$.

Management Team

Team

[Blank lines]
Business Advisor

Financial Planning
5-year Pro Forma Income Statement

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Expenses</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>$100,000</td>
<td>$70,000</td>
<td>$30,000</td>
</tr>
<tr>
<td>2024</td>
<td>$120,000</td>
<td>$80,000</td>
<td>$40,000</td>
</tr>
<tr>
<td>2025</td>
<td>$150,000</td>
<td>$90,000</td>
<td>$60,000</td>
</tr>
<tr>
<td>2026</td>
<td>$180,000</td>
<td>$100,000</td>
<td>$80,000</td>
</tr>
<tr>
<td>2027</td>
<td>$210,000</td>
<td>$110,000</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

Key Financial Ratios
Key Assumptions

The long-term students’ users target in each city is about [ ], except for Macau whose population is much lower. The students’ users should be mostly secondary school students who will find tutors by themselves. The number of parents’ users is [ ] users because it is anticipated that parents would find tutors for their primary school children. In the long term (after 2023/24), Flowclass would also include tutorial centres that offer non-academic interest classes, and therefore it is expected that there are on average [ ]

Valuation

Discounted cashflow model is not used because our growth rate must be larger [ ], invalidating the perpetual growth assumption. Two other approaches are used instead. Firstly, the average NASDAQ P/E ratio is [ ] Secondly, as the value of each acquisition of customers (tutorial centres) [ ] Therefore, we see a potential valuation of [ ]

Funding Requirement

In view of the potential losses in the following two years and the necessity to maintain a healthy cashflow, [ ] is requested for Flowclass to grow sustainably in [ ] where fast expansions in the Greater China Region would be implemented. The subsequent expansion in the ASEAN region would be based on the profitability in the Greater China Region and loans from the banks.

Offering

Sustainability & Impact

Economic sustainability is not discussed here as the profitability is shown as above.

Factors that Flowclass AI considers

We regard social sustainability as a critical success factor. As we envision to be the Super Connector between private tutors and all needy students regardless of their age, gender, race,
and special educational needs, we would include a special “SEN” tag to label tutors who are willing and able to teach SEN students. Flowclass is unique for its approach of including SEN as part of the AI consideration factors, so that only SEN-ready organizations are suggested by the AI when a SEN student or his/her parent enquires the AI. This drastically reduces the social cost required to provide dedicated tutoring support to these SEN students. The concept of Social Return on Investment (SROI) is utilized for quantifying the social impacts. It is estimated that a [redacted] could be achieved in the Hong Kong market, and we expect similar SROI in all our locations.

In addition, the technological innovativeness of Flowclass would spread its social impacts like a spider web. With more visitors, it is more visible on the web due to search engine algorithms. And with more satisfied users, the word-of-mouth effect will soon become apparent. The web would only extend but not contract. The embedded self-improving AI which adjusts itself automatically with user feedbacks will make this web more resilient to crisis and the gradual changes of the needs of SEN students and their parents.

Partnerships with local NGOs would be implemented concurrently whenever we are expanding in a target location to show our commitment to inclusive education. Connections with large-scale NGOs would be established to refer SEN students to receive their professional supports. With Flowclass, not only SEN students would not be rejected by tutors (which is very common because tutors fear of the additional workload of taking care of SEN students), they would always be welcomed by the SEN-ready tutors’ community on Flowclass with the aid of our Flowclass AI. Therefore, our social impact scales up proportionally when our enterprise scales up. [redacted]

For environmental sustainability, as Flowclass is a digital platform, environmental wastage is minimal. The adoption of Flowclass by partnering organizations would also transit them from paper records to digital records. This transition would be further supported by the free Flowclass backend system for organizations. It is definitely our venture goal to persuade tutors to adopt our paperless digital system, Flowclass. Periodically, we would survey our customers for how many paper records they are using and why they are still using paper records. These reasons are our possible digital expansion directions too, and therefore we see environmental sustainability aligning to our corporate goal. We aim to perfect Flowclass with new features, so tutors use 0 paper for managing their students’ records and align with Flowclass’ sustainability goals.

---

*Flowclass is an AI-powered one-stop tutorial courses searching and enrolling platform, which connects students towards the best tutors. We save 5x customer acquisition cost for tutors, and 10x tutor searching time for students.*
Appendix

Key Metrics and Assumptions

User Interfaces and Customer Journey

1. Home Page
2. List of Tutorial Centres
3. AI Recommendations
4. Course Details
5. Built-in Chatroom
6. Course Booking