



A million friends in your pocket!



Deborah Lygonis

2020

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EXECUTIVE SUMMARY

Friendbase AB is an award-winning social platform company based in Gothenburg, Sweden and Turkey, founded by Deborah Lygonis in 2013. The management team have more than 60 years experience between them in the games industry.

Friendbase is an avatar based social network, a fun packed chat world where young people from all over the world meet new friends, play games and learn.

Our mission is to become the global platform for young teenagers all over the world.

The company has already raised \$623k in funding (mixture of equity, soft loans and grants), and we are currently seeking further equity investment of \$500k. We anticipate a further rounds of up to \$3m over the next 2 years.

We have already tested and proven our concept, having launched the beta of Friendbase in 2017, from which we undertook market testing and gathered data, with positive results including up to 85k MAU, Day 30 Retention of 16% and 600,000 new accounts created over 18 months.

The equity investment will be used to develop and launch the Friendbase MVP, which will include full monetisation and KPI of 100k MAU within 8 months.

By end 2023, our mid-range turnover projections are \$13.5m, with net revenue of \$7m.

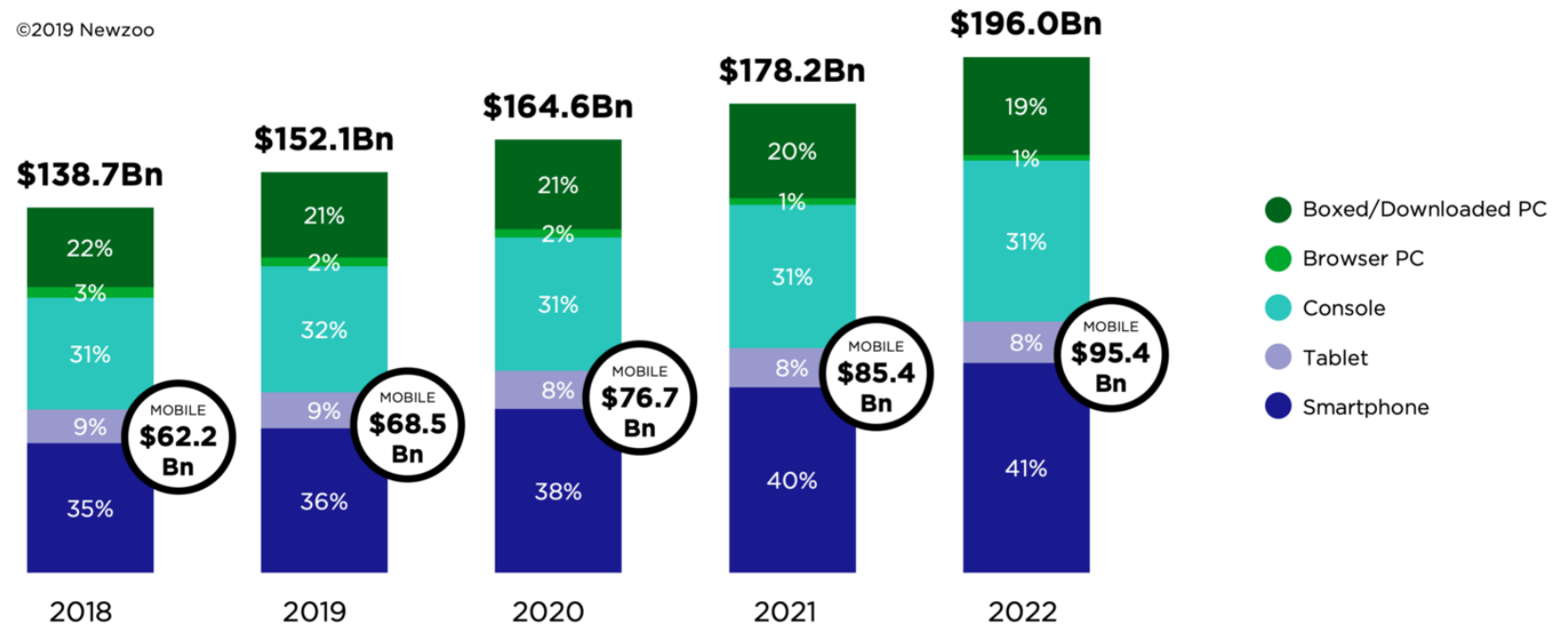


MARKET RESEARCH

THE GAMES MARKET

THE OVERALL MARKET

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THE AUDIENCE

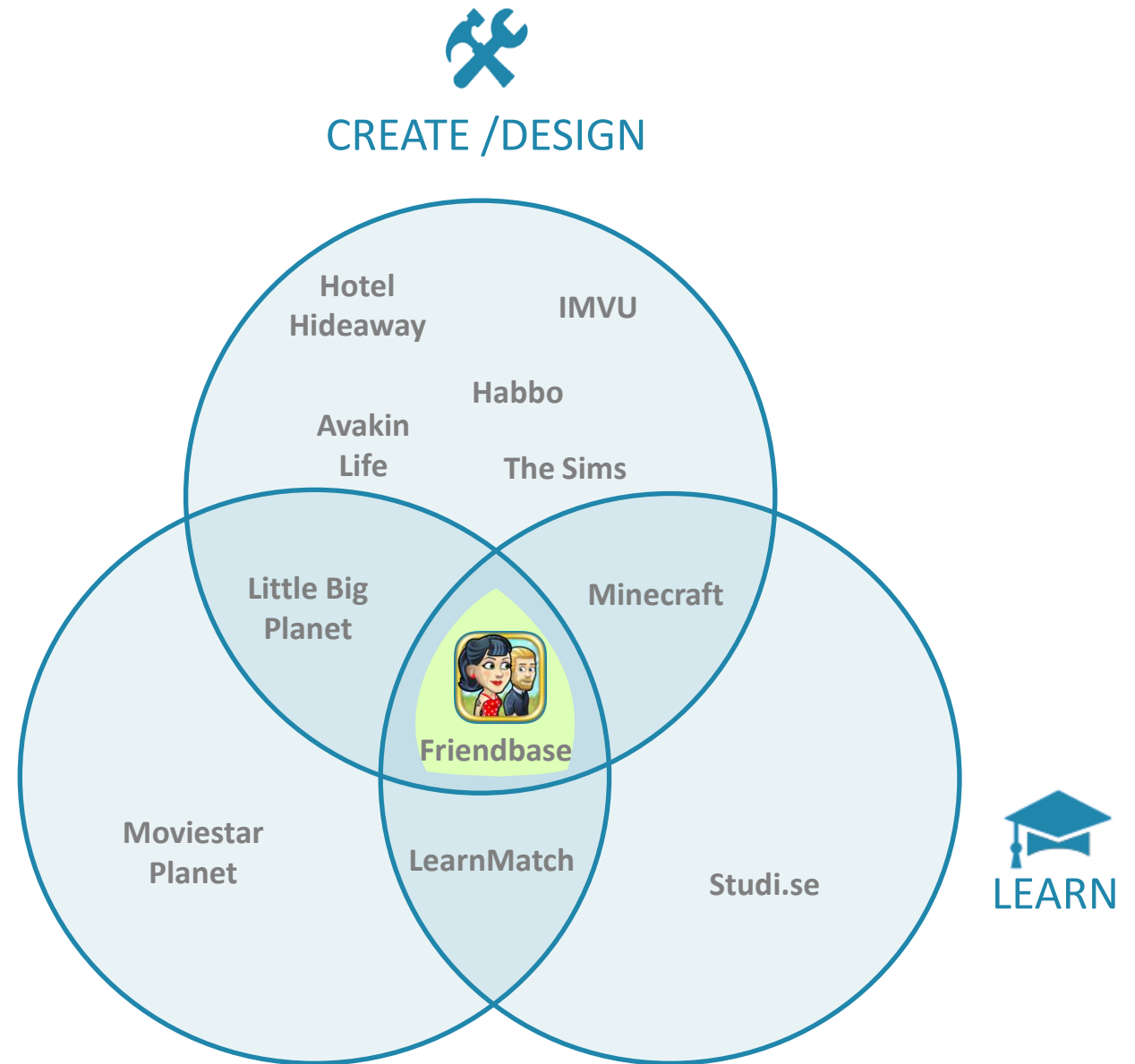
WHO ARE OUR TARGET USERS

The Friendbase audience reaches hundreds of thousands of users. Currently, 23% of our audience comes from Brazil and the next 72% comes primarily from US, Turkey, India, and the Philippines 60% of our users are girls.

Audience	What they spend time on the most	Spending habits
Primary audience, age 13-15	<ol style="list-style-type: none">1. Chat with Friends2. Decorate room and dress their avatars.3. Play with their pet animal4. Play mini-games5. Learn	More likely to be avid watchers of rewarded videos, use offer walls and grind their way to earn free gems to be able to buy items in the shop. This group tends to spend the most time on Friendbase.
Secondary audience, age 16-18	<ol style="list-style-type: none">1. Dress their avatar and Decorate room.2. Play mini-games3. Socialize with friends4. Learn	The biggest group that will spend money in the platform. Will be the target group for the subscription model.
Tertiary audience, age 19-21	<ol style="list-style-type: none">1. Play mini-games2. Socialize with friends3. Decorate room and dress their avatar	

THE COMPETITION

WHERE ARE OUR AUDIENCE
CURRENTLY?



THE AUDIENCE NEED

WHAT IS THE AUDIENCE NEED AND WHY IS FRIENDBASE RELEVANT

Adolescence can be a time of both disorientation and discovery, raising questions of independence and identity.

Experiences such as Friendbase make them feel it's ok to escape social regularities and pressures, and step into a world where they can create a perfect reality in which they play the main character and have full control over the outcome.

Friendships are extremely important during adolescence.

Teen friendships help teenagers feel a sense of acceptance and belonging. Likewise, teenage relationships with peers support the development of compassion, caring, and empathy. The majority of Friendbase players answer that their main reason of coming back to the platform is to spend time on interacting with their friends.

Sources:

https://study.com/academy/lesson/what-is-adolescence-definition-stages-characteristics.html?fbclid=IwAR18OqJPHhr-33DsUPS_0XpQw3OjQQmZYxZLJ7LL_JNmTBKdfTDfgf_qza8

http://www.amchp.org/programsandtopics/AdolescentHealth/projects/Pages/AdolescentDevelopment.aspx?fbclid=IwAR26EE_2ky_4LShcanPCWIoBM0vLxcy-AEnbRxAGdIxIntuAZnus78ALjjo



OUR USP

HOW WE ADDRESS THE AUDIENCE NEED AND DIFFERENTIATE FROM OUR COMPETITORS

Innovation in social learning and community experiences, in a Zeitgeist moment in time

Friendbase merges the creative and design elements from experiences such as Habbo and The Sims, with games from experiences like Avakin Life and Moviestar Planet and with learning elements being introduced in experiences such as Minecraft, Fortnite and even Udemey.

Friendbase will expand on the market opportunity demonstrated by Fortnite homework sessions and Minecraft, to further socialise learning tools and bring them up to the quality of experiences that is already provided by games.

We believe that this is a Zeitgeist moment, where Covid-19 has culturally normalised digital learning, and has broken down barriers such as mass-market reluctance to see games and social digital experiences as positive by society and particularly parents and education organisations. The world has learned the power of connecting and learning digitally – and this has been evidenced by a 37% surge in downloads during April 2020, without any marketing or new activity.

OUR USP

HOW WE ADDRESS THE AUDIENCE NEED
AND DIFFERENTIATE FROM OUR
COMPETITORS

Innovation in online safety for young people

We are also seeking to expand significantly on the current approaches to online safety for young people. We are undertaking research into negative speech online, together with leading experts, to develop unique tool sets where we aim to reward and encourage positive behaviour, rather than only detect and punish toxic, by using gamification, machine learning and AI.

These unique toolsets could in future be white labelled or spun out as a separate entity.

This research will be funded by separate research-specific funding to the investment funding we are seeking. We are currently in progress with several funding applications.



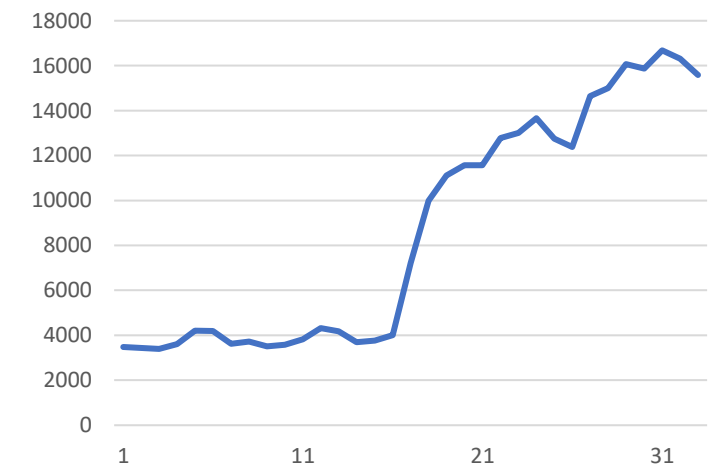
EVIDENCE OF CUSTOMER DEMAND

HOW HAVE WE ALREADY PROVED IT

We have demonstrated evidence of customer demand through the Beta version of Friendbase, which was launched in 2017. The KPIs for Beta were focused on user retention. This version does not include monetisation features.

- **Retention Day 30 All users 16% (benchmark is 5-10%)**
- 85 000 MAU (Monthly Average Users)
- 4 sessions/day, 6-10 mins per session
- Trial purchase acquisition €0.15/install
- 600,000 New accounts in 18 months
- Facebook group 55 000 followers
- 65 000 verified e-mail addresses
- Largest markets Brazil, USA, Turkey, India, Philippines, Egypt
- 60/40 female/male

Daily Active Users over 31 days after launch with only €330 Facebook ad spend



To build on this success, we need funding to expand and support Friendbase, in particular to develop the monetisation features.

EVIDENCE OF CUSTOMER DEMAND

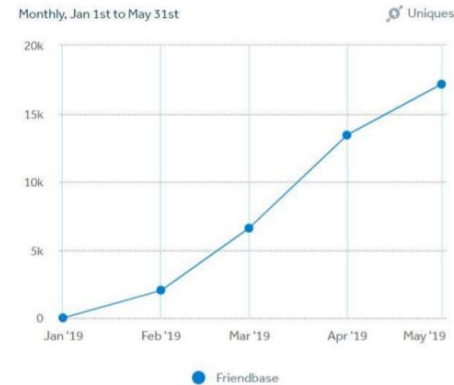
FURTHER EXTERNAL VALIDATION

We also ran an external collaboration with edtech company LearnMatch during 2019, to demonstrate how Friendbase can integrate with other education tools, growing the user base of both platforms for mutual benefit. These are the numbers for the LearnMatch version of Friendbase.

Active users

As per 01.06.2019

Friendbase MAU (total)



34.8k

Friendbase DAU (05 2019)



17.2k

EVIDENCE OF CUSTOMER DEMAND

AWARDS

-  Awarded governmental support (Vinnova) to verify Friendbase version for hospitals / long term ill children
-  Selected to participate at FTMO bootcamp
-  Finalist Business Challenge Social Entrepreneurship Stockholm
-  Selected to join FbStart, a program from Facebook designed to help early stage mobile startups build and grow their apps. Worth \$40.000 in tools and software
-  Selected to participate at TINC accelerator program in Palo Alto
-  Selected to showcase Friendbase at Collision New Orleans
-  Swedish winner of Startup Tel Aviv innovation
-  Selected to showcase Friendbase at Slush with Business Sweden booth Sweden Hot Spot
-  Selected to pitch at Startup Turkey
-  **Winner of Startup Istanbul Challenge 2018**
-  Selected to pitch at Startup Turkey 2019
-  Proud supporter of Safer Internet Day 2018 and 2019
-  Accepted into NewChip Accelerator July 2020





BUSINESS STRATEGY

AN AVATAR BASED SOCIAL NETWORK

We have evolved our strategy based on user feedback and user data from our very first user testing, through to our plans for further development beyond the current Beta release.

1. Entertainment
2. Inclusion
3. Cultural Globalisation
4. Education
5. Safety





KEY FEATURES

WHAT CAN USERS ACTUALLY DO IN FRIENDBASE

Design and customisation

Design your own avatar with looks and outfits, from pre-made assets or make your own. Design your own room with furniture and accessories.



KEY FEATURES

WHAT CAN USERS ACTUALLY DO IN FRIENDBASE

Chat

Users can chat with each other also showing a flag where they come from, including club rooms for specific topics and user groups.

Additionally, chat bots and artificial intelligent avatars guide the user. This technology can be used for a huge variety in the future ranging from celebrity avatars, branded avatars, historical avatars and much more.

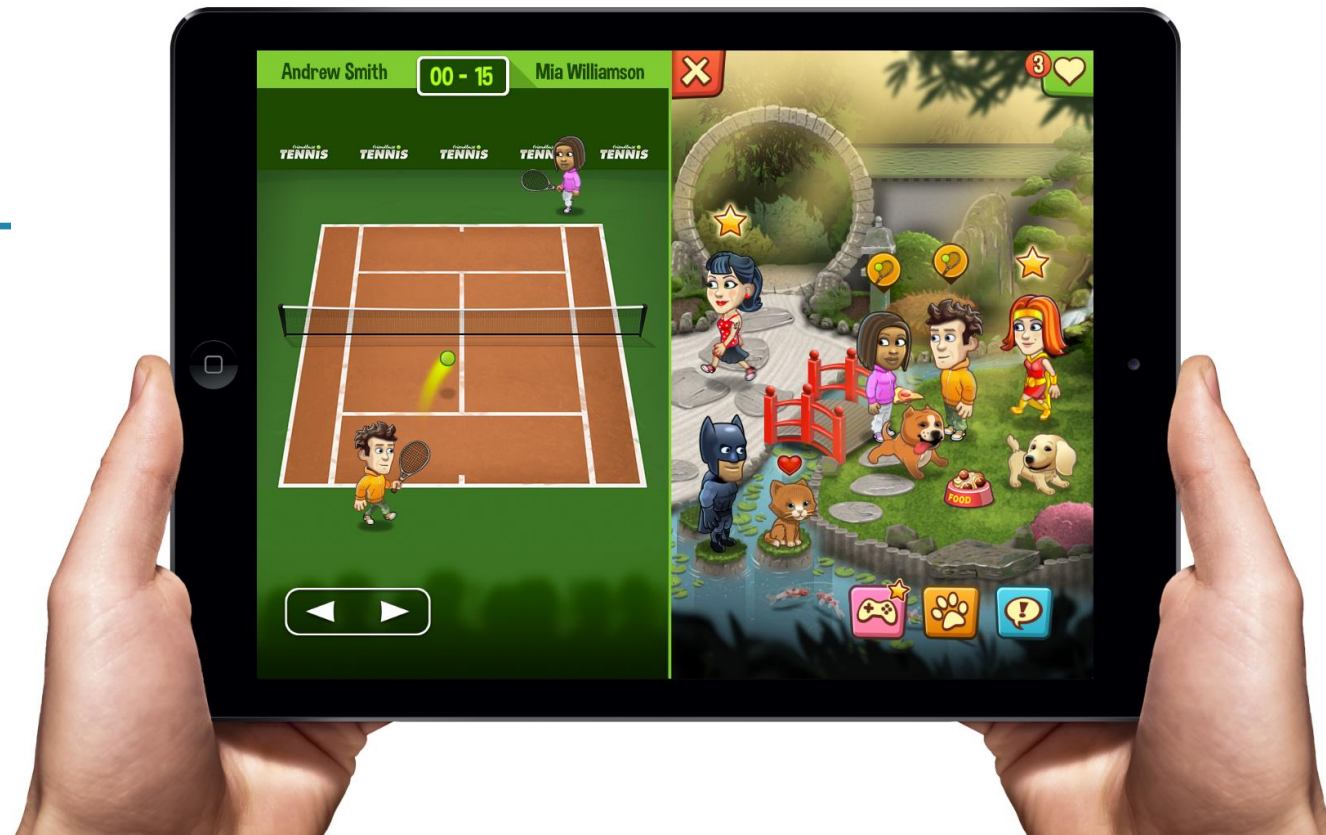


KEY FEATURES

WHAT CAN USERS ACTUALLY DO IN FRIENDBASE

Play

Challenge your friends to a mini-game or a quiz, created by Friendbase or our partner game development studios, who share in the revenues from their games.



KEY FEATURES

WHAT CAN USERS ACTUALLY DO IN FRIENDBASE

Learn

Games and activities that have a specific learning goal or topic.



KEY FEATURES

WHAT CAN USERS ACTUALLY DO IN FRIENDBASE

Shop

Buy more looks, outfits, pets, furniture and accessories, to enhance and customise the experience.



KEY FEATURES

WHAT CAN USERS ACTUALLY DO IN FRIENDBASE

Real time, real-world information

Real-time feeds available within the experience, such as information on what is going on close by, a notice board to post information in a club room, quiz games or even live results in the sports café during real world sports events.

We have already run a trial of this with Eversport, live streaming the football results into the sportsbar within Friendbase.



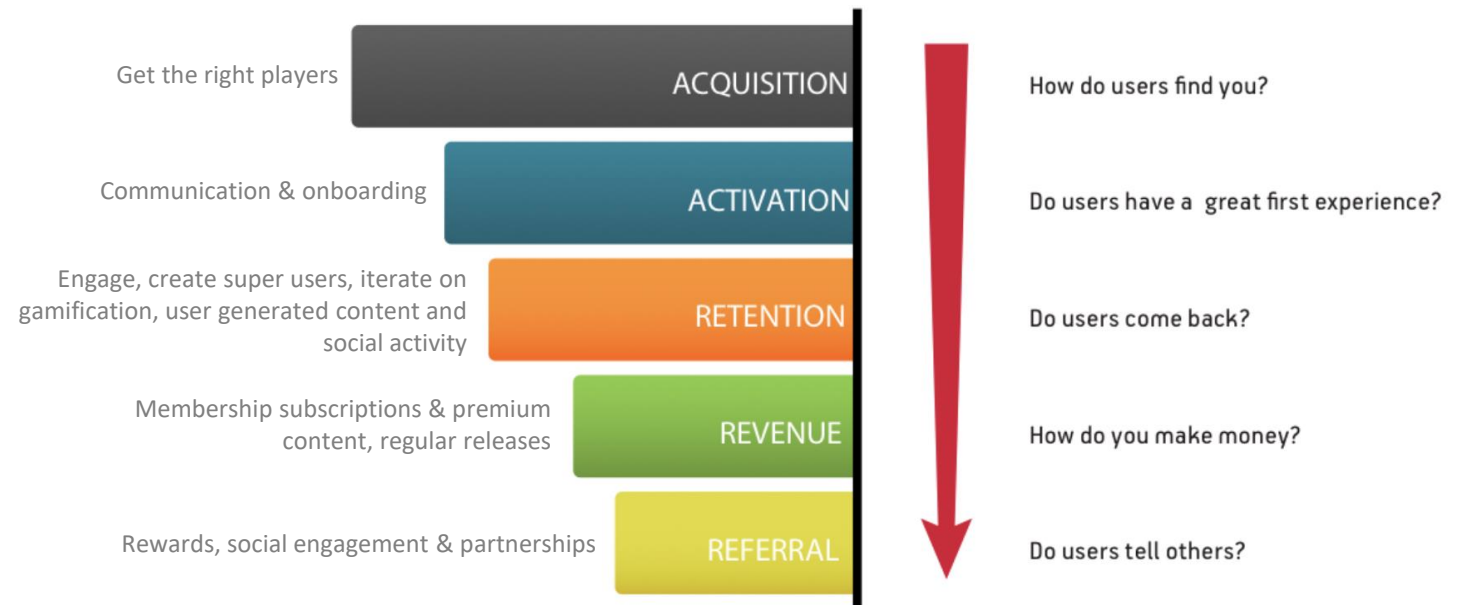
MONETISATION

HOW DO WE MAKE MONEY

Our strategy is to build long-term retention within a user base that we can scale and monetise. We have already run monetisation tests within our Beta.

We will have multiple revenue streams within Friendbase. The in-game revenue model will be based on a proven 'games as a service' free-to-play approach, where we create and balance an in-game economy to give users the (optional and transparent) opportunity to spend money to enhance their experience. This will include virtual items, soft currency, rewarded ads, event-driven product placements and subscription options.

We will also work with game developers to create content for Friendbase, and share revenue with them from the games they create.



USER TESTING AND DATA ANALYSIS

WE BUILD FRIENDBASE FROM WHAT WE KNOW OUR USERS WANT

We use an audience led decision making process to determine features and content. This is done in three different ways;

- Direct contact in the chat, basically conducting a Q&A session with members online
- Polls that are available for all members to answer
- E-mails with a smaller group of members that have agreed to be part of a crew program
- Data analysis from player data

As we move forward, we'll use the members to do A/B testing as well.

KEEPING USERS SAFE

WE CARE ABOUT OUR USERS AND GO
BEYOND THE LEGAL REQUIREMENTS

With more that 60 years collective experience in developing social communities online, we know how to create an experience that is fun and safe.

1. Combining a variation of sticky and collaborative games together with fun and educational quizzes we also add an underlying chat filter to sift out toxic behaviour.
2. We will implement our monetisation strategy to ensure that we keep our users safe. We will ensure transparent messaging, we will educate our users, we will include mechanisms such as subscription models, and we will not include any mechanisms that involve chance (e.g. loot boxes). The game will always be playable completely free and we will collaborate with parents, including through the Parent Zone within the Friendbase.
3. Our research into negative speech online.



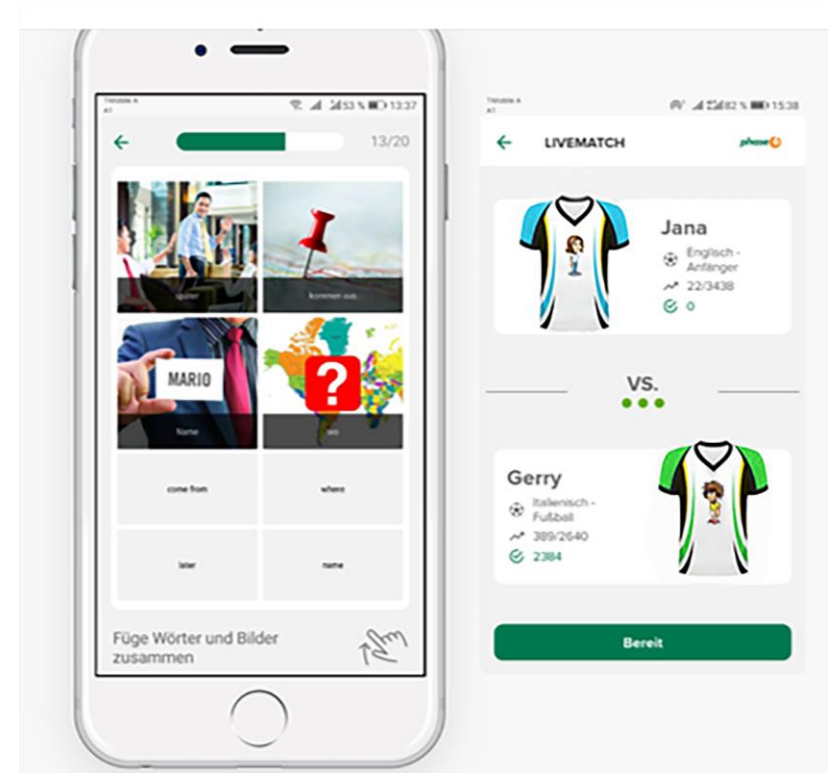
PARTNERSHIPS & LICENSING

VARIATIONS OF FRIENDBASE

Tailored versions for partners

We will develop tailored versions of Friendbase for partners such as LearnMatch. We already have agreements with two organisations, and two developers who have agreed to develop games for the platform, as well as an Arabic version currently in negotiations.

LearnMatch CEO said: *"We are pleased with the perfect fit between Friendbase and LearnMatch. Our companies strive for the same goal: We both want to make successful learning a joyful experience. Fun is just another word for learning and this is why our learners engage where their passion is. Thus we ensure success because the content playfully gets under their skin and into the long term memory."*



CURRENT STATUS

WHAT IS IN THE FRIENDBASE BETA

The Beta of Friendbase, which launched in early 2017, includes implementation of most key features. This includes:

- **Chat:** Users can chat with each other also showing a flag where they come from
- **Design:** Design your own avatar with looks and outfits. Design your own room with furniture and accessories.
- **Play:** Challenge your friends to a mini-game or a quiz
- **Learn:** Play the Friendbase version of LearnMatch language learning app
- **Shop:** Buy or collect Gems to exchange them for more looks, outfits, pets, furniture and accessories (using in game currency)

We actively ran the beta for 18 months, during which time we gathered our data.

We need further funding to continue actively supporting Friendbase and to progress towards the MVP.

WHAT WE WILL BUILD NEXT

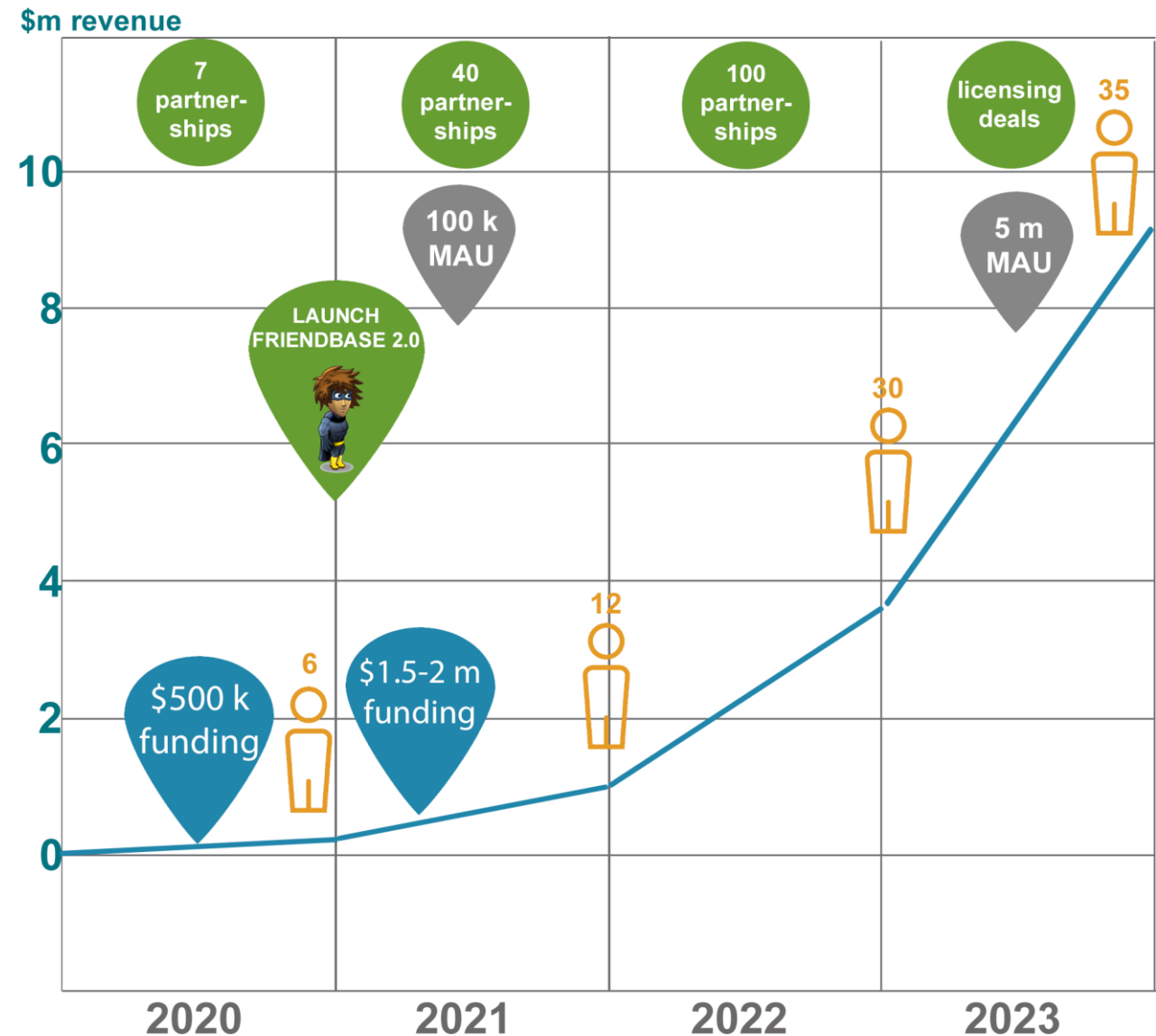
WHAT WILL BE IN THE FRIENDBASE MVP

The next version of Friendbase will include the following:

1. In-game monetisation (users able to spend real money) including subscription model
2. Enhanced chat system, including multi language support and graphics
3. User generated content for avatar and room designing
4. Pets – get and train pets
5. More entertainment and learning games and activities
6. Progression systems and login rewards
7. Backend system and pipeline processes to support live operations (adding new content, adding new features, running events, promotions)
8. Redevelop game in Unity, now that Unity works effectively in a web browser and has taken over as industry standard (this was not the case when we started the original development)

GROWTH & DEVELOPMENT PLAN

OUR PLANS FOR THE NEXT 3-4 YEARS



GO TO MARKET STRATEGY

HOW WILL REACH AND ENGAGE USERS

Market testing has been conducted from the Friendbase Beta, and from that we have developed our marketing strategy for MVP and beyond.

1. Combination of ads and boosts on Facebook, Instagram, Snapchat, YouTube etc – tailored to audience and geographical market
 2. Newsletters and push notifications to alert new releases
 3. Collaboration with influencers
 4. In game viral mechanisms such as invite a friend, share achievements etc
 5. Weekly challenges to encourage users to engage
-
1. We are in discussions with Tilting Point, and exploring other options, for user acquisition funding once we hit key metrics. Prior to hitting those metrics, our budget includes funding for user acquisition.
 2. We are in discussions with Fundamentally Games, who provide LiveOps-as-a-Service, to work with us in preparing for, scheduling and delivering the live operations of the game. As part of their work, they will also support us on retention, monetisation and user acquisition strategies.

INTELLECTUAL PROPERTY

WHAT VALUE WILL WE BUILD IN THE BUSINESS

Our goal is to become an internationally recognised leader in the social network market, spreading knowledge in how to use gamification and AI to create a positive experience online.

We will protect our brand through trademarking across all key territories within which we operate and have secured all the relevant web domains.

We will create Intellectual Property (IP) in the platform that we create.

We will create IP through our research into negative speech online. These unique toolsets could in future be white labelled or spun out as a separate entity. We will own the IP but the research institutes with whom we partner will have the right to publish their research.

KEY RISKS

WHAT ARE THE KEY RISKS TO OUR BUSINESS

Risk	Mitigation	RAG
Don't manage to raise full \$500k	We have split our plans for MVP into two stages so that we can still deliver a monetizable version of Friendbase, and then undertake further development later. This will reduce revenue potential and growth in the short term. We are also already in discussions with partners such as Fundamentally Games, who would handle the live operations of the game in return for a revenue share, and a development team who may work in return for a revenue share.	
Don't make enough revenues to continue support of Friendbase after we have spent investment	Ensure continual user testing and feedback to reduce risk of critical sales failure. Keep MVP as lean (in terms of budget and schedule) as possible and develop further features once we have revenue. Have clear KPIs to hit at milestones, before spending further money.	
Competition gets there first, addressing our USPs	We need to move as quickly as possible to get to market. We do however have significant experience as a team, and our research is world class, making it more difficult for others to overtake us. It also can be difficult for existing platforms to pivot quickly or effectively and we are constantly evaluating the market so that can be pivot if needed.	
Friendbase does not scale in terms of users or revenues as forecast	Ensure continual user testing, feedback and iteration. Ensure decisions are based on data, and that we continually seek to improve our retention and monetisation methodologies and ensure we build an in -game economy that can scale.	
Complex technical features don't work (e.g. chatbot AI)	Ensure that Friendbase works without these, and work to answer unknowns as soon as possible, so that we can amend the experience as needed.	
Can't hire team as quickly as needed, or can't attract the right talent	Already started discussions and have identified most key team members. Work with contractors where needed.	



ABOUT FRIENDBASE AB

ABOUT US

WHO WE ARE

We are a group of creative individuals who share a passion for safety, fun and inclusion in social gaming for a younger generation.

We have a collective experience of more than 60 years in the games industry.

We are based in Gothenburg Sweden, and manage a team distributed across Sweden, Turkey, Costa Rica and the Philippines.

We currently have a team of 6 people and will be hiring new members of our team over the next few years to help run the business, work on the development, support and growth of the platform, including online safety and brand/partner management. We will also use contractors and partnerships where appropriate.

We believe that our culture and diversity as a team will impact our platform, therefore we work hard to ensure our team is diverse. We currently have 60% women in the team.

THE FOUNDERS

THE CORE TEAM



Deborah Lygonis - CEO

Serial entrepreneur and 20+ years experience of running tech startups. Good generalist with an eye for detail. Huge global network in the creative industries and startup world. Previous experience includes Craft Animations & Entertainment and Refind Technologies.



Andreas Rehnberg - Systems Architect

Serial entrepreneur with massive game development experience. Previous experience includes Migoland, www.triloappar.se www.easytrigger.com



Donnie S C Lygonis – Business Development

Founder of www.greatclarity.com, www.lohilo.com, Migoland and Entrepreneurs Without Borders www.ewb.world. Currently Innovation Strategist for KTH Innovation (Royal Technical University of Stockholm)



Melika Sanati - Community Manager & director of the MENA region

Experienced Community Manager, demonstrated history in sales, customer service and multi-cultural games enthusiast communicating with members in 7 different languages. Previously H&M.

THE TEAM & ADVISORS

WHO'S WORKING WITH US CURRENTLY



Matt Van - CTO

Matt is a serial founder and CTO with substantial experience building teams and developing great engineering talent. Prior experience includes time spent as a Senior Software Engineer at Riot Games, where he led the LoL Event Pipeline team, and as the technical lead for Star Trek Adversaries, a mobile and desktop similar in style and scope to Hearthstone.



Scott Chen – Lead Developer

Scott has deep experience as a fullstack engineer, and excels at solving difficult technical problems. Prior experience includes tech lead at Google and Riot Games.



Jairus Bondoc – Developer and tech support

Great troubleshooter and talented developer with + 15 years experience.



Fundamentally Games - Oscar Clark and Ella Romanos

We are in advanced discussions about FG partnering with us to help us deliver the live operations of the game.



Stefan Lampinen – Senior Advisor

Founder of Game Advisor Ltd. Experience in European and worldwide roles, at Electronic Arts, Nokia, Microsoft and Warner Bros. Advisory Board at Mojang/Minecraft Co-founder of the Swedish Trade Association for games 1998



Kristina Donzelli – Growth manager and compliance

Expertise within mobile growth and product development for the teen audience. Solid network within the games industry and good at getting people onboard. Previously of Glorious Games Group (400 M members) and Star Stable Entertainment (growth to +100MSEK revenue).





FINANCIALS

OUTGOINGS

	2020	2021	2022	2023
Office rents / facs	\$833	\$18,467	\$158,333	\$190,000
Marketing & UA	\$5,833	\$231,911	\$621,111	\$1,561,111
Business expenses	\$14,600	\$44,350	\$110,111	\$147,333
Board of directors	\$0	\$9,778	\$44,444	\$44,444
Staff incl pension	\$306,523	\$571,630	\$1,712,512	\$1,771,248
Safety and external consultants	\$53,722	\$62,222	\$151,111	\$188,889
Sum	\$381,512	\$938,357	\$2,797,638	\$3,903,025

Assumptions

1. Over time as the team grows our overhead will grow.
2. We will have an office space in Gothenburg and in Istanbul. Over time we have an increase in headcount 2020 - 5 people, 2021 - 12 people, 2022 - 30 people and 2023 - 35 people.
3. A big part of our outgoings is the safety chat filter which will be from a third party (currently Two Hats in Canada).
4. We have calculated with a user acquisition cost of approx 15% of our revenue.

REVENUE FORECAST

Summary revenue/year USD	2020	2021	2022	2023
Events	\$0	\$162,000	\$510,000	\$540,000
Ads & product placement	\$1,061	\$138,000	\$510,000	\$960,000
Subscription revenue	\$0	\$379,665	\$1,011,650	\$3,060,305
Premium Currency	\$1,061	\$490,500	\$1,377,900	\$4,339,350
Sum	\$195,000	\$1,170,165	\$3,409,550	\$8,899,655

Assumptions

1. 3% conversion rate for the subscription model, \$2/month, 50% churn.
2. 3% conversion rate for in app purchases spending \$1.5/month.
3. Ads and product placement: for continued increase in rewarded videos and attracting members to check out the offer wall.
4. Will attract brands due to live events and stream data into the platform.



INVESTMENT PROPOSITION

FUNDING TO DATE

To deliver the Beta version of Friendbase, we have been funded through a mixture of equity investment, soft loans and grants since 2013 to date.

We have received:

- \$376,554 in equity investment, for which we sold 10% of the business
- \$204,148 in soft loans (of which \$140,616 remains) from Swedish government
- \$42,850 in public grants

Current Shareholders	
Corrigenda AB (Deborah and Donnie Lygonis)	51%
Djäkne SS II AB (Johan Ejermark)	18%
Andreas Rehnberg	17%
Melika Sanati	2%
Business Angels	11%

WHAT WE ARE LOOKING FOR

Friendbase AB is currently raising \$500K closing Q4 2020.

Minimum investment amount of \$10k. Pre-money valuation \$2.3M.

\$500k will give us 10 months months runway, and will be spent on getting a first version of the MVP where we can demonstrate positive numbers in new users, retention and revenues from ads and IAP. We will then likely need to raise further funding to become revenue sustaining.

Founding round of \$1M closing Q3 2021 allow us also deliver our full MVP, grow users and revenues during live until Friendbase is revenue sustaining and ready to scale.

We intend to raise a further \$2m within 2 years of raising these funding rounds to allow for increased scaling.

NEXT STEPS

If you have any questions regarding any of the information contained in this document, please don't hesitate to contact FriendBase AB.

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