

Executive summary

The fashion industry is made to become unfashionable; this is the definition Coco Chanel gave about fashion industry. This is applicable to the fast-fashion model we have been applying till today. Despite profitable, it is harmful for the environment and it is not sustainable in the long term. The wave we are living in right now shows us that the model should be slowdown. We have found a sustainable as well as profitable model we will exploit.

The trends surrounding this business has been a way of determining the industry itself. Fashion has become an important part of identity, for the people it is kind of differentiation and self-assimilation. Fashion industry empower the people to show off about their differences, while you are part of something bigger, named a group, a culture, or a movement.

This industry is highly competitive, complex, and globalized, what means that the manufacturing is highly diversified. One example of this over diversification is that Inditex, Uniqlo and The Gap Inc. has each one more than 1.000 suppliers*.

The apparel industry is about €1 Trillion worth worldwide, with more than 300 million people working directly and indirectly for them and is one of the most important industries when it comes to the development of poorer countries.

But there is also a flip side of the coin, this industry is the second more polluting industry in the world. To put some context, we will show you some worry numbers; there are kind of 350.000km² of land dedicated to cotton crop (which is approximately the size of Germany), there is a waste of water of about 93 billion m³, and last but not least, half a million of fibre is being thrown off into the ocean, which is the equivalent to 3 million barrels of oil. All these issues must be tackled to accomplish a sustainable fashion industry.

Let's talk about business. Our model is a simple one, we develop a website where brands show whatever they want, and we will be in charge of making them visible through marketing strategies (mainly digital).

This strategy means that we are going to be spending tons of money till that money comes back. We have structured our project in phases to validate our business model with the MVP, after that the following phases will be established. This way, we are able to validate if this marketing expenditures worth enough to continue allocating money into the business.

If so, our base-projections shows that we will need to allocate capital to two different investments. First one, the website design as we are going to be using Shopify till the business model is validated. This investment will come along with hiring people with data analytics background to help us identify new opportunities as they come up. The second investment is related to acquiring a distribution centre to centralize the bestseller garments and fulfil in a more appropriate manner the peaks of demand.

As I was mentioning, these important investments come along with new functionalities that will put us as a well-positioned marketplace in sustainable apparel business. The market itself is changing and is changing rapidly, so we will take advantage of this rapid grow in sustainability-related purchases.

The first phase will be finance entirely by us, as we consider the skin in the game of the founders with the project must be total. After that, when the phase one is completed we will go to the next one raising capital.

As our main flow of resources is the fee we charge to the brands, our margins will be low, even negative till we get enough economies of scale to leverage our results.

So, to put it bluntly, our breakeven point is the Q4 of 2.022, but in a yearly basis we will get an overall positive result in year 2.023. The same when it comes to operating cash-flows that will turn around in 2.023.

The IRR of the dividends, meaning the money you put vs what you get is 40%, without taking into account that you will still hold the stake of the company.

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