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Classy

CS 177 Pitch Deck Presentation

Meet the Team



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Introduction

- Founded in 2019, Classy is a dynamic marketplace that connects learners with local experts through a **points-based system**. The platform was originally focused on arts and creative skills but has since evolved to offer a **wide range of learning opportunities**.
 - Classy's mission is to empower individuals to explore and grow by providing them with access to a diverse range of local classes – from arts to fitness – **without long-term commitments**.
 - After a successful Series B funding round, Classy is expanding its offerings, particularly into the booming **fitness and wellness market**, which we believe holds immense potential for user growth and platform evolution.
 - We aim to **maintain the diverse offerings** that have fueled our success in the arts and creative fields, **leveraging this momentum as we expand into the fitness and wellness market** to drive further growth.
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Problem Statement and Opportunity

- **Limited flexibility in traditional learning and fitness:** most gyms and learning platforms rely on rigid memberships that offer little variety or flexibility. This creates a barrier for many users who want to try different classes but don't want to commit to a single membership.
- **Finding local classes is overwhelming:** potential users often find logistical challenges when trying to find local classes that fit their schedule, interests, and location. They are often frustrated by endless search results and inconsistent platforms.

Classy is positioned to meet the growing demand for streamlined, flexible learning options, providing an easy-to-navigate and convenient platform to access local experts and community classes. Classy's solution features simplify logistical complexities and reduce barriers that all types of users experience throughout the discovery and booking process.

Solution Values

Premise of Classy: Take diverse classes locally, receive personalized activity recommendations, and engage with social communities—all on a single platform.

Flexibility

Classy's points-based system provides significant flexibility by allowing users to purchase points that can be redeemed for a wide variety of classes. This model lets users explore different activities without the long-term commitment of traditional memberships.

Experience Oriented

Classy promotes user engagement by emphasizing experience sharing and reviews, which create meaningful communities and friendships based on shared learning journeys and interests.

Localization

Classy connects users with local classes led by community experts, ensuring accessible and convenient experiences that support local talent.

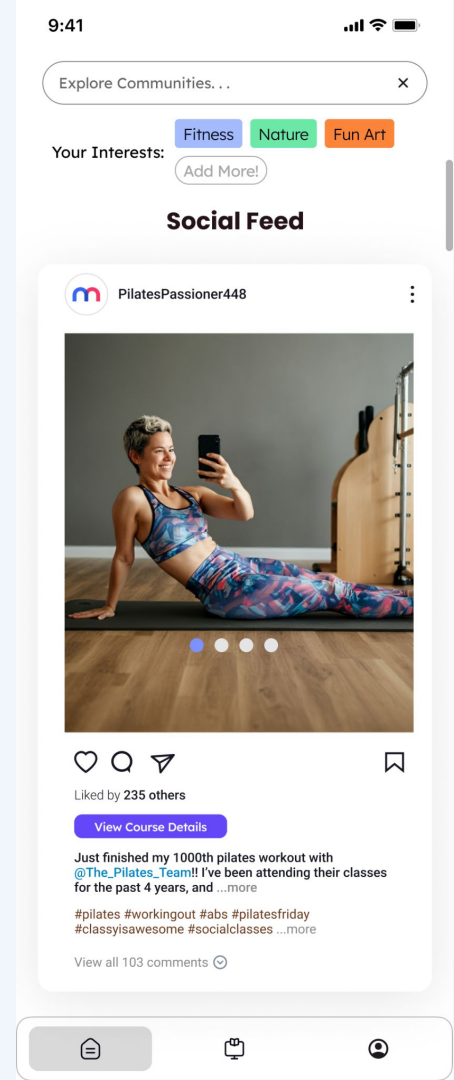
Customization

Classy's AI-powered recommendations match users with classes and social content tailored to their unique preferences, past activities, and interests.

Solution Feature - Social Feed

Users can share their experiences and view posts from others within communities.

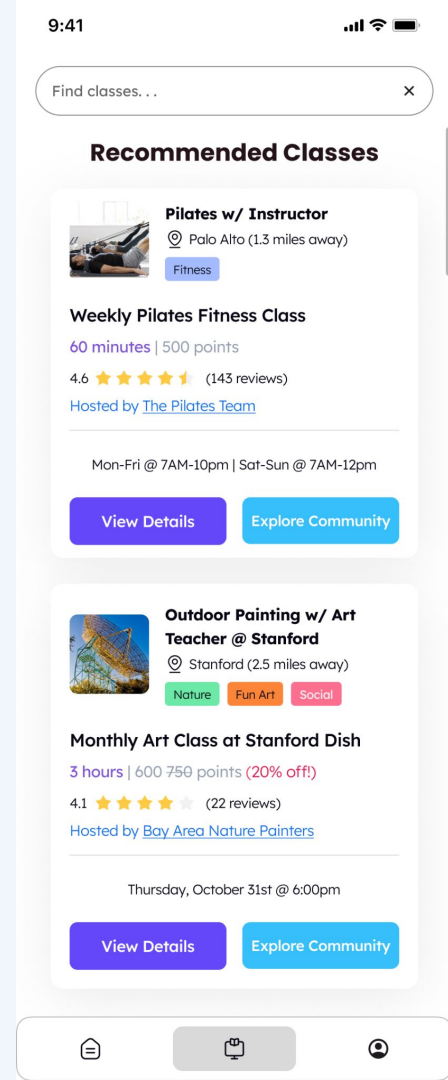
- **Accomplishment Sharing:** Users celebrate milestones and achievements, providing them satisfaction and pride.
- **Encouragement through Social Pressure:** Seeing peers' progress inspires continued participation.
- **Unique Integration:** As a social feature that directly connects with class experiences, the social feed sets Classy apart from other platforms.



Solution Feature - Class Explorer

The Class Explorer offers a streamlined and intuitive interface for discovering and booking classes.

- **Recommended Classes:** Class recommendations help users easily find new and relevant classes.
- **Social Integration:** Each class listing includes insights from their communities, such as ratings, reviews, and social engagement options.
- **Seamless Booking:** Effortlessly browse, view details, and book classes in a few clicks, with the points-based purchase system that simplifies the checkout process.



Market Analysis

	<u>Classy</u>	ClassPass	Coursera	MasterClass	Gympass
Unique “Strava-like” Social Feed	✓	✗	✗	✗	✗
Experiential Learning	✓	✓	✗	✗	✓
Flexible Payments (No Lock-In)	✓	✓	✗	✗	✗
Hyperlocal Community Focus	✓	✗	✗	✗	✗
Virtual Focus (Less Engagement)	✗	✗	✓	✓	✗

Business Model



Low Barrier to Entry

Free for instructors and organizations to list their classes



Simple Point System

Users buy points and then use points to sign up for classes



Fixed Commission Rate

Classy takes a 15% commission on each booking made

Why Points?

- **Easy to use and convenient.** By using points instead of dollars to book classes, users have a more streamlined sign up process and can easily be refunded in points
- **Psychological buy in.** Customers will be more inclined to sign up for classes after making a one time purchase to acquire points.
- **Pricing flexibility.** Classy can easily adjust the value of classes depending on demand, time, or popularity without having to frequently adjust prices in USD.

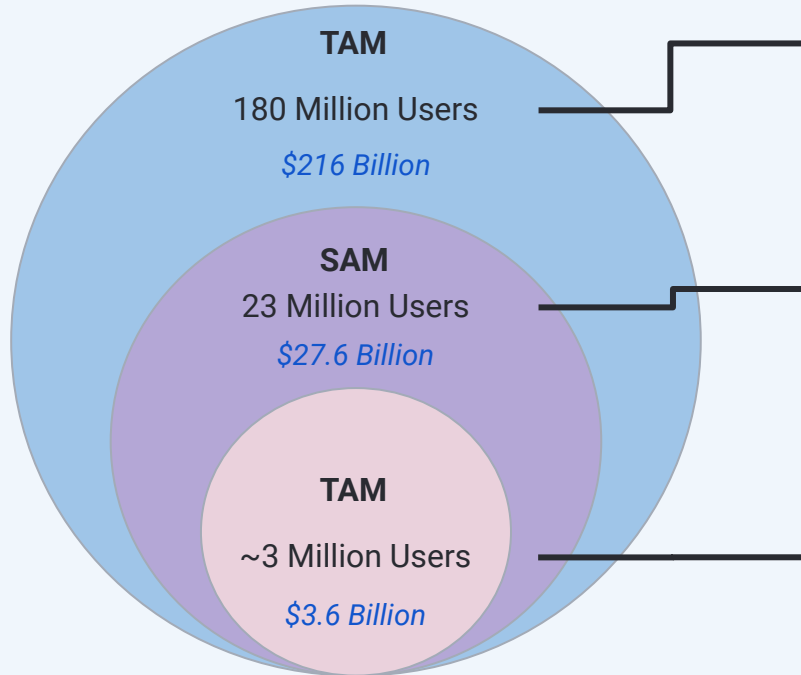
Pricing Options: 5 Tiers of Flexibility

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Monthly Fee	\$50	\$75	\$100	\$150	\$200
Credits	50	80	110	167	225
Cost per Credit	\$1.00	\$0.94	\$0.91	\$0.90	\$0.89

Competitive analysis: ClassPass offers 5 credit plans ranging from \$19/mo - \$199/mo

*assuming each user customer spends \$1200 each year (\$100 in points each month for 12 months)

US Market Sizing



- Represents all adults who might be interested in learning
- Broke down 180 million evenly into 4 different age groups (45M per group), and then estimated the percentage of each group that would be interested in classes, resulting in 103.5M individuals.
- 22% of US adults have disposable income
- $103.5M \times 0.22 = 23M$
- Based on our competitors user bases and the varying levels of market penetration achieved by these platforms, we estimate that Classy can realistically target 10-15% of the SAM, translating to 2.3-3.4 million active users.

Tam/Sam/Som Calculations

Classy's **TAM** seeks to capture everyone interested in learning new skills and who has access to a mobile device. The rationale behind this choice is rooted in understanding both the technological access and the learning mindset of potential users:

- Mobile Device Access: According to Consumer Affairs, **95% of adults aged 18+ in the U.S. own a smartphone**. We believe Classy can confidently target a massive audience that already has the tools to engage with its social features. This equates to approximately 247 million adults (of the **260 million total adults in the US**) with the capability to interact on the platform, ensuring a broad base for potential growth.
- Lifelong Learners: According to Pew Research, **73% of adults consider themselves lifelong learners**. From the 247 million adults aged 18+ in the U.S., we estimate around 180 million potential users meet the criteria of our TAM.

SAM:

- Broke down 180 million evenly into 4 different age groups (45M per group), and then estimated the percentage of each group that might be interested in classes
 - 18-35 → 80% → 36M
 - 35-50 → 70% → 31.5M
 - 50-65 → 50% → 22.5M
 - 65+ → 30% → 13.5M
 - Total: 103.5 M
 - From here, we then considered the number of people with disposable income, which we found to be 22% of US adults.
 - $103.5M \times 0.22 = 22.77M$
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Tam/Sam/Som Continued

Classy's SOM represents the realistic portion of the SAM that it can capture within the competitive landscape, taking into account market conditions, user behavior, and the strengths of competing platforms.

Competitive Analysis: To understand the market potential, we analyze similar platforms that cater to learning and fitness, like:

- Coursera, which currently has **142 million users**.
- Mindbody, a popular wellness and fitness platform, with **2.4 million active users**.
- Duolingo, with **8 million paying users**, demonstrating strong engagement from users willing to invest in language learning.

Based on these figures and the varying levels of market penetration achieved by these platforms, we estimate that Classy can realistically target 10-15% of the SAM, translating to 2.3-3.4 million active users. This target percentage takes into account the existing competition, user behavior trends, and Classy's unique positioning with its social feature. By integrating social elements that set it apart from the aforementioned platforms, Classy strives to create a more engaging and community-driven experience. This differentiation, combined with the growing popularity of community-based learning and fitness, makes these market share estimates achievable.

Revenue Streams

Point Purchases

- Users buy points from one of our 5 tiers
- Of 3M potential customers from SOM, we could anticipate revenue approaching **\$2.8B/year**

Class Insurance

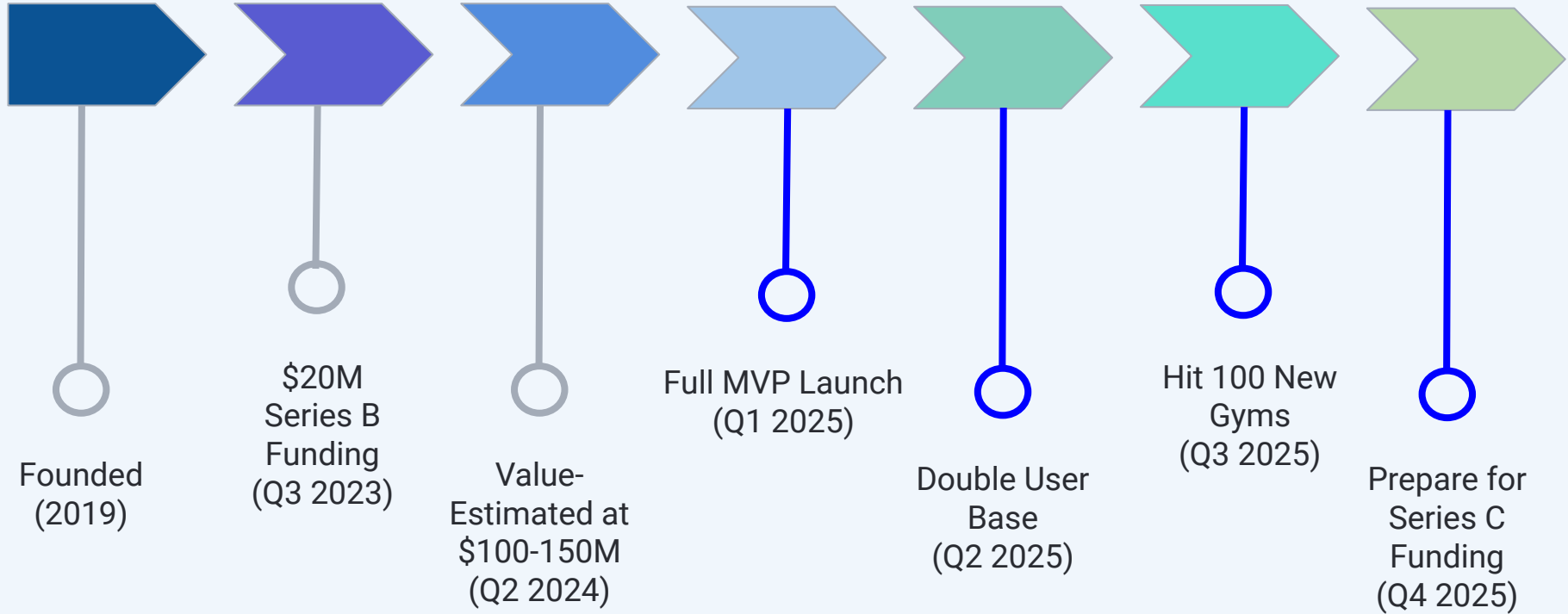
- \$50/month
 - Free class cancellation
 - Assuming 10% of customers would be interested, this would result in **\$180M/year** in revenue
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Financial Projections - Points Revenue

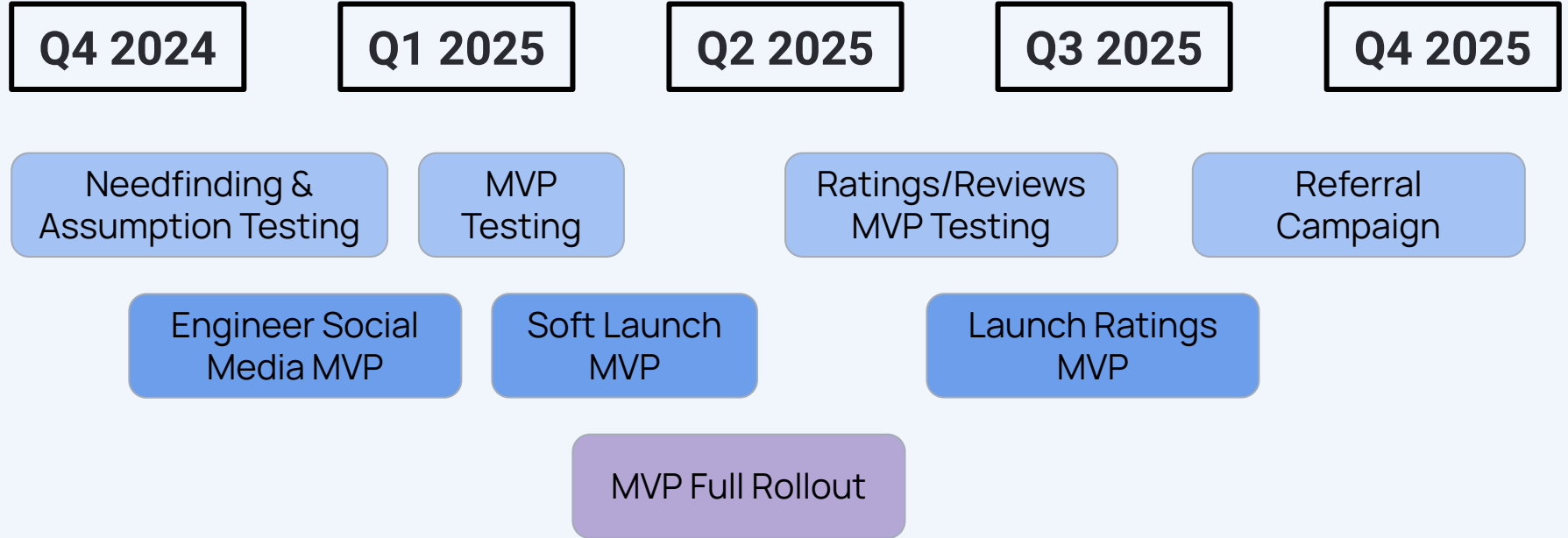
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
% of customer base (of 3M)	10%	25%	30%	25%	10%
Number of customers	300,000	750,000	900,000	750,000	300,000
Revenue/Month	\$15,000,000	\$56,250,000	\$90,000,000	\$56,250,000	\$15,000,000
Revenue/Year	\$180,000,000	\$675,000,000	\$1,080,000,000	\$675,000,000	\$180,000,000

Total Expected Points Revenue: \$2.79 Billion

Milestones + Timeline



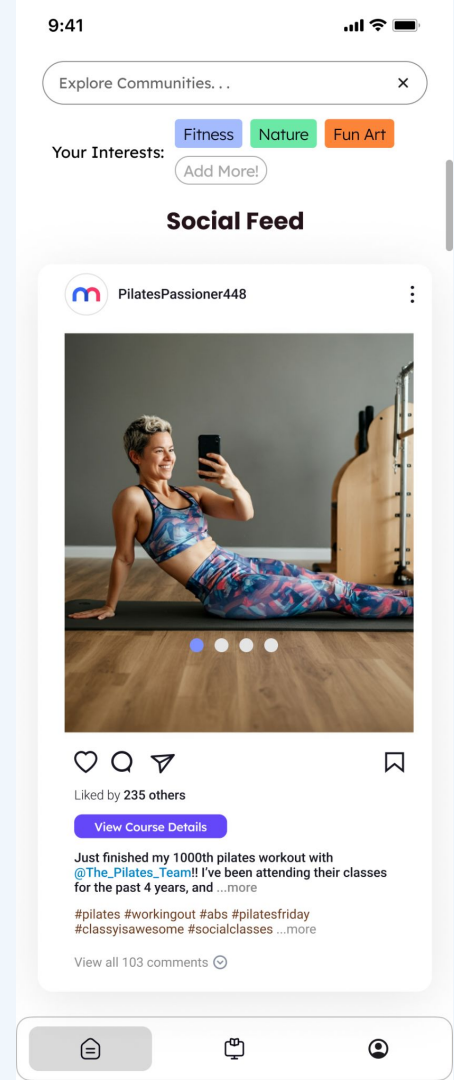
Milestones + Timeline



First MVP - Social Media

Requirements to ship:

- **User Connections:** Enable users to "friend" or "follow" others, including studios, to build their network.
- **Post Visibility Options:** Allow users to create public or private posts with text and images.
- **Engagement Features:** Add functionality for users to react to posts with likes, comments, and celebration icons.
- **Social Sharing:** Allow users to share posts to external platforms like Facebook and Instagram.

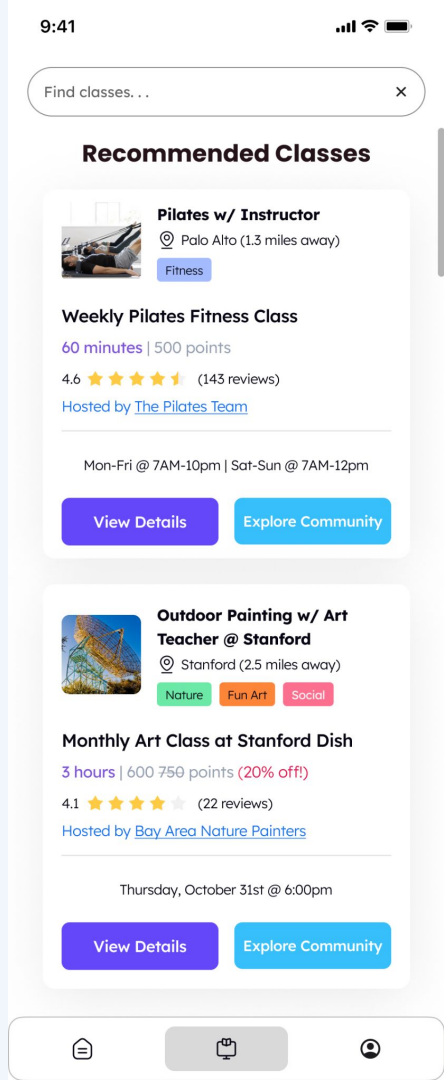


Second MVP - Recs & Reviews

Requirements to ship:

- **Ratings:** Enable users to rate classes across key aspects such as overall quality, difficulty level, and likelihood to return.
- **Social Presence:** Develop community-driven insights, allowing users to view ratings, reviews, and engagement metrics for each class to encourage shared experiences.
- **Recommended Classes:** Build an AI-powered recommendation system that leverages Classy user data to deliver personalized class suggestions.

Goal: Design and implement these features together in a seamless, user-friendly way.



Risk Assessment for Classy's Growth Strategy

Key Assumption	Risk
Point System Conflict	Gyms reluctant to change their membership system
Preserving Quality of Classes	Difficulties preserving quality while scaling
Points System Confusion	Users confused by the point system
Diverse Offerings	Lack of engagement or relevance

Mitigation Strategies

- **Quality Control:** Implement user reviews & vetting for instructors.
- **Simplicity:** Offer guides, explain how the points work.
- **Localization:** Collaborate with local, high in-demand gyms

Ask and Next Steps

\$4M - UI/UX Development Team for Social Media + Ratings/Reviews MVP

\$2M - Social Media Integration Strategists

\$1.5M - MVP Testing/Feedback + QA

\$3M - Referral Bonus + Marketing Allocation

\$1M - Customer Service Expansion

Appendix

Financial Projections Calculations

- The average gym membership in the US is between \$40-\$70/mo. We decided to take the higher end of this range, because people joining class are likely more invested in their health and wellness than the average customer.
<https://wod.guru/blog/average-gym-membership-cost/#:~:text=In%20general%2C%20the%20average%20gym,more%20specialized%20or%20premium%20services.>
 - Given that people on class are likely to take multiple classes in month, this pushes the average person to buy higher rather than lower tier. For this reason, our 3rd tier is most popular followed by an even distribution to the 2nd and 4th tier and then finally the smallest interest in the 1st and 5th tier as these lie at the two opposite ends of the spectrum
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Revenue Streams

Point Purchases

- Users buy points from classpass
- **Competitive Analysis:**
ClassPass has flexible commission rates and is said to take anywhere from 20-50% commission on bookings

Optional Class Insurance

- \$50/month
 - Allows users to cancel their bookings last minute and receive a full refund on their points
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