ART FOAM

PROTECTING YOUR "PICASSO"

Polyurea ArtFoam

Business Plan

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I. EXECUTIVE SUMMARY

Overview

ArtFoam is revolutionizing the fine art shipping industry with its premium packaging that will ensure the safety of artwork during transportation and "Protect Your Picasso." Also, we will offer personalized package options for a wide range of sizes and needs. This packaging consists of our new polyurea foam and wood frame, which will protect the artwork against environmental elements, temperature changes, and impact during the shipping and handling process. We will also include features such as security codes and RFID tracking systems as additional consumer benefits.

The Problem and Our Solution

On many occasions, there are mishaps that occur during transportation that cause artwork to arrive in a damaged state, which is very difficult to recover from. Works of art are irreplaceable and unable to be imitated, meaning that the delivery has to be a seamless process. Artfoam offers this with our superior packaging options. We address and prioritize the needs of artists, galleries, and shipping companies that frequently face these challenges. Our goal is to preserve artistry and craftsmanship at all costs.

The Industry

The potential for polyurea foam's implementation into the fine art shipping sector is possible although there are barriers to entry that are high. This is due to the current foam and packaging materials that have already been established in the industry. Although this may be the case, ArtFoam offers a unique value proposition that will set us apart from other protective packaging solutions in the industry. The current industry size is approximately $198.4 million. In the full industry analysis, we will explain more about the growth rates, sales projections, and trends.

Our Market

ArtFoam's target market consists of three sectors: art galleries, art shipping and logistic companies, and artists, which are interdependent upon each other. After considering the factors of delivery and how each of these targets choose to handle the process, we were able to understand how to approach our customers. In the full market analysis, we will explain more about segmentation, buyer behavior, and competitor analysis.

Marketing Plan

ArtFoam will offer a rental service that has a range of prices between $30-100 a day, depending on the amount of time the customer chooses to rent our product. This is a great way to reduce waste and harm towards the environment, as well as create more usage of the product. We will focus on promoting our product and reaching out to art logistic companies using email marketing, as well as SEO strategies to acquire traffic to our website. Also, we will attend industry events to approach them and demonstrate our value proposition in person. In the full marketing plan, we will discuss the product, pricing strategy, and more promotion tactics.

Operations and Development

In the early stages, Artfoam's operational plan involves sourcing high quality materials (glassine, wood, and metal) from suppliers at an affordable cost, as well as establishing an efficient manufacturing process that saves time and money in the long run. One of our primary focuses will be research and development in order to have continuous improvement and growth. In the full operations plan, we will thoroughly discuss our model, necessary procedures, facilities and equipment needed, and future product development.

II. COMPANY DESCRIPTION

At ArtFoam, our ultimate goal is to transform the art packaging industry by delivering exceptional protection and sophistication for cherished artworks. We aspire to be the foremost luxury art packaging brand, elevating the benchmark for quality and artistry in the industry. Our mission is to guarantee the safe transportation and exhibition of every artwork, from contemporary masterpieces to enduring classics, and thereby honor our dedication to preserving artistic heritage.

Our mission at ArtFoam is to merge artistry and technical advancements to produce tailor-made packaging solutions that cater to the distinctive requirements of artists, galleries, and collectors globally. We aim to provide top-notch safeguarding and aesthetics, augmenting the significance and durability of each artwork that we create packaging for with utmost care.

At our company, we are experts in the production of custom art packaging that is specifically tailored to the unique dimensions and needs of each individual artwork. Our product is specialized packaging designed for fragile pieces. We take great care to use only the finest materials and advanced techniques to create packaging solutions that offer optimal safeguarding against environmental hazards and handling challenges.

ArtFoam is currently in the development phase, engaging with artists, galleries, and art logistics firms to understand their packaging challenges and preferences. Our team is focused on continuous research and development to refine our packaging solutions and expand our customer base.

In essence, ArtFoam is primed to excel in the high-end art packaging sector by providing tailored and unique options that safeguard invaluable masterpieces. Our unwavering commitment to inventive solutions, exceptional craftsmanship, and exceptional customer care guarantees that each artwork, be it a modern marvel or a historical gem, is carefully protected throughout its travels.

III. INDUSTRY ANALYSIS

1 - Industry Definition

Polyurea art shipping foam bests into NAICS code 326150 - Urethane and Other Foam Products (except Polystyrene) Manufacturing; however, to more narrowly define the industry, it is essential to note it will be directly influenced by art dealers' NAICS code 453920. However, for the IBIS world code, each foam manufacturer has a different IBIS world code, for example, “32614 - Polystyrene Foam Manufacturing in the US” and “32615 - Urethane Foam Manufacturing in the US.” Based on this, its transparent polyurea foam manufacturing would become its own industry. However, for ease of application in the following sections, we’ll be using polystyrene foam to understand the potential of the industry better.

2 - Industry Size, Growth Rate, and Sales Projections

Industry Size

According to IBIS World, revenue for the polystyrene foam manufacturing industry is $12.3bn, and the revenue for the art dealer industry is $12.5bn. To determine the specific industry size for polyurea’s target industry, we utilized consumer data. The U.S. Bureau of Labor

Statistics (BLS) reports there were 2.57 million artists in the U.S. workforce in 2020—representing 1.6% of all workers ages 16 and older. Using the average total revenue of the Foam manufacturing industry and the art dealer industry ($12.4Bn) and multiplying it by the percentage of artists in the workforce (1.6%), we can estimate that this industry size is $198.4 Million.

Industry Growth Rates

The global foam market was valued at $98.11 billion in 2022 and is projected to grow at a CAGR of 4.6% during the forecast period. ("Global Foam Market Size, Share & Growth Analysis Report, 2023-2032"). However, According to IBIS World, the art dealer industry revenue is forecast to rebound gradually and grow at a CAGR of 1.4% to $13.4 billion over the five years to 2027. As a result, the total industry growth rate is calculated through the average of the two CAGRs, which totals to 3% growth rate.

Industry Sales Projections

Using the provided CAGR, the projected sales for the global foam market in 2027 are approximately $122.94 billion. ("Global Foam Market Size, Share & Growth Analysis Report, 2023-2032"). Again, the art dealer industry revenue is forecasted to reach $13.4 billion over the five years to 2027. As a result, the total industry sales projection is $9.17 billion

3 - Industry Characteristics

1) Rivalry—Medium to Low. Although only a handful of companies specialize in providing foam specifically tailored for art packaging, competition within this niche market can be intense. Competitors differentiate themselves through factors like product quality, customization options, pricing strategies, and customer service.

2) Entry Barriers - High. Entering the foam segment of the art industry can be challenging due to the well-established use of traditional foams and art packaging materials. ArtFoam would face significant obstacles, such as substantial capital investment to set up manufacturing facilities and marketing expenses to establish brand recognition and compete with established players. Additionally, building relationships with art institutions, galleries, and artists who have specific preferences can pose additional challenges. This can make it difficult for new competitors to enter the market and challenge existing players effectively.

3) Power of Buyers - Medium. While individual artists may have specific preferences for foam and packaging materials, they typically have several options to choose from. Large-scale buyers like major art galleries or museums have significant purchasing power that can exert notable influence on foam suppliers, impacting their buying decisions, prices, and quality standards.

4) Power of Suppliers—Low. Art packaging tends to have various supplier options. Applying that specifically to ArtFoam, we would be producing the foam; we have an autonomous supplier. However, with additional materials, such as wood, there are many options available. We begin to lose supplier power as we incorporate more technical aspects. There are still some options to decide from.

5) Availability of Substitutes—Medium. Substitutes can include individuals sourcing their own materials to protect their paintings in transit or using traditional shipping methods through services like FedEx or DHL.

4 - Industry Trends

Governments are increasingly taking steps to safeguard and preserve historically significant art, which could impact the demand for improved art packaging materials. From an economic standpoint, art dealers face several cost-related challenges, including political and economic instability (41%), high costs associated with art fairs (26%), and overhead and fixed expenses (21%). These concerns may not bode well for the polyurea foam's entry into the market, as the initial manufacturing costs may be high until there are enough customers to achieve cost reductions similar to those of traditional foams. Socially, art sales are shifting to online platforms, which could reduce the need for packaging materials, but proper protection during shipping remains crucial. From a technological and environmental perspective, there is a growing focus on sustainability, which may lead to increased demand for biodegradable and recyclable packaging materials. However, polyurea emits lower emissions during manufacturing compared to traditional foams, and sustainability is only a minor concern (2%) for art dealers. Finally, Dr. Youssef's patent protects the company's intellectual property, guarding against the duplication of the formula. Finally, 62% of acceptable art claims are related to Breakage and accidental damage. Finally, it is essential to acknowledge that “Accidental damage to fine art represents a large percentage of all fine art claims” (Rappa). However, “loss or damage can occur at any stage of the movement of the artwork, whether it be due to insufficient packing prior to shipping, poor handling of the item during shipping, or while in storage” (“Top Causes of Fine Art Claims | Private Client Select”).

IV. MARKET ANALYSIS

1 - Market Segmentation and Target Market Selection

Marketing segmentation is a process of dividing your target market into different groups based on demographics, geographics, psychographics… It allows you to have a better understanding of your consumers and their wants and needs, focusing your decision more effectively.

After doing a segmentation of the market for art transportation, we can divide our possible consumers into the following groups based on psychographic behavior:

- Museums and art galleries: In need of transportation for their important art pieces between locations, exhibitions… Sometimes they also can sell pieces, and they require good packaging so they ensure that the art piece is traveling safe and nothing will happen during the transit.
- Artists and studios: Art pieces are unique and are the result of a lot of work, dedication, hours, inspiration, tears, smiles… It is something with a lot of emotional value for the artist. If they frequently sell and ship their work, they could be interested in our product.
- Art collectors: Collectors who buy and sell artworks are always in need of good packaging options where their paintings can travel, not just because of the painting protection, but is also a way to protect their investments.
- Art shipping companies: Another type of target market could be the companies dedicated to shipping, especially the ones that focus on art. They probably want to have innovative

ways of transportation that differentiate them from the other competitors, we are perfect for them.
- Online art retailers: Nowadays, the amount of art that is being ordered online has increased dramatically. This means that art pieces should travel to someone's house.
- Event organizers: They may need temporary packaging solutions to transport artwork for their different events.
- Interior designers: These professionals need art pieces to design houses, sometimes temporary just for the open houses, and other times permanent for the buyers of the house.

All these segments have different needs and different ways to target them. However, most of the time we can not focus on all the different segments in our market, especially at the beginning.

After doing some research, we will be focusing on art galleries and museums, as their very valuable and irreplaceable artworks make them more willing to invest and try new transportations systems and be less price sensitive if they are certain that the art piece will be secure during the transportation. After doing some interviews with Spanish galleries, we understood that they transport a lot of their art pieces due to different exhibitions, and they are willing to spend a lot of money for high quality protection, as their art pieces are irreplaceable. Also, some museums like MoMA in NYC have a floor that is in constant change, this involves a lot of transportation of very valuable, economically and emotionally speaking, art pieces that travel around the world. Targeting museums and galleries could lead to establishing long-term partnerships and recurring orders.

The second target group that we will be focusing on is art shipping companies. These companies are constantly in need of reliable packaging solutions to protect the artwork of their clients. Partnering and buying new innovative packaging that will secure their protection also gives them more value as a company and will increase the number of people interested. By targeting shipping companies that are already known in the sector, it is easier to reach a larger scale of consumers. After they purchase, they will become a partner more than a customer.

Even though artists and studios will be less profitable, addressing the specific needs and building relationships with artists could be a good way to get into the artistic community and get word of mouth spread.

2 - Buyer Behavior

Understanding buyer behavior is essential when launching a new business. First because it helps us understand and anticipate customer needs, addressing the gaps in the market while avoiding risks and giving them personalized experiences and products that will satisfy their needs and fulfill their expectations. By doing this, we will be able to increase customer loyalty and develop targeted marketing strategies perfect for our target audience.

As we mentioned before, our target audience is divided mainly in 3 groups: museums and galleries, art shipping companies, and artists, but they are all interconnected. Artists might sell their pieces to other persons or the galleries, for that they will need a way to transport them. At the same time, galleries have exhibitions and need to transport their artwork from gallery to gallery, or they can sell it to an individual. When artists and galleries choose how to transport the artwork they have different options:

1. Do it on their own: Get the material, handle packaging, and send it to the person receiving the art.
2. Contract a shipping company in charge of the transportation.

Since the second option is the most common method, we will also need to target art shipping companies as many companies resort to them when transporting art.

All of this was researched in my interview with Valentina Cantolla, a friend who works in his father's gallery in Spain. In their gallery, they have their own shipping department, but they also ship with UPS, DHL, or when it is an important art piece, Courier, which specializes in art transportation and protection.

3 - Competitor Analysis

Here we will be mentioning some of the competitors in the industry. Because most of them are also in charge of the transportation, we do not reject being partners in the future and selling our product to them. Also, you will see that none of them have exactly the same product as ours, they are all indirect competitors, but they do focus on the same consumers.

- Uline: It's a leading supplier of a wide range of materials used for packaging products, like foam, bubble wrap and polyethylene foam. Among many other products where they use their packaging they also do artwork. They offer a wide range of dimensions to fit the art piece, however it is not personalized to fit all its size.

Here, we can appreciate that the art piece stands between thick soft foam, which is removable. The outside apparently looks like cardboard packaging that is not as protective as ours, and that it does not provide temperature isolation. Depending on the size, 1 box could cost between $55-$381, and is usually transported by major air and ground carriers like UPS and FedEx.

- AirSea Packing: Is a global leader in white-glove shipping. This refers to a premium service particularly regarding furniture, appliances and high-value items like art. They have wooden packaging and tailored packaging solutions and their consumers are mostly all segments mentioned above in the market.

- ArtPack: This company provides fine art and antique transportation and delivery to museums, galleries, designers, artists. They offer a variety of packaging options including museum quality exhibition cases, travel frames or interior, also single-use cases, bags. It does not look like they use foam in their packaging.


- Instapak: Is a company that is not specialized on art shipping like the others, however the use of their expandable polyurethane foam packaging systems and foam innovation to provide protection during transportation is very similar to our foam. This company could be a competitor when trying to get to the art shipping companies by offering their new inventions like inflatable pillows, or polyethylene foams.

- Museumpak: This company is very similar to us in a way that they sell the boxes and the packaging and partner with different couriers for the delivery. Their boxes are kraft liner boards that save a lot of weight to lower the shipping bill. In the interior it has 2 layers of foam that can be removed to match the size of the work and has a middle layer of soft perforated foam. They have high prices for a cardboard box and they just have 4 options of sizes, the prices vary from 122-208 USD.

- Convelio: This Parisian company tries to revolutionize fine art shipping through many different options materials. The one that aligns more with our foam is the custom-made wood crates. They evaluate the size and shape of the artwork to develop by technicians the perfect combination. Similar to ours, their wood crates protect from damage and against environmental factors, such as temperature and humidity. This company is definitely the closest to our product as they also target very valuable art pieces and have both foam and wood in their product.

These are just some of the competitors that we could find in the market.

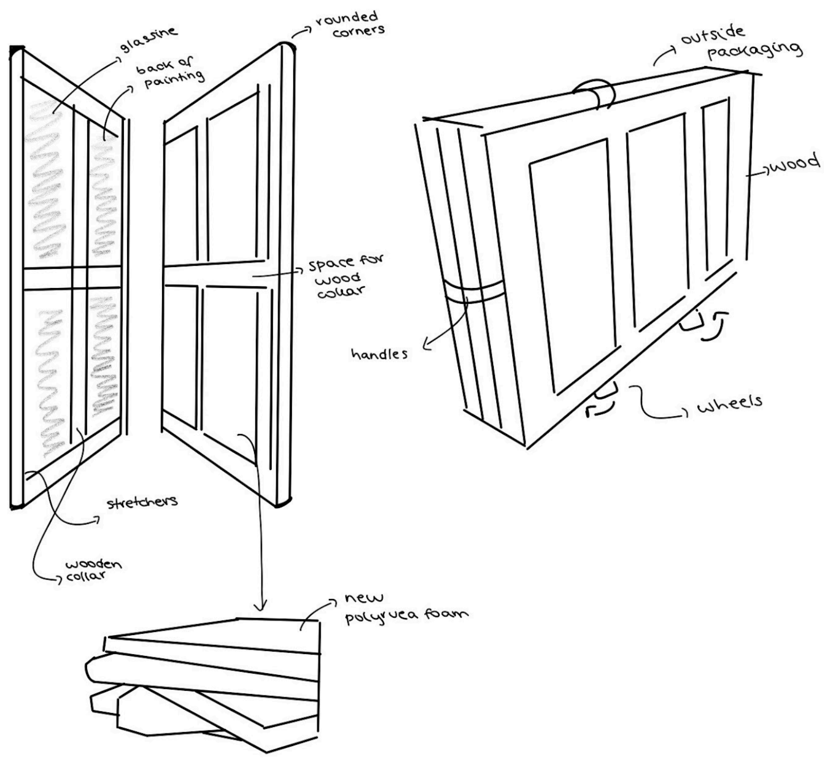
V. MARKETING PLAN

Now we will go in depth about the marketing plan and the 4P's.

Product

Our product is a new shipping solution that uses polyurea foam to improve transportation of valuable and unique art pieces. Targeting very valuable pieces of art that require the best packaging and the only protection where they have a 100% of proof that will arrive with no damages.

After a long secondary and primary research through interviews we were able to come up with the best way of packaging for art.



This is a sketch of our ArtFoam product.

After conducting research, we found out what was needed to be able to position our product as the best protection for art pieces. Here are some request that we took into account before building the final product:

- Protect the painting in the surface, the back, the corners, and the top: EVERYTHING
- It can not vibrate
- It need to be protected from changes in temperature, humidity and pressure
- It needs to be fully cured
- Can not be glassine or cardboard in the front as it can get attach into the painting
- Packaging without texture
- Protects from impact
- Round corners
- Handles
- Wheels

Our packaging is completely custom-made to the painting, this way it does not have any empty spaces that can make the art piece move or vibrate. Also, by adapting completely to the size and shape of the painting space is utilized efficiently allowing less weight during transport and more room for other packages. The packaging will be a box made with fireproof and waterproof wood for the best protection of the object in the interior, and wooden or metal handles for a better carrying of the box. In the case of big paintings, we will also be adding wheels.

On the inside, we will have the painting facing down, glassine in the back so it does not get in contact with the foam. It will have a wooden collar that is often used in museums to add rigidity and so the foam does not get attached into the painting. The foam on the other side will give shock absorption, temperature isolation, pressure and humidity control. Of course, the foam should not have any texture. There will also be stretchers in case the painting is unrolled without a frame and in case that it goes with the frame, or wooden box is perfect to protect the frames.

Temperature, humidity and pressure are, as well as damage, the reasons why the art market transportation needs better materials. Our foam and wood will give a natural way to protect the art against these environmental factors. In addition, we will incorporate a technology which can control these factors artificially. We will also provide security elements like security codes and geo tracking.

The benefits of our product:
- It protects completely the art piece
- Keeps the level of humidity, pressure and temperature
- Fully custom-made box
- Adapts completely to the painting
- It has shock absorption
- It is easy to move around
- Gives a sense of luxury and care placed into the art piece
- Can act as a storage box
- Security technologies

In addition, our company would also offer a convenient solution for those who need temporary innovative shipping for transporting artworks. By renting our product, consumers will have the flexibility to securely transport their art pieces without the commitment of purchasing the boxes that customers might not need anymore or would not like to have stored without being used. We have not found any company that currently offers renting services, this will give us a competitive advantage. Apart from the benefits to the company, it offers many for the client. It is a way to access high-quality products without having to invest a lot of money. It is also a way not to commit to a long-term purchase and check the incredible benefits that we promise to our consumers. Of course, maintenance and technical service is also included in our retail which will be an incentive for some people to choose to rent our product, not to say, that it is also more beneficial for the environment as we would be creating just the number of boxes that would be used, therefore, reducing waste, utilizing resources more efficiently, decreasing carbon footprint, and contributing to forest conservation. Giving a second life to our products and helping promote more sustainable practices in packaging.

Pricing Strategy

Establishing a pricing strategy for this product would be a very long and not exact calculation as it would mean a need to talk with all the suppliers and it depends on the size of the art work, and many other factors.

Since there is no competitor that offers exactly the same product and the same protection as we do, we can establish a psychological pricing strategy. How much are you willing to pay to ensure that your high-value artwork arrives in perfect condition? Museums are investing millions of dollars exclusively in the transportation of their artworks. The museum El Prado in Spain, just for moving four very prestigious and highly valuable pieces ended up allocating nearly half a million dollars.

When we talk about transporting masterpieces that cost millions of dollars from a museum, they would be willing to pay mostly anything if they ensure that their painting will arrive safely to the final destination. Our pricing strategy would be to establish ourselves as the brand that gives the highest protection to your artwork among all competitors. These luxuries mean a price. There our tagline, Protecting your “Picasso.” Not a normal art piece, one that can compare in value to a Picasso. “If you want a box, we are not the right option. If you want the only company that can assure you 100% of security during the transport of your masterpiece, we are here for you.”

Just a professional 12x12 in, custom, museum-quality crate can start at a $500 price. Taking into account all the other benefits that we provide in our packaging. We can estimate that the price for a square meter can start at $1,000 USD and increase depending on the size of the art piece or requirements.

Regarding the price of the rental service we can estimate a price/day of $100.
Here, a time scaling strategy:

	Mínimum price		Maximum Price	
Price/ Day	Days	Total Price	Days	Total Price
$100	1	$100	5	$500
$75	6	$450	30	$2.250
$50	31	$1.550	90	$4.500
$30	91	$2.730	365	$10.950

Place
Regarding the place of our products and rentals. We have direct channels through our website, as well as indirect channels through partnerships with shipping companies, as well as participation in art fairs and exhibitions.

Through our partnerships with shipping companies specialized in art shipping we will be able to reach a wider audience and expand our market presence.

We will also ensure that our product is available in key markets and regions where there is a high demand for art transportation services, like the US.

Promotion and Communication
Utilize a mix of online and offline promotional tactics including:

- Corporate website: On our website, it will include an “About Us” page, a description of the products with many photos, visuals, graphics, and not as much text, as people will not bother to read all of it. The website needs to be very intuitive. On the product page, we will have a “Design Your Box” page where consumers can customize the shape, size, and the design of the box with their name or any details they would like to add.

- Industry events: It would be nice to organize a presentation event to bring awareness into the market at the most renowned art fairs in the world. The most famous one is in Basel, Switzerland, but there are many other interesting options. There we could also network with potential customers and partners.

- Client acquisition campaigns. We will be sending catalogs with our information to all art galleries worldwide. In the beginning stages, we will start with San Diego, Los Angeles, San Francisco, and later approach the other prominent cities in the US, such as New York City, Illinois, and Miami. We could also do campaigns playing with our tagline:

Protecting your "Picasso," with other artists like, protecting your "Matisse," Protecting your "Van Gogh," protecting your "Monet," Protecting your "Klimt."

- Adsense on the main art gallery websites in each of the most important countries. In art, these countries are the United States, Japan, Germany, England, France, China, Italy and Brazil.

- Use SEO strategies such as key words or hyperlinks with other websites relevant to yours to acquire traffic into your website or social media.

- Developing a comprehensive marketing strategy to raise awareness of our product and its benefits among the target audience. Since it is not an easy product to advertise, we will continue to be creative and try to think outside the box.

- Email marketing, similar to catalogs, but using online platforms. Using email is a great way to reach our potential international customers and bring awareness.

VII. OPERATIONS PLAN

1 - Operations Model and Procedures

In order to start and run ArtFoam effectively, our operations will include:

- Identifying suppliers of materials we need to make our product: glassine, wood, and metal. Our goal is to find suppliers that provide high quality materials for a moderately affordable price. We need to ensure that the materials will be able to deliver superior protection in order to fulfill the value proposition of our product. Ideally, once we find the right suppliers, we will be able to negotiate a long-term contract that will ensure that we have access to the necessary materials when we need them.

- Developing an efficient manufacturing process for our product. Since Dr. Youssef already has an established process for manufacturing his polyurea foam, the prominent part of this process is figured out. However, we still need to create a streamlined method of developing the entire product. Also, we will be sure to enforce a quality control system that will guarantee the strength and durability of our product.

- Monitoring demand for our product. Doing this on a constant basis will ensure that we do not purchase an excessive amount of raw materials or underestimate how much we need in order to develop our product. This will be a smart way of saving money for the cost of materials, manufacturing, and inventory space when necessary.

- Designating funds for continuous research and development. This will be a great way to continue growing as a company and staying on top of market changes. Also, we would be able to make fundamental improvements to our product. An important part of this process is listening to the customers, analyzing their feedback to make sure that our product is addressing their needs, and making changes to the product if necessary.

2 - Facilities and Equipment

When it comes to manufacturing the polyurea foam, which is the primary aspect of our product, there is already an established facility and process for making the foam. Since Dr. Youssef already has this, along with specialized equipment that will create, shape, and size the foam, this will save costs on that end. If he wants to expand production, then we would need to take into consideration how large of a facility would be necessary, along with how much his equipment costs, and the amount of new employees we would need in that sector. Some of the equipment needed for the polyurea foam includes:

- Machines used to properly cut the foam. Since the foam is extremely durable, it takes a lot in order for the foam to be cut. This means that if we needed more equipment for a larger production, we would need a premium cutting machine that is specialized for this task.

- Machines used to mold the foam. We would need this piece of equipment to ensure that the foam is the proper shape and size we need for the product to be as effective as possible.

- Tools used for quality control. We would use this to guarantee that the performance of this foam is consistent with the expectations and promises we made to our customers about the value proposition.

Aside from the variables involved with making the polyurea foam, we would need a development facility for the product as a whole. We would need to find a convenient location that allows a seamless delivery of our raw materials needed and distribution of our product. Since there are multiple parts involved in making the product successfully, we would need multiple areas for production that are properly separated and placed in proximity to each other in order to have a smooth production process.

Also, we would need a designated space in the facility for inventory of the raw materials, polyurea foam, and ArtFoam products that we develop. We need a place for the materials to sit when they are not being used. Also, since we were potentially considering a renting service for the product, we would need a place for the products to be retained during the downtime.

The projected costs of the facility and equipment needed in the first year include:

- Rented facility: $66,000-$132,000 for a 5,000-10,000 square foot facility. These are estimates based on average base rental rates of facilities these sizes, with the operating expenses added as well.

- Laser cutting machine for foam: $5,000-$15,000.

- Molding equipment: $17,000-$50,000.

- Continuous quality control testing: up to $500,000. This price can vary, depending on the specific tests conducted on the polyurea foam.

3 - Product/Service Development

Currently, the polyurea foam has already been tested and is in continuous testing to ensure that the value proposition is strong and our promises to the customers will be upheld. We are in the process of finding suppliers for the other materials needed. Also, we are looking for art logistics and shipping companies that will be willing to sell our product.

The future milestones of ArtFoam include:

- Enhancing the performance of our materials as much as possible. As time goes on, we want to continue to improve our quality, durability, and strength at the most efficient price. We will do this by conducting research and testing to get a further understanding of the next steps to take.

- Making our production process as eco-friendly as possible. Our current materials (wood, metal) are already recyclable and renewable, and our products will be reused for the renting service we will create. We will figure out new ways to manufacture our products that will reduce the amount of carbon emissions emitted and energy used in the process.

- Expanding and exploring new markets. Our current market is very niche, and hopefully down the line we will be able to grow within the art industry in a more broad sense. We will be able to determine the next steps to take using market research and feedback from current customers.

IX. FINANCIAL PLAN

1 - Balance Sheet

ASSETS	First Year	Second Year	Third Year
Current Assets			
Cash	$122,000	-	$224,000 -
Accounts Receivable	-	-	-
Inventory	75,000 -	75,000 -	75,000 -
Prepaid Expenses		-	-
Other Initial Costs	-	-	-
Total Current Assets	**$197,000**	**$75,000**	**$277,000**
Fixed Assets			
Real Estate -- Land	-	-	-
Real Estate -- Buildings	-	-	-
Leasehold Improvements	-	-	-
Equipment	25,000 -	20,496 -	15,992 -
Furniture and Fixtures	-	-	-
Vehicles	-	-	-
Other	-	-	-

Total Fixed Assets	**$25,000**	**$20,496**	**$15,992**
(Less Accumulated Depreciation)	$4504	$4504	$4504-
Total Assets	$218,496	$95,496	$292,992
LIABILITIES			
Liabilities			
Accounts Payable	-	-	-
Commercial Loan Balance	222,000	$222,000 -	-
Commercial Mortgage Balance	-	-	-
Credit Card Debt Balance	-	-	-
Vehicle Loans Balance	-	-	-
Other Bank Debt Balance	-	-	-
Line of Credit Balance	-	-	-
Total Liabilities	**$222,000**	**$222,000**	**$0**
Balance of Liabilities and Equity	$-	$-	$-

2 - Income Statement

Revenue	**First Year**	**Second Year**	**Third Year**
Product 1	300,000-	330,000 -	368,000 -
Product 2	-	-	-
Total Revenue	**$300,000**	**$330,000**	**$368,000**
Cost of Goods Sold (CGS)			
Product 1	-	-	-
Product 2	-	-	-
Total Cost of Goods Sold	**$75,000 -**	**$75,000 -**	**$75,000 -**
Payroll	$80,000-	80,000 -	80,000 -
Operating Expenses/Costs			
Advertising	-	-	-
Car and Truck Expenses	-	-	-
Commissions and Fees	-	-	-
Contract Labor (Not included in payroll)	75,000 -		
Insurance (other than health)	12,000 -	12,000 -	12,000 -
Legal and Professional Services	-	-	-
Licenses	-	-	-
Office Expense	-	-	-
Rent or Lease -- Vehicles, Machinery, Equipment	-	-	-
Rent or Lease -- Other Business Property	70,000 -	70,000 -	70,000-
Repairs and Maintenance	10,000 -	10,000 -	10,000-
Supplies	-	-	-
Travel, Meals and Entertainment	-	-	-
Utilities	12,000 -	12,000 -	12,00 -
Miscellaneous	2,000 -	2,000 -	2,000 -
Total Operating Expenses	**$322,000**	**$106,000**	**$106,000**

Total Costs (CGS+Payroll+Operating)			
Net Income (Revenue – Total Costs) Before Income Tax	**$0**	**$224,000**	**$262,000**
Income Tax	$0	$47,000	$55,020
Net Income/Loss After Income Tax	**$0**	**$176,960**	**$206,980**

3 - Cash Flows

	Year 1	Year 2	Year 3	Year 4	Year 5	Totals
Beginning Balance	$0	$0	$176,960	$104,283	$-	
Cash Inflows						
Cash Sales	$300,000 -	$330,000	300,000	300,000	-	$-
Accounts Receivable	-	-	68,000	99,300	-	$-
Total Cash Inflows	$300,000-	$330,000	$368,000	$399,300	$-	$-
Cash Outflows						
Investing Activities						
New Fixed Asset Purchases	$25,000 -	-	-	-	-	$-
Additional Inventory				75,000		$-
Cost of Goods Sold	75,000-	75,000-	75,000 -	75,000 -	-	$-
Operating Activities						
Operating Expenses	177,000 -	106,000 -	106,000 -	106,000 -	-	$-
Payroll	70,000	70,000 -	70,000 -	70,000 -	-	$-
Taxes	10,000	10,000 -	10,000 -	10,000 -	-	$-
Financing Activities						
Loan Payments	-	-	-	-	-	$-
Owners Distribution						$-
Line of Credit Interest		-	-	-	-	$-
Line of Credit Repayments			$ 279,656			$-
Dividends Paid						$-
Total Cash Outflows	$322,000	$-106,000	$106,000	$181,000-	$-	$-
Net Cash Flows (Cash Inflows-Outflows)	$0	$224,000	$-385,656	$218,300	$-	$-

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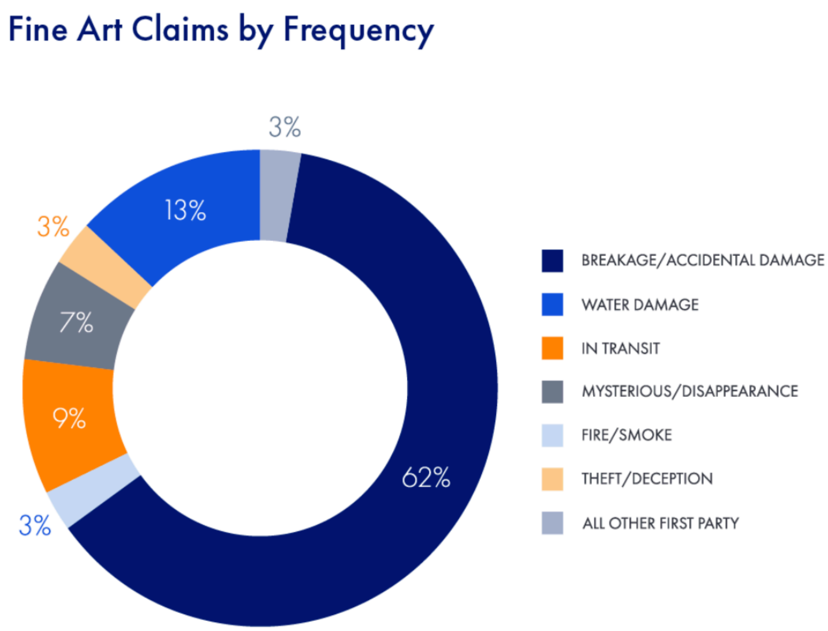
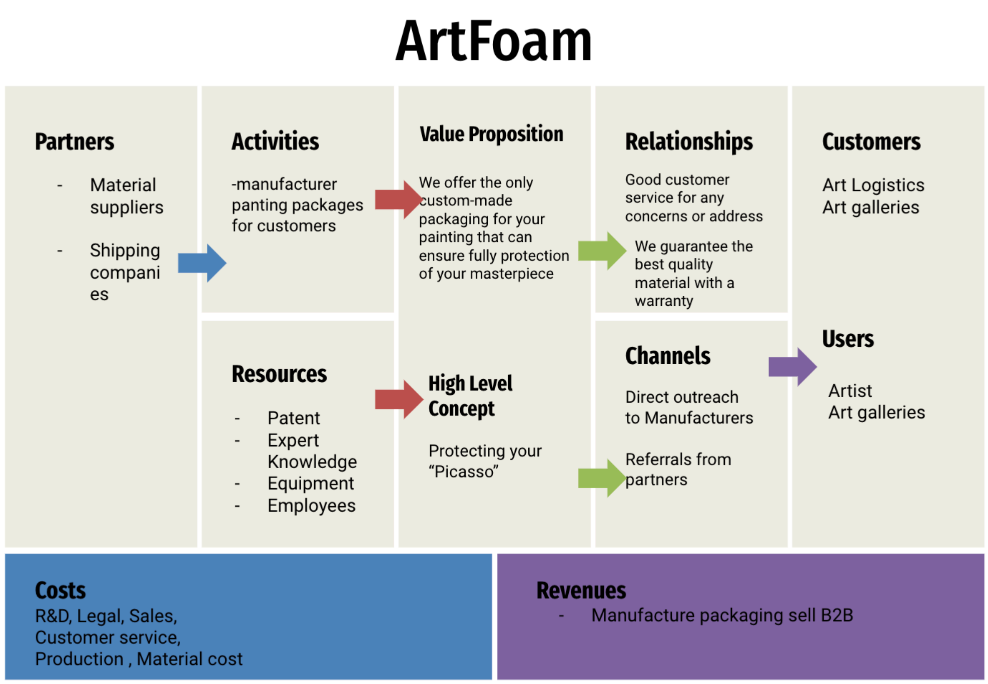
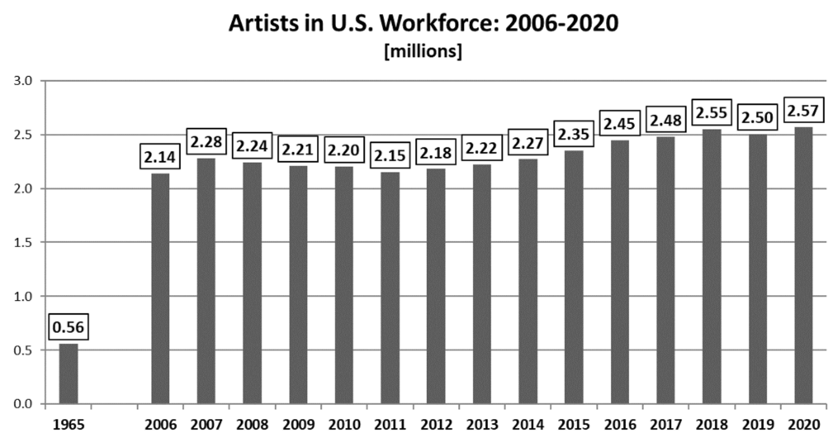
XI. APPENDIX


Fine Art Claims by Frequency
3%
13%
3%
7%
9%
3%
62%
BREAKAGE/ACCIDENTAL DAMAGE
WATER DAMAGE
IN TRANSIT
MYSTERIOUS/DISAPPEARANCE
FIRE/SMOKE
THEFT/DECEPTION
ALL OTHER FIRST PARTY


ArtFoam
Partners
- Material suppliers
- Shipping companies
Activities
-manufacturer panting packages for customers
Value Proposition
We offer the only custom-made packaging for your painting that can ensure fully protection of your masterpiece
Relationships
Good customer service for any concerns or address
We guarantee the best quality material with a warranty
Customers
Art Logistics
Art galleries
Resources
- Patent
- Expert Knowledge
- Equipment
- Employees
High Level Concept
Protecting your "Picasso"
Channels
Direct outreach to Manufacturers
Referrals from partners
Users
Artist
Art galleries
Costs
R&D, Legal, Sales, Customer service, Production , Material cost
Revenues
- Manufacture packaging sell B2B


Artists in U.S. Workforce: 2006-2020
[millions]
3.0
2.5
2.0
1.5
1.0
0.5
0.0
0.56
2.14
2.28
2.24
2.21
2.20
2.15
2.18
2.22
2.27
2.35
2.45
2.48
2.55
2.50
2.57
1965
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020