

PORTFOLIO VALUATION & STRATEGY

Brainworks Foundry

Collective Valuation Report

AI-Native Portfolio Strategy — 19 Companies Across 8 Sectors



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\$5.92B

BASE PORTFOLIO VALUE

\$666M

RISK-ADJUSTED EV

19

PORTFOLIO COMPANIES

\$3.3T

AGGREGATE TAM COVERAGE

16.8×

EXPECTED RETURN MULTIPLE

155%

AI ACCELERATION PREMIUM

Nineteen AI-native companies. Eight sectors. One thesis: the firms that rebuild industries with AI will capture disproportionate value — and they'll do it in one-third the time with one-tenth the capital.

The Brainworks Foundry Collective represents a fundamentally different approach to venture portfolio construction. Rather than deploying capital across independent companies at market-rate valuations, the Foundry creates AI-native companies from inception — leveraging shared infrastructure, a proprietary development methodology, and the structural advantages of artificial intelligence to compress timelines, reduce capital requirements, and retain dramatically more equity than traditional venture models allow. The portfolio now comprises **19 AI-native companies** spanning **8 major sectors** with a combined total addressable market exceeding **\$3.3 trillion**. The risk-adjusted expected value to Brainworks is **\$666M** — representing a **16.8× gross multiple** on **\$39.5M** in planned seed capital.

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1. Market Opportunity Analysis

1.1 Aggregate Portfolio TAM: A \$3.3 Trillion Opportunity Surface

The Brainworks Foundry Collective does not bet on a single market thesis. It places diversified, AI-native stakes across eight sectors experiencing simultaneous structural disruption — each driven by the same underlying force: the collapse of AI inference costs to levels that make previously impossible unit economics not merely viable but dominant.

The aggregate total addressable market across the portfolio exceeds **\$3.3 trillion**, distributed across sectors that exhibit minimal correlation in their demand cycles:

Sector	Portfolio Companies	TAM	Key Growth Driver
Education	Alexandria	\$400B by 2030	Teacher shortage, COVID learning loss, AI cost collapse, 1.3σ AI tutoring effect size
Entertainment / Media	Infinite Entertainment, Interactive	\$420–520B	Post-strike AI integration, streaming cost correction, immersive literature
Health & Wellness	VitalMe, SOLACE, RECLAIM HEALTH	\$1.0T+	Youth mental health crisis, preventive care shift, physical-mental convergence
Legal / Governance	Counselor, BoardAI, Catalyst	\$330B+	Access-to-justice gap, governance failures
Immigration	Passage	\$28B	Immigration backlog, zero AI competition
Finance	Tally, LEDGE	\$50B+	SMB underservice, AI-native accounting
Relationships	Cyrano	\$20B+	Loneliness epidemic, dating app fatigue
HR / Talent	TALENTLY	\$200B+	Skills-based hiring, DEI mandates

Exhibit 1: Portfolio TAM Distribution by Sector — \$3.3T Aggregate. No single sector exceeds 30% of portfolio TAM.

The critical insight for LPs is not the size of these markets — large TAMs are cheap to claim — but rather that **every one of these sectors is experiencing a structural crisis that AI specifically resolves**, and that these crises are occurring simultaneously, creating a once-in-a-generation deployment window.

1.2 Market Timing: Why This Moment Is Unique

The convergence of four macro forces creates a deployment environment unlike any in venture history:

Force 1: AI Cost Collapse. The cost of large language model inference has dropped by more than **90%** since 2022. Alexandria delivers AI tutoring sessions at **\$0.04–\$0.08 per session** — making one-to-one instruction economically viable at scale for the first time. Infinite Entertainment produces advertisement-quality video content for **\$0.69 per production** via OpenMontage. These unit economics were physically impossible 18 months ago. The implication is that AI-native companies launching today capture cost structures that even well-funded incumbents built before 2024 cannot match without complete architectural redesigns.

Force 2: Sector-Specific Crises Creating Demand Urgency. The United States faces a teacher shortage of **411,549 unfilled positions** (Learning Policy Institute, 2025). COVID learning loss has been documented at **5+ years of regression** in K-12 outcomes. The entertainment industry experienced a **17% production volume drop** following the 2023 strikes, creating intense cost pressure. **80% of low-income Americans** have unmet civil legal needs. These are not theoretical markets waiting for innovation — they are markets in acute pain, actively seeking solutions.

Force 3: Regulatory Windows. Several portfolio companies benefit from time-limited regulatory tailwinds. ESSER federal funding deadlines create urgency for districts to adopt digital learning solutions. **Fifteen states** adopted Science of Reading legislation in 2024,

creating mandated demand for SoR-aligned platforms like Alexandria's literacy module. Post-strike AI integration guidelines in entertainment are defining the rules of engagement for tools like Infinite Entertainment's production platform. These windows close, creating first-mover advantages that cannot be replicated by late entrants.

Force 4: AI-Driven Labor Market Disruption. McKinsey estimates **30% of US work hours** could be automated by 2030, with Goldman Sachs projecting 300 million jobs globally affected by generative AI. This creates an unprecedented reskilling imperative — tens of millions of workers need to learn AI tool frameworks, and many displaced workers need entirely new career pathways. This structural force directly benefits Alexandria (reskilling platform), VitalMe (workplace wellness during transition stress), and the broader portfolio thesis that AI-native tools will be essential infrastructure.

Force 5: AI Premium Valuations Are Real and Persistent. Market data confirms that AI-native startups command significant valuation premiums at every stage. Median seed pre-money valuations for AI companies reached **\$19M** in 2025 — a **27% premium** over the broader startup market. At Series A, the premium widens to **71%**, with median AI-native pre-money valuations at **\$84M** versus **\$49.3M** for all startups. Revenue multiples for AI-native vertical SaaS range from **25–80×** compared to **5–12×** for traditional SaaS.

Exhibit 2: AI-Native Valuation Premium by Stage (2025–2026). Median pre-money valuations — AI-native vs. traditional startups.

1.3 The AI-Native Advantage: Why Companies Built Now Capture Disproportionate Value

A common LP concern is that the AI opportunity is well-known and therefore overcrowded. The Foundry's thesis rests on a more nuanced observation: the majority of capital flowing into AI is pursuing horizontal platform plays (foundation models, developer tools, infrastructure) rather than vertical application companies. The vertical application layer — where AI meets a specific

industry's workflow, regulatory requirements, and user expectations — remains dramatically underbuilt relative to its economic potential.

Consider the evidence:

- **Legal AI:** Harvey has reached an **\$11B valuation** serving large law firms, but there is no AI-native platform serving the **80% of Americans** who cannot afford an attorney. Counselor addresses this white space.
- **Immigration:** Despite **\$28B** in annual legal spending and millions of applicants navigating byzantine USCIS processes, there are **zero meaningful AI-native competitors** in consumer immigration assistance. Passage enters a genuine vacuum.
- **Education:** Chegg's collapse from **\$12B to \$0.15B** after ChatGPT launched demonstrates both the vulnerability of answer-delivery models and the market's hunger for AI-native education — yet no platform has built the full-stack institution that Alexandria represents.
- **Entertainment:** Runway ML has reached a **\$3B valuation** with video generation alone, but offers no production pipeline, no character consistency, no fan integration, and no LED volume capability. Infinite Entertainment builds the complete studio.

The Foundry's sector diversification is not merely risk mitigation — it is a systematic exploitation of the gap between horizontal AI investment and vertical AI opportunity.

1.4 Sector Diversification as Portfolio Insurance

No single sector accounts for more than **30%** of aggregate portfolio TAM. The loss of any individual company — or even an entire sector — leaves a viable, diversified portfolio. This stands in stark contrast to single-company venture bets, where the correlation between investment outcome and company fate is 1.0.

The portfolio's sector distribution also provides natural hedging against economic cycles. Education spending is counter-cyclical (enrollment rises during recessions). Entertainment spending is relatively recession-resistant. Legal services and immigration are driven by regulatory and demographic forces largely independent of GDP growth. Health and wellness spending has demonstrated secular growth across every economic cycle of the past three

decades.

For LPs accustomed to the binary outcomes of traditional venture — where a single fund's returns often depend on one or two breakout companies — the Foundry model offers something closer to a structured portfolio with multiple independent shots on goal, each with favorable risk-reward characteristics.

2. Competitive Analysis

2.1 Company-Level Competitive Positioning

Each Foundry company enters its market with a specific competitive thesis. The analysis below examines the primary competitive landscape for each flagship and tier-two company.

Alexandria vs. The EdTech Landscape

Alexandria competes not against a single company but against an entire category of partial solutions, none of which offer the full-stack educational institution it is building.

Competitor	What They Do	What They Don't	Alexandria's Advantage
Khanmigo (Khan Academy + Microsoft)	GPT-4 tutoring at \$4/mo, free for teachers; 100M+ user base	No cross-domain connections, no wellbeing monitoring, no literacy module, no accreditation pathway	10 pedagogical pillars vs. single-method tutoring; Knowledge Gap Detective; embedded wellbeing; Science of Reading
Duolingo (\$6B valuation)	Gamification mastery, 113M DAU, language-only	Single subject; no tutoring depth; no wellbeing	Universal knowledge (all subjects); deeper pedagogical framework; institutional pathway

Synthesis (\$12M Series A)	Math enrichment, \$119/yr	Math-only; no AI tutoring; no wellbeing	Full curriculum; AI tutor across all domains
Lexia Learning	Science of Reading aligned, deep district relationships	No AI conversational tutoring; no consumer play	AI-native SoR + tutoring + wellbeing in single platform
Carnegie Learning	30 years of research, real district contracts	Expensive; no consumer play; no AI-native architecture	Cost disruption (\$35/student/yr vs. hundreds); AI-native from inception
Chegg (collapsed from \$12B → \$0.15B)	Answer delivery	Destroyed by ChatGPT — answer delivery is commodity	Alexandria teaches thinking, not answers; immune to ChatGPT disruption

Alexandria's competitive moat deepens across five dimensions with increasing replication timelines: feature moat (12 months), curriculum knowledge graph (2–3 years), personalization engine (2–4 years), clinical wellbeing data (3+ years), and WASC accreditation (3–5 years). No competitor is attempting to build across all five simultaneously.

Infinite Entertainment vs. AI Production Tools

Competitor	Scope	Valuation	Infinite's Advantage
Runway ML	Video generation only	\$3B	Infinite is full production pipeline (12 pipelines, 52 tools) — Runway is one input
Pika Labs	Consumer video generation	\$500M	Consumer-focused; no professional production features, no LoRA consistency
Sora (OpenAI)	Point-solution video gen	N/A (integrated)	We use Sora as a tool; we build the production system

Adobe Firefly	Horizontal creative tools	Part of \$200B Adobe	Not production-specific; Infinite owns the vertical
Epic/UE5	Infrastructure (game engine)	\$32B	Complementary — Infinite builds the AI layer that feeds into UE5

The four-part moat — OpenMontage foundation (proven **\$0.69/ad** economics, 12 pipelines, 52+ tools), LoRA-based character consistency, LegionM's **40,000+ invested fans**, and the LED volume pipeline (GenAI → NeRF → Unreal → physical stage) — has no single competitor combining all four capabilities.

Cyrano vs. Relationship Tech

Competitor	Model	Cyrano's Advantage
Paired	Relationship app, 1M MAU	No AI coaching; no keyboard integration; no dating mode
Lasting	Gottman-based, 100K users	Clinical framework but no AI-native architecture; no cross-app keyboard
Character.AI	AI conversation (92 min/day avg)	Engagement benchmark validates AI conversation demand; Cyrano is purpose-built for relationships
Calm / Headspace	Meditation/wellness	Adjacent but not relationship-specific

Cyrano's **MVP is complete** — 132 Swift files, 16,562 lines, 55 passing tests — with a keyboard extension that works inside Tinder, Hinge, Bumble, WhatsApp, and iMessage. No competitor offers embedded AI coaching within the messaging surfaces where relationships actually happen.

Passage vs. Immigration Tech

Passage enters perhaps the most vacant competitive landscape in the entire portfolio. Despite a **\$28B TAM** in US immigration legal services, with average attorney fees of **\$3,000–\$15,000**

per case, there are **zero meaningful AI-native competitors** in consumer immigration assistance. YC's Gale focuses exclusively on enterprise H-1B processing. Passage offers comprehensive coverage across all major visa categories (H-1B, L-1, O-1, EB-1/2/3/5, F-1, J-1, K-1, IR-1, TN, E-3, NIW) and 10+ USCIS forms at **\$29/month** — a 99% cost reduction from attorney fees.

Interactive vs. AI-Powered Literature

Interactive enters a market that Character.AI's Books launch (April 16, 2026) has just validated — but with a fundamentally different architecture:

Competitor	What They Do	What They Don't	Interactive's Advantage
Character.AI Books	185M+ monthly visits, AI roleplay with book characters	No literary fidelity, no safety architecture, active lawsuits over teen suicide	Source-text grounding + scholarly criticism, LIRA safety ratings, educator tools
AI Dungeon	AI fiction generation, ~2M users	Generic generation, no literary depth	Literary fidelity vs. random AI storytelling
SparkNotes	Static study aids, large user base	No interaction, no AI, no immersion	Interactive experience vs. passive summaries
Inworld AI	B2B game NPCs	Enterprise-only, no consumer product	Consumer-facing, literary focus, educational platform

Interactive's competitive moat is architectural: a safety-first design with per-scene content ratings (LIRA 5-tier system), multi-model safety stack, proactive mental health monitoring, and characters grounded in full source text plus centuries of scholarly criticism. Cross-portfolio synergies deepen the moat: Alexandria provides educational infrastructure, while Infinite Entertainment provides production technology.

2.2 Portfolio-Level Competitive Advantage: Diversification as Strategy

Cross-pollination creates compound moats. Alexandria's AI tutoring technology can enhance Counselor's legal education features. Infinite Entertainment's production tools can generate Alexandria's educational content. VitalMe's health monitoring framework shares architectural DNA with Cyrano's wellbeing features. Interactive's literary immersion platform connects directly to Alexandria's education infrastructure and Infinite Entertainment's content production capabilities. These cross-portfolio synergies create compound capabilities that no standalone competitor can replicate.

Shared learning accelerates every company. Prompt engineering techniques refined for Alexandria's Feynman tutoring loops improve Counselor's legal Q&A. Security hardening developed for Cyrano's iOS app benefits all mobile-first portfolio companies. Each company's innovations propagate across the portfolio through shared infrastructure and methodology.

Portfolio diversification reduces LP risk without reducing return potential. A traditional venture fund investing \$39.5M into 19 independent companies would expect 1–2 breakout winners. The Foundry's structural advantages — AI-native development speed, shared infrastructure, 30% equity retention — improve the odds for every company simultaneously.

Exhibit 3: Foundry Portfolio vs. Single-Company Venture Bet — comparative advantage across six investment dimensions.

3. Differentiation & Positioning Strategy

3.1 The Foundry Model as Primary Differentiator

The Brainworks Foundry Collective's most powerful competitive advantage is not any individual

portfolio company — it is the Foundry model itself. The model represents a structural innovation in venture company creation that produces compounding advantages at every stage of the startup lifecycle.

Traditional venture deploys capital into existing companies at market-rate valuations, accepting standard dilution trajectories and industry-average failure rates. The Foundry creates companies from inception using AI-native methodology, retaining outsized equity positions while deploying a fraction of the capital that traditional startups require.

Dimension	Traditional Venture	Brainworks Foundry	Advantage
MVP Development	\$500K–\$2M over 6–9 months	\$20K–\$50K over days to weeks	90–95% cost reduction
Engineering Team to Series A	15–50 people	3–5 people	80–90% headcount reduction
Total Capital to Exit	\$40–65M across 3–4 rounds	\$3–8M across 1–2 rounds	10× capital compression
Time to Exit	7–10 years	2–4 years	3× time compression
Equity Retained at Exit	~19%	~30%	58% more equity
Company Creation Timeline	6–12 months	4–6 weeks	6× creation speed

The evidence for these claims is not theoretical — it is documented across the portfolio.

Alexandria has **5 operational phases** including AI tutoring, curriculum systems, gamification, wellbeing monitoring, and literacy assessment. Cyrano has a **complete iOS MVP** with 132

Swift files and a working keyboard extension. Catalyst has **539 passing tests** across 4 complete development phases with live dashboards. These are not pitch deck projections. They are shipping products.

3.2 The HAL Development Cycle™

At the core of the Foundry's speed advantage is a proprietary AI-augmented development methodology — the HAL Development Cycle™ — that orchestrates AI agents to compress every phase of company creation:

| HAL Development Cycle™

| **PLAN → DOCUMENT → BUILD → TEST → ITERATE → VERIFY → E2E TEST →**
| **SECURITY AUDIT → HARDEN → DOCUMENT → USER GUIDE → COMMIT →**
| **NOTIFY**

Each stage is executed by purpose-built AI agents operating under human oversight. The result is not faster development in the sense of cutting corners — it is comprehensive development (including security auditing, end-to-end testing, and documentation) executed at speeds that human-only teams cannot match.

The development cycle's output quality is demonstrable: Cyrano's backend includes 36 TypeScript files with 3,836 lines of code, 30+ API endpoints, and 55 tests — plus security hardening, certificate pinning, prompt injection defense, and cost caps. This is not prototype-quality code. It is production-ready infrastructure built at prototype-level cost.

3.3 Shared AI Infrastructure: The Portfolio Flywheel

The Foundry model creates a flywheel effect through shared infrastructure that accelerates every new company added to the portfolio:

Shared prompt engineering. Tutoring techniques developed for Alexandria's Feynman dialogue loops directly inform Counselor's legal Q&A and Passage's immigration guidance. Each company's refinements propagate across the portfolio.

Shared security patterns. Certificate pinning, prompt injection defense, cost caps, and rate limiting — developed and battle-tested in Cyrano — become templates for every subsequent

mobile application.

Shared operational playbooks. The HAL Development Cycle™ improves with each deployment. Lessons learned from Alexandria's Phase 1–5 development inform the build sequences for newer companies. Knowledge about AI model selection, cost optimization, and scaling patterns compound across the portfolio.

Shared AI cost negotiation leverage. A 19-company portfolio consuming AI inference across Anthropic, OpenAI, Google, and open-source models generates meaningful aggregate volume. This translates to better pricing, priority access to new capabilities, and reduced dependency on any single provider.

3.4 Brainworks Operational Support: The GP Advantage

Dr. Phillip Alvelda's cross-domain expertise. A career spanning NASA JPL spacecraft sensors, MIT AI Laboratory, DARPA Brain-Machine Interface leadership, MobiTV (Emmy Award for mobile TV distribution), and Brainworks Ventures provides rare technical-commercial bridging capability. This is particularly relevant for Alexandria (education technology meets AI), Infinite Entertainment (media production meets AI), and BoardAI (governance meets AI).

Repeat-founder networks. Infinite Entertainment's founding team — Paul Scanlan, Jeff Annison, and Robert Tercek — includes co-founders of MobiTV and LegionM, with direct relationships across the entertainment industry.

Advisory depth. The portfolio's advisory relationships include an Oscar winner (Mark Andrews — Brave/Pixar), founding Epic Games studio team members (Lynn Bartsch), the former CEO of Network Solutions and CTO of Thomson-Reuters (Jim Rutt), and an academic consortium spanning Harvard Business School, MIT, Wharton, and Stanford.

3.5 Positioning: AI-Native Development Methodology as Brand

The Foundry's positioning in the LP market rests on a clear, verifiable claim: **we build better companies faster and cheaper, and we can prove it.**

- **Speed proof:** 19 companies conceptualized, planned, and built to varying stages of completion in under two months. Three have working products with comprehensive test suites.
- **Cost proof:** Total planned seed capital of **\$39.5M** across 19 companies — an average of **\$2.1M per company** — with multiple companies already at stages that traditionally cost \$500K–\$2M to reach.
- **Quality proof:** Cyrano passed a complete security audit. Catalyst has 539 tests. Alexandria has 5 operational phases with live features.
- **Equity proof:** The dilution math is structural, not speculative. Fewer rounds of smaller raises = more equity retained.

4. Key Features: Portfolio Companies

4.1 Portfolio Development Stage Overview

The Foundry's 19 companies span the full development spectrum, from concept to MVP-complete.

Exhibit 4: Portfolio Development Stage Heatmap — 19 companies across concept-to-revenue pipeline.

4.2 MVP-Complete Companies

Cyrano — AI Relationship Communication Coach

Stage: MVP Complete  | **TAM:** \$20B+ | **Next:** TestFlight → App Store

Cyrano is the portfolio's most technically complete product — a full iOS application with 132

Swift files and 16,562 lines of code, ready for App Store submission. The platform serves as an AI-powered communication coach for dating, relationships, and couples, with the distinctive innovation of a **canvas-first architecture** that auto-detects user intent from a single input surface across three modes: Dating, Relationship, and Couples.

The key differentiator is Cyrano's **iOS keyboard extension**, which operates inside any messaging application — Tinder, Hinge, Bumble, WhatsApp, iMessage — providing real-time communication coaching precisely where conversations happen. On-device AI handles sentiment analysis, toxicity detection, crisis identification, and OCR with zero cloud dependency for sensitive data.

The technical stack includes a complete backend (36 TypeScript files, 30+ endpoints, 55 tests), StoreKit 2 subscription infrastructure with 4-tier pricing (17 gated features), security hardening (certificate pinning, prompt injection defense, cost caps), and a live ops dashboard with SRE golden signals and business metrics.

Key metrics: Token cost per MAU < \$2.00 | Target CAC < \$15 | LTV > \$150 | LTV:CAC > 10:1

Catalyst — AI-Native Campaign Operating System

Stage: Phase 4 Complete  (539 tests passing) | **TAM:** \$2.8B campaign operations | **Next:** 2026 midterm deployment

Catalyst is the portfolio's most thoroughly tested product, with 539 passing tests across four complete development phases: Data Foundation (112 tests), Race Intelligence Engine (186 tests), Elite Analytics Suite (130 tests), and Campaign Operations Platform (83 tests). Live dashboards include Ferguson Tracker, Network Ops, and Intelligence Report capabilities. Repositioned as the first nonpartisan full-stack campaign operating system, Catalyst serves campaigns across the entire political spectrum — expanding the addressable market from a single-party niche to the full \$2.8B campaign operations market.

The platform's research has uncovered striking economics: it costs **under \$1M** to run personalized AI conversations with every registered US voter (**174M+**), and the **80,000 swing voters** who determined the 2016 election could be reached for **under \$3,000**. AI-driven fundraising shows documented **5–10× improvement**, while opposition research costs drop

from **\$50K–\$500K** to approximately **\$1K in 4 hours** — a **50–500× cost reduction**.

4.3 Phases-Live Flagship

Alexandria — AI-Powered Universal Education Platform

Stage: Phases 1–5 Live and Operational; Phase 6 In Progress | **TAM:** \$400B by 2030 | **Key Metric:** \$33M Y3 ARR (base case)

Alexandria is the portfolio's most ambitious company — and the one with the deepest development progress relative to its scope. Named for the ancient Library of Alexandria, the platform is building the first AI-native educational institution: not merely a tutoring tool or a content library, but a comprehensive learning environment that integrates instruction, assessment, wellbeing monitoring, literacy development, gamification, and a pathway to formal accreditation. A Harvard 2025 study documenting a **1.3 σ AI tutoring effect size** provides the strongest evidence yet that AI-powered instruction can match or exceed Bloom's 2-Sigma threshold — the holy grail of educational technology.

The Universal Curriculum Library (UCL) now comprises **167,000+ concept nodes** sourced from **100+ institutions**, spanning K-12 through professional licensing — the most comprehensive structured knowledge graph in education technology. Five Tier-1 differentiators define Alexandria's moat: (1) the UCL itself, (2) the Knowledge Gap Detective with prerequisite graph traversal, (3) embedded mental health and flourishing monitoring, (4) cross-domain concept constellations, and (5) invisible assessment that eliminates test anxiety entirely.

Five complete operational phases deliver a feature inventory that no competitor approaches:

- **Phase 1 (Live):** Feynman Technique dialogue loops, adaptive depth engine, rich media including Mermaid diagrams, KaTeX mathematics, and HTML5 simulations, knowledge graph with spaced repetition
- **Phase 2 (Live):** Curriculum browser and enrollment, interactive curriculum builder (Opus-powered), progress maps with node visualization, XP/levels/badges/streaks gamification
- **Phase 3 (Live):** Cross-domain connection engine, Universe Map (D3.js deep-space

visualization of knowledge), Organic Rabbit Hole moments triggered at curiosity thresholds (surprise ≥ 0.65)

- **Phase 4 (Live):** Wellbeing monitoring with 5-tier system, crisis response with hardcoded 988/CTL/Trevor resources, mood check-ins with PHQ-2/GAD-2 clinical screeners, encrypted wellbeing database
- **Phase 5 (Live):** Dr. Maya literacy persona, Whisper STT + ElevenLabs TTS for oral assessment, 36-week Orton-Gillingham/Science of Reading phonics curriculum, running record + DIBELS oral reading fluency, COVID remediation placement flow

Phase 6 (in progress) adds curriculum library ingestion — scraping Khan Academy's approximately 10,000 concepts, MIT OpenCourseWare, K-12 state standards, and test prep materials.

■ The 10 Pedagogical Pillars

■ Alexandria's educational framework is a deeply researched pedagogical architecture,
■ with every method cited and every originator named:

1. **Cognitive Science Foundation** — Ebbinghaus spaced repetition, retrieval

■ practice, interleaving, dual coding

2. **Skills** → **Facility** (Woodie Flowers) — Mentor mode, mastery gates,

■ deliberate practice

3. **Adaptive Personalization** — Vygotsky ZPD, multi-modal instruction, Gardner

■ intelligences, Piaget constructivism

4. **Play, Curiosity & Open Mode** (John Cleese) — Open mode conditions, Big

■ Question exploration

5. **Gamification & Flow** (Csikszentmihalyi) — Flow state targeting, XP for

■ mastery not completion

6. **Social & Peer Dimension** — Peer explanation effect, collaborative SOLE,

■ human mentor escalation

7. **Mastery Assessment** (Bloom's 2-Sigma) — 100 Languages of Assessment,

■ Living Learning Record

8. **Invisible Assessment** — No formal testing; continuous background tracking

■ eliminates test anxiety

9. **Knowledge Gap Detective** — Prerequisite Archaeology: recursive descent

■ through prerequisite chains to find exact concept gaps

10. **Credibility, Attribution & Intellectual Honesty** — Every method cited, every

■ originator named

■ ***The Alvela Principle — Calm Receptivity: "Mastering difficult things proceeds most easily when a student is in a state of calm receptivity — curious, open, and comfortable with not yet knowing."***

Prerequisite Archaeology deserves special attention as Alexandria's most novel contribution to educational technology. Traditional tutoring treats knowledge gaps as isolated problems. Prerequisite Archaeology recognizes that the actual gap may be three layers deeper — perhaps the student's fraction understanding is incomplete, which traces to a gap in division concepts, which itself reveals weak number sense. The Knowledge Gap Detective Engine performs recursive descent through prerequisite chains to identify the root cause of misunderstanding, then rebuilds from the foundation up. When fully implemented, it represents

a 3–5 year replication moat.

Domains and accreditation pathway. Alexandria has registered key domains: **alexandria.school**, **alexandria.academy**, **alexandria.university** — with the ultimate goal of **alexandria.edu** (requiring formal accreditation). The accreditation pathway through WASC represents a 3–5 year moat.

Why the \$2.8B exit ceiling is credible: Duolingo, which teaches a single subject (language) with no tutoring depth, no wellbeing monitoring, and no accreditation pathway, commands a **\$6B valuation** with 113M DAU. Alexandria addresses every subject, offers deeper pedagogy, embeds clinical wellbeing monitoring, and pursues institutional accreditation.

4.4 PRD/Architecture-Complete Flagship

Infinite Entertainment — AI-Powered Virtual Production Studio

Stage: PRD + Architecture + Strategic Plan Complete | **TAM:** \$400–500B (total); \$154B AI entertainment by 2033 | **Key Metric:** 66% total cost reduction vs. traditional production

Infinite Entertainment represents the portfolio's largest potential exit value and its most complex business model. The company builds an end-to-end AI-powered production platform on top of the open-source OpenMontage engine, targeting the **\$400–500B global film, television, and animation production market**.

The OpenMontage Foundation. Infinite Entertainment's Day 1 inheritance is OpenMontage — an open-source agentic video production engine comprising **12 pipeline definitions**, **52+ Python tools**, and **500+ agent skills**. The proven cost floor is remarkable:

Production Type	OpenMontage Cost	Traditional Cost	Reduction
Product advertisement	\$0.69	\$50,000–\$500,000	99.99%
Pixar-style animated short	\$1.33	\$100,000+	99.99%
Ghibli-style animation	\$0.15	\$50,000+	99.99%

What Infinite Adds (The Proprietary Layer):

1. **LoRA-based character consistency** — The same character appears identically across every scene, every episode, every season.
2. **LED volume pipeline** — GenAI → NeRF/Gaussian Splats → 3D/Unreal Mesh → physical LED Volume stage.
3. **LegionM integration** — **40,000+ invested fans** who serve as both greenlight signal and distribution engine.
4. **Professional platform features** — Multi-user RBAC, cloud workspace, review workflows, SOC 2 compliance path.
5. **Three-layer architecture** — Infinite Platform Layer → OpenMontage Core Engine → AWS Infrastructure.

The founding team is the strongest in the portfolio: Dr. Phillip Alvelda (NASA JPL, MIT AI Lab, DARPA BTO Director, MobiTV co-founder — Emmy Award), Paul Scanlan (MobiTV/LegionM co-founder), Jeff Annison (MobiTV/LegionM co-founder), and advisors including Mark Andrews (Oscar winner, Brave/Pixar), Lynn Bartsch (founding Epic Games studio team), and Jim Rutt (CEO Network Solutions, CTO Thomson-Reuters).

Funding structure is dual-track: \$3–5M seed plus a **\$50M SPV** structured as individual LLCs for approximately 25 parallel content productions.

4.5 Active Development Companies

Passage — AI Immigration Platform

Stage: Phase 1 Foundation | **TAM:** \$28B | **Key Differentiator:** Zero AI-native competitors

Passage replaces **\$3,000–\$15,000** attorney fees with a **\$29/month** AI-powered immigration assistant covering all major visa categories and 10+ USCIS forms. Build complexity rated 2/5; autonomous operation score 9/10. Conservative exit: **\$310M**; aggressive: **\$1.1B**.

VitalMe — AI Health Companion

Stage: Active Development | **TAM:** \$659B global wellness market (SAM: \$18B) | **Key Metric:** \$21.5M Y3 ARR (base case)

VitalMe is the first platform to close the loop between biomarker tracking, mood/stress analysis, and personalized AI coaching — the "unified physical + mental wellness" position that every major health app leaves open. The AI correlation engine discovers personalized insights that previously required expensive clinical data scientists. Dual B2C/B2B go-to-market targets consumer subscribers (\$14.99–\$29.99/month) and employer wellness programs (\$8–15/employee/month). Unit economics are exceptional: **28× LTV:CAC** with **79–87% gross margins**. Y5 ARR: **\$82M** (base), **\$380M** (aggressive), **\$18M** (conservative). Seed ask: **\$2M at \$10M pre-money**. Comparable exits: Noom (\$3.7B), Calm (\$2B), Whoop (\$3.6B), Headspace (\$3B). Conservative exit: **\$430M**; aggressive: **\$2.5B**.

Counselor — AI Legal Assistance

Stage: Active Development | **TAM:** \$330B

Counselor addresses the access-to-justice crisis: **80% of low-income Americans** have unmet civil legal needs. The platform generates 15+ document types, provides AI-powered legal Q&A across all 50 states. Conservative exit: **\$190M**; aggressive: **\$570M**.

Tally — AI Financial Intelligence

Stage: Active Development | **TAM:** \$50B+

Tally targets freelancers, consultants, and solo entrepreneurs with AI auto-categorization, real-time P&L, tax intelligence, cash flow forecasting, and natural-language financial Q&A. Comparable to Pilot (\$1.2B). Conservative exit: **\$220M**; aggressive: **\$440M**.

BoardAI — AI Corporate Governance

Stage: PRD Complete | **TAM:** Enterprise governance

Inspired by Professor Suraj Srinivasan at Harvard Business School, BoardAI addresses the

finding that **67% of board decisions lack comprehensive data support** and **\$2.3 trillion** in corporate value is affected by governance failures annually. Academic advisory consortium: HBS, MIT, Wharton, Stanford, Haas. Conservative exit: **\$150M**; aggressive: **\$500M**.

Interactive — AI-Powered Immersive Literature Platform

Stage: PRD Complete | **TAM:** \$19.3B (AI entertainment + education + digital reading) | **Key Metric:** \$15M Y3 ARR (base case)

Interactive — "The Literary Holodeck" — creates AI-powered immersive experiences for literature, letting users converse with characters, participate in scenes, and explore worlds grounded in source text and centuries of scholarly criticism. Launching as "Interactive Shakespeare" with all 37 plays and 700+ characters, the platform is the responsible alternative to Character.AI's Books feature. Character.AI's Books launch (April 16, 2026) validates the market while carrying active lawsuits over teen suicide and zero literary fidelity or educational architecture. Interactive's safety-first design (LIRA 5-tier content ratings, multi-model safety stack, proactive mental health monitoring, hardcoded crisis resources) is precisely what parents, schools, and regulators demand.

Revenue model: Freemium SaaS — Free (Shakespeare + 5 works), Explorer (\$9.99/mo), Scholar (\$19.99/mo), Educator (\$29.99/mo), User Uploads (\$4.99/book), plus API licensing. **Unit economics:** 75% gross margin, 12–32× LTV:CAC (consumer), \$0.40/session cost. Y5 ARR: **\$60M** (base), **\$120M** (bull), **\$28M** (bear). **Exit scenarios:** Conservative **\$225M**; base **\$720–900M**; aggressive **\$1.8B**. Key acquirers: major publishers, EdTech platforms (Duolingo, Pearson), tech companies (Google, Apple, Amazon). **Foundry synergies:** Alexandria (education infrastructure, LMS integrations) and Infinite Entertainment (production technology for character voice and scene illustration). Seed ask: **~\$1.5M**.

FlyOnTime — Real-Time Airport Intelligence Platform

Stage: Phase 1 MVP Complete  (44 tests passing) | **TAM:** \$100B+ travel technology market | **Live at:** flyontime.ai

FlyOnTime is a real-time airport delay and TSA wait time visualization platform with an

integrated trip planner. The interactive dark-theme Leaflet map displays current conditions across **106 US commercial airports**, pulling multi-source data from FAA NAS, TSA API, FlightAware AeroAPI (Gold tier, \$249/mo), and AviationStack. The trip planner calculates optimal departure timing based on drive time (Google Maps integration) plus security wait estimates — answering the question every traveler asks: "When do I actually need to leave?"

The Phase 1 MVP is live in production on DigitalOcean (PM2-managed), with a FastAPI backend and React/Vite/TypeScript frontend, **27 backend pytest tests + 17 frontend Vitest tests** (all passing), push notifications (VAPID keys deployed), and four domains secured (flyontime.ai, .io, .net, .org). Full-stack AI-native travel intelligence built in weeks vs. years for incumbents.

Straight Facts — Story-Level Media Intelligence Platform

Stage: Sprint 16 Complete  (Live Platform) | **TAM:** \$23B (digital news + media intelligence)
| **Live at:** straightfacts.ai

Straight Facts is the first platform to analyze *how* news events are framed across the political spectrum — "Story-Level Media Intelligence" that goes beyond bias labels to detect propaganda techniques, omissions, and framing patterns across multipolar sources. The Bloomberg Terminal-style dark UI with D3 data visualizations presents **21,918 story clusters**, **5,172 multi-source clusters**, and **10,520+ stories analyzed** from **29 RSS sources + GDELT + 4 APIs**.

The platform runs a hybrid AI architecture: DeepSeek-V3.2 for factual clustering and Opus for propaganda/omissions analysis — achieving an extraordinary monthly operating cost of **~\$120/mo**. JWT auth and Stripe payment integration (test mode) are in place. Financial projections: Y3 **\$1.3M ARR** (base); Y5 **\$6.8M ARR** (base) / **\$17M** (bull), with **83–92% gross margins**. SAM: \$2.26B.

4.6 Earlier-Stage Portfolio Companies

The remaining seven companies — TALENTLY (HR/recruiting), SOLACE (mental health), LEDGE (financial planning), FLUENT (language learning), RECLAIM HEALTH (chronic

disease), PAWDOC (veterinary), and REBUILD (disaster recovery) — are at earlier development stages. Three of these — SOLACE (**\$91.9M** risk-adjusted value), LEDGE (**\$81.0M**), and TALENTLY (**\$52.5M**) — are among the portfolio's largest value contributors by risk-adjusted calculation.

Transparency Note

These seven companies have not undergone the detailed PRD and development review applied to the flagships and tier-two companies. Their valuations represent the original assessment and should be validated in a subsequent deep-dive research pass. This is flagged as a **medium-confidence area**.

Exhibit 5: Risk-Adjusted Portfolio Value by Company — \$666M total across 19 companies.

5. Monetization, Marketing & Sales Strategy

5.1 Revenue Models Across the Portfolio

The Foundry's portfolio employs three primary monetization architectures:

Freemium SaaS Subscriptions (12 companies). The dominant model follows the proven freemium-to-premium conversion funnel. Free tiers establish user acquisition; paid tiers unlock advanced features. Applies to Alexandria, Cyrano, Passage, VitalMe, Counselor, Tally, and most tier-three companies.

Enterprise + Platform SaaS (4 companies). Infinite Entertainment, BoardAI, TALENTLY, and

LEDGE target enterprise customers with higher-touch sales motions, larger contract values, and platform-level pricing.

Hybrid SaaS + Content/Services (2 companies). Infinite Entertainment's dual-track model and Catalyst's campaign services model combine recurring software revenue with project-based service revenue.

5.2 Pricing Strategy: The AI Cost Advantage as Pricing Weapon

Across the portfolio, a consistent pattern emerges: AI-native cost structures enable pricing that is simultaneously **dramatically cheaper than incumbent alternatives** and **highly profitable** at the unit level.

Company	AI-Native Price	Incumbent Alternative	Cost Reduction	Gross Margin
Alexandria	\$15/mo consumer; \$35/student/yr district	Human tutor: \$50–\$200/hr	95–99%	71% (Y3)
Infinite Entmt.	\$20–\$1,000/mo SaaS + credits	Traditional production: \$50K–\$500K per project	99%+	72% (Y3)
Interactive	\$9.99–\$29.99/mo consumer; \$4.99/book upload	SparkNotes + private tutors: \$50–\$200/hr	95%+	75% (Y3)
Cyrano	\$14.99/mo individual	Couples therapy: \$150– \$300/session	95%+	70%+
Passage	\$29/mo	Immigration attorney: \$3K– \$15K per case	99%	75%+
Counselor	\$19–\$39/mo	Attorney: \$200–\$500/hr	97%+	70%+
Tally	\$19–\$149/mo	Bookkeeper: \$500–	90%+	70%+

\$2,000/mo

5.3 Alexandria Pricing Deep Dive

Tier	Price	Target Segment	Key Features
Free "Curious"	\$0	Top-of-funnel acquisition	30 sessions/mo, 5 curricula, basic features
Explorer	\$15/mo (\$144/yr)	Consumer families	Full curriculum, wellbeing monitoring, 3 profiles
Scholar	\$25/mo (\$240/yr)	Engaged learners	Priority AI, AI curriculum builder, 5 profiles
Test Prep "Launch"	\$49/mo or \$149 one-time	SAT/ACT/AP students	Exam-specific preparation
Campus (District)	\$35/student/yr	K-12 school districts	Full platform, teacher dashboard, FERPA compliance
Feynman Fellowship	\$200/mo	Premium learners	Live tutors, accredited transcripts

Unit economics across segments:

Metric	D2C Consumer	Test Prep	District
CAC	\$25	\$35	\$3,000
ARPU (monthly)	\$16	\$35	\$3/student/mo
Monthly Churn	5%	12%	1.5%
LTV	\$320	\$175–300	\$2,800/student
LTV:CAC	12.8×	5–8×	0.9× → 3×+

The per-session AI cost of **\$0.04–\$0.08** means that at 30 sessions per month, the AI cost per paid user is **\$1.20–\$2.40** — yielding **84–92% gross margin** before infrastructure on the \$15/month Explorer tier.

5.4 Infinite Entertainment Revenue Streams

Platform Revenue (Recurring SaaS):

Tier	Price	Target	Included Credits
Free	\$0	Hobbyists, evaluation	50 credits/mo
Creator	\$20/person/mo	Independent creators	500 credits/mo
Studio	\$60/person/mo	Production teams	2,000 credits/mo
Enterprise	\$1,000/person/mo	Studios, agencies	Unlimited + SLA

Plus usage-based overlay: **\$0.10/credit overage**, render compute at **cost + 30% margin**, and enterprise licensing at **\$50K–\$2M per production**.

Content Portfolio Revenue (SPV): The \$50M SPV funds approximately 25 parallel productions structured as individual LLCs. Revenue flows from content distribution, licensing, and IP exploitation.

Studio Services: Co-production deals at **5–15% of gross** revenue from projects produced on the platform.

5.5 Go-to-Market Approaches

Consumer-First (Product-Led Growth): Alexandria, Cyrano, VitalMe, Passage, Counselor, Tally. Free tiers drive viral adoption; conversion through demonstrated value. Alexandria's GTM leverages the teacher shortage crisis. Cyrano's keyboard extension enables viral distribution —

every improved message is implicit marketing.

Enterprise-First (Sales-Led): Infinite Entertainment, BoardAI, TALENTLY, LEDGE. Higher-touch sales motions with longer cycles but dramatically higher LTVs.

Hybrid (Product + Community): Catalyst (campaign cycle-driven), Infinite Entertainment (LegionM community as distribution).

Cross-portfolio amplification: Content produced by Infinite Entertainment can showcase Alexandria's educational capabilities. Counselor's legal Q&A demonstrates AI quality that validates Passage's immigration guidance. The portfolio functions as its own reference network.

5.6 Aggregate Revenue Projections

Year	Alexandria	Infinite Entmt.	Interactive	Cyrano (est.)	Other Portfolio	Portfolio Total
Y1	\$1.8M	\$600K	\$1.2M	\$500K	\$2.1M	\$6.2M
Y2	\$9.4M	\$3.5M	\$6.0M	\$2.5M	\$8.6M	\$30.0M
Y3	\$33.0M	\$14.0M	\$15.0M	\$8.0M	\$24.8M	\$94.8M
Y4	\$82.0M	\$40.0M	\$32.0M	\$18.0M	\$50.0M	\$222.0M
Y5	\$184.0M	\$90.0M	\$60.0M	\$35.0M	\$91.0M	\$460.0M

Exhibit 6: Aggregate Portfolio Revenue Trajectory — Base Case. Stacked ARR by segment with bear/bull envelope (Y1–Y5).

Caveat: Revenue projections for individual companies beyond Y2 are inherently speculative. The aggregate projection should be read as an order-of-magnitude estimate based on addressable market sizes, pricing strategies, and comparable growth trajectories.

6. Financials

6.1 Per-Company Valuation Ranges

Company	Seed Ask	Post-Seed Val.	Series A (Proj.)	Exit Conservative	Exit Base	Exit Aggressive
Alexandria	\$4.5–6M	\$40M	\$160M	\$600M	\$1.79B	\$2.8B
Infinite Entmt.	\$55M (incl. SPV)	\$40M	\$130M	\$600M	\$1.35B	\$3.5B
Interactive	\$1.5M	\$12M	\$50M	\$225M	\$810M	\$1.8B
Cyrano	\$2M	\$20M	\$80M	\$350M	\$850M	\$1.5B
Passage	\$1.5M	\$18M	\$80M	\$310M	\$710M	\$1.1B
VitalMe	\$2M	\$28M	\$130M	\$430M	\$1.47B	\$2.5B
Counselor	\$1.5M	\$20M	\$95M	\$190M	\$380M	\$570M
Tally	\$1.5M	\$14M	\$50M	\$220M	\$330M	\$440M
BoardAI	\$3M	\$22M	\$70M	\$150M	\$325M	\$500M
Catalyst	\$2M	\$14M	\$45M	\$100M	\$250M	\$500M
TALENTLY	\$2.5M	\$30M	\$90M	\$1.2B	\$2.5B	\$2.5B
SOLACE	\$2.5M	\$25M	\$120M	\$2B	\$3.5B	\$5B
LEDGE	\$2M	\$28M	\$110M	\$1.5B	\$2.25B	\$3B

Other (6 cos.)	\$9.5M	\$82M	\$330M	\$1.03B	—	\$7.2B
TOTAL	~\$39.5M	\$373M	\$1.46B	—	—	—

Updated valuations for flagships (changes from initial assessment):

- **Alexandria:** Base exit raised to **\$1.79B** (weighted exit value); aggressive maintained at **\$2.8B**. Justification: 167,000+ UCL concept nodes, Harvard 2025 AI tutoring effect size of 1.3σ, five Tier-1 differentiators. TAM refined from \$750B to more defensible **\$400B**. Seed ask expanded to \$4.5–6M.
- **Interactive (new):** Base exit **\$810M**; aggressive **\$1.8B**. Character.AI Books validates market; safety-first architecture is clear differentiated position; Foundry synergies with Alexandria and Infinite Entertainment. 75% gross margins, 12–32× LTV:CAC.
- **Infinite Entertainment:** Conservative exit raised from \$500M → \$600M; aggressive from \$1.8B → **\$3.5B**. Justification: OpenMontage foundation (proven \$0.69 cost floor); team pedigree; four-part moat analysis.
- **Cyrano:** Base exit raised from \$775M → \$850M. Justification: Complete MVP; App Store submission readiness.
- **Catalyst:** Base exit raised from \$200M → \$250M. Justification: Phase 4 completion with 539 tests; nonpartisan repositioning expands TAM to full \$2.8B market.

6.2 AI Acceleration Premium: The Mathematical Case

The AI acceleration premium is not a sentiment-based markup — it is a quantifiable consequence of time compression, capital efficiency, and dilution mathematics applied to standard venture return calculations.

Time Compression Premium (+155% NPV)

Path	Exit Value	Time to Exit	NPV at 30% Rate
Traditional	\$1.0B	7 years	\$189M

AI-Native	\$1.0B	3 years (3× faster)	\$483M
Premium	—	—	+\$294M (+155%)

Capital Efficiency Premium (10× Less Capital)

Metric	Traditional Startup	AI-Native (Foundry)
Seed raise	\$2–5M	\$500K–2M
Series A	\$12–20M	\$2–5M
Series B	\$25–40M	Not required
Total capital to exit	\$40–65M	\$3–8M
Rounds of dilution	3–4	1–2

Dilution Advantage (30% vs. 19% — 58% More Equity)

Scenario	Equity at Exit	Value on \$500M Exit	Value on \$1B Exit
Traditional (3–4 rounds)	~19%	\$95M	\$190M
AI-Native (1–2 rounds)	~30%	\$150M	\$300M
Additional Value	+58%	+\$55M	+\$110M

Across the portfolio, assuming 5–6 successful exits at an average \$500M exit value and the 30% equity retention rate, the dilution advantage alone generates **\$275–330M in additional value** compared to a traditionally structured fund.

Combined AI Acceleration Premium

Component	Conservative	Base	Aggressive
AI Acceleration Premium (time compression)	\$450M	\$1.0B	\$2.5B
Dilution Advantage (equity retention)	\$190M	\$430M	\$850M
Combined	\$640M	\$1.43B	\$3.35B

6.3 Unit Economics Highlights

Alexandria (Education):

- Per-session AI cost: **\$0.04–\$0.08** (Sonnet + Haiku)
- Monthly AI cost per paid user (30 sessions): **\$1.20–\$2.40**
- At \$15/month ARPU: **84–92% gross margin** before infrastructure
- Consumer LTV:CAC: **12.8×** (exceptional for consumer SaaS)
- District LTV:CAC: **0.9×** → **3×+** (improves with cohort retention)

Infinite Entertainment (Media Production):

- Creator segment LTV:CAC: **18:1**
- Studio segment LTV:CAC: **15:1**
- Enterprise segment LTV:CAC: **20–100:1**
- Content production cost floor: **\$0.69** per advertisement (OpenMontage)
- Platform gross margin Y3: **72%**

Cyrano (Relationships):

- Token cost per MAU: **< \$2.00**
- Target CAC: **< \$15**
- Target LTV: **> \$150**
- Target LTV:CAC: **> 10:1**
- Payback period: **< 3 months**

6.4 Three-Scenario Portfolio P&L

Conservative Scenario (Bear Case)

Metric	Y1	Y2	Y3	Y4	Y5
Alexandria ARR	\$0.8M	\$4.2M	\$14.5M	\$38M	\$85M
Infinite ARR	\$300K	\$1.8M	\$6M	\$18M	\$42M
Interactive ARR	\$600K	\$3M	\$8M	\$16M	\$28M
Portfolio Other	\$1.5M	\$6M	\$20M	\$45M	\$80M
Total ARR	\$3.2M	\$15M	\$48.5M	\$117M	\$235M
Gross Margin	55%	62%	67%	71%	74%
Operating Burn	(\$9M)	(\$6M)	(\$1M)	\$14M	\$50M

Base Case

Metric	Y1	Y2	Y3	Y4	Y5
Alexandria ARR	\$1.8M	\$9.4M	\$33M	\$82M	\$184M
Infinite ARR	\$600K	\$3.5M	\$14M	\$40M	\$90M
Interactive ARR	\$1.2M	\$6M	\$15M	\$32M	\$60M
Portfolio Other	\$2.6M	\$11M	\$33M	\$68M	\$126M
Total ARR	\$6.2M	\$30M	\$95M	\$222M	\$460M
Gross Margin	58%	66%	71%	74%	77%
Operating Burn	(\$11M)	(\$4M)	\$10M	\$48M	\$145M

Aggressive Scenario (Bull Case)

Metric	Y1	Y2	Y3	Y4	Y5
Alexandria ARR	\$3.5M	\$18M	\$72M	\$165M	\$380M
Infinite ARR	\$1.2M	\$8M	\$35M	\$90M	\$250M
Interactive ARR	\$2M	\$12M	\$30M	\$65M	\$120M
Portfolio Other	\$4M	\$18M	\$55M	\$120M	\$220M
Total ARR	\$10.7M	\$56M	\$192M	\$440M	\$970M
Gross Margin	60%	68%	73%	76%	79%
Operating Burn	(\$8M)	\$3M	\$40M	\$115M	\$340M

Exhibit 8: Portfolio Revenue Scenarios — Three-Case Projection (Y1–Y5).

6.5 Risk-Adjusted Expected Value

The risk-adjusted portfolio value accounts for stage-appropriate exit probabilities, Brainworks' 30% equity retention, and NPV discounting at a 30% venture rate:

Formula: Risk-Adjusted BW Value = Gross Exit Midpoint × P(exit) × BW Equity (30%) × NPV Factor

Company	Gross Exit Midpoint	P(exit)	BW Equity	NPV Factor	Risk-Adj BW Value
SOLACE	\$3.5B	25%	30%	0.35	\$91.9M

LEDGE	\$2.25B	30%	30%	0.40	\$81.0M
Alexandria	\$1.79B	28%	30%	0.40	\$60.2M
TALENTLY	\$2.5B	20%	30%	0.35	\$52.5M
RECLAIM HEALTH	\$1.14B	25%	30%	0.40	\$34.2M
FLUENT	\$1.04B	25%	30%	0.40	\$31.2M
Infinite Entmt.	\$1.35B	22%	30%	0.35	\$31.2M
VitalMe	\$1.47B	20%	30%	0.35	\$30.9M
Cyrano	\$850M	28%	30%	0.40	\$28.6M
Passage	\$710M	30%	30%	0.40	\$25.6M
Interactive	\$810M	22%	30%	0.40	\$21.4M
PAWDOC	\$848M	20%	30%	0.45	\$22.9M
Counselor	\$380M	30%	30%	0.40	\$13.7M
REBUILD	\$385M	25%	30%	0.45	\$13.0M
FlyOnTime	\$500M	15%	30%	0.45	\$10.1M
Tally	\$330M	20%	30%	0.40	\$7.9M
BoardAI	\$325M	20%	30%	0.35	\$6.8M
Straight Facts	\$300M	15%	30%	0.45	\$6.1M
Catalyst	\$250M	10%	30%	0.45	\$3.4M

PORTFOLIO
TOTAL
\$666M

Key observations:

- 1. **Portfolio concentration:** The top 5 companies (SOLACE, LEDGE, Alexandria, TALENTLY, RECLAIM HEALTH) account for **\$320M** — **48%** of total risk-adjusted value.
- 2. **Flagship contribution:** Alexandria, Infinite Entertainment, Cyrano, and Interactive collectively contribute **\$141M** in risk-adjusted value, or **21%** of the total.
- 3. **Exit probability range:** P(exit) assignments range from **10%** to **30%**. These are conservative relative to AI-native advantages.
- 4. **Sensitivity:** A 5-percentage-point increase in average P(exit) adds approximately **\$120M** to the risk-adjusted total.

Key Finding

The **\$666M** risk-adjusted expected value represents a **16.8× gross multiple** on \$39.5M deployed capital. Even excluding the three largest contributors, the remaining 16 companies generate **\$440M** — an **11× gross multiple**.

6.6 Aggregate Portfolio Valuation: Three Scenarios

Component	Conservative	Base	Aggressive
Post-Seed Portfolio Value	\$350M	\$535M	\$720M
Y5 DCF Value	\$1.35B	\$3.1B	\$5.9B
AI Acceleration Premium	\$460M	\$1.02B	\$2.55B
Dilution Advantage	\$195M	\$440M	\$870M
Secondary/Dividend Yield	\$55M	\$165M	\$430M
Studio Platform Value	\$220M	\$650M	\$1.6B

TOTAL	\$2.63B	\$5.92B	\$12.1B
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Exhibit 9: Portfolio Valuation Waterfall — Base Case (\$5.92B). Incremental value contribution by component.

Component definitions:

- **Post-Seed Portfolio Value:** Aggregate post-money valuations of all 19 companies at seed-stage pricing (\$373M total post-money, with modest appreciation for demonstrated progress).
- **Y5 DCF Value:** Discounted cash flow of projected portfolio-wide revenue at Y5 (\$460M ARR base case), applying sector-appropriate multiples (25–80×) and discounting at 30% venture rate.
- **AI Acceleration Premium:** The NPV benefit of 3-year vs. 7-year exit timelines applied to projected exit values across the portfolio.
- **Dilution Advantage:** The incremental value from retaining 30% equity at exit vs. the industry-standard 19%.
- **Secondary/Dividend Yield:** Projected returns from secondary tender offers (Year 2–3) and dividend recapitalization (Year 2–4).
- **Studio Platform Value:** The value of the Foundry platform itself — methodology, infrastructure, team, and deal flow — benchmarked against comparable studios (YC ~\$6.5B, Expa \$500M+), discounted for track record length.

Confidence calibration: Post-Seed Portfolio Value and Dilution Advantage are high-confidence components. Y5 DCF Value and AI Acceleration Premium are medium-confidence. Secondary/Dividend Yield and Studio Platform Value are lower-confidence but grounded in comparable data.

7. Finance Requirements, Valuation & Exit

7.1 Fund Structure and Capital Deployment

The Brainworks Foundry operates as a **\$50M AI-native fund** with a focused deployment strategy:

Total Planned Seed Capital: \$39.5M across 19 portfolio companies

Company Tier	Companies	Total Seed Capital	Average per Company
Tier 1 (Flagships)	Alexandria, Infinite Entmt.	\$60.5M (incl. \$50M SPV)	\$30.25M
Tier 2 (MVP/Active)	Cyrano, Catalyst, Passage, VitalMe	\$7.5M	\$1.88M
Tier 3 (Development)	Counselor, Tally, BoardAI, Interactive	\$7.5M	\$1.88M
Tier 4 (Earlier Stage)	9 companies	\$14.5M	\$1.6M

Use of Proceeds (Core Fund):

Allocation	Amount	Purpose
Portfolio company seed rounds	\$39.5M	19 company seeds at \$1.5M–\$6M each
Fund operations (2-year)	\$6M	Team, infrastructure, legal, compliance
Strategic reserves	\$6M	Follow-on, opportunistic, bridge
Total	\$50M	—

Capital deployment timeline: The fund targets **12–18 months** for full seed deployment. The AI-native development methodology means that seed capital buys **18 months of runway** per company — significantly longer than traditional seed funding.

7.2 Valuation Methodology: DCF + Comps

1. Discounted Cash Flow (DCF)

For companies with detailed financial projections, DCF analysis uses:

- **Projection period:** 5 years
- **Discount rate:** 30% (venture-appropriate for pre-revenue/early-revenue)
- **Terminal multiple range:** 25–80× ARR depending on sector and growth trajectory

Alexandria DCF illustration (base case): Y5 ARR **\$184M** × 20× ARR = **\$3.68B** terminal value
→ NPV at 30% = **\$990M** → Brainworks' 30% share = **\$297M**

2. Comparable Company Analysis

Comparable	Category	Valuation	Revenue Multiple	Relevance
Harvey	Legal AI	\$11B	~80× ARR	Comp for Counselor, Passage
Duolingo	EdTech	\$6B	~25× ARR	Comp for Alexandria
Spring Health	Mental Health AI	\$3.3B	~25× ARR	Comp for SOLACE, Cyrano
Runway ML	AI Media	\$3B	~60× ARR	Comp for Infinite Entmt.
ElevenLabs	AI Voice	\$3.3B	~55× ARR	AI-native SaaS benchmark
Rippling	HR Tech	\$13.5B	~35× ARR	Comp for TALENTLY
Pilot	Accounting AI	\$1.2B	~30× ARR	Comp for Tally

AI-native valuation premiums by stage:

Stage	Traditional SaaS	AI-Native Vertical (2026)	Premium
Pre-Seed	\$5–8M	\$10–20M	+150%
Seed	\$12–18M	\$25–50M	+180%
Series A	\$40–60M	\$80–200M	+220%
Revenue Multiple	5–12×	25–80×	+400%

7.3 Exit Scenarios with Specific Acquirers

Alexandria Exit Scenarios

Scenario	Value	Mechanism	Key Acquirer Candidates
Strategic Acquisition (Education)	\$1.5–2.8B	IP + team + user base	Google Education, Microsoft, Pearson
Strategic Acquisition (Tech)	\$1.0–2.0B	AI tutoring technology	Apple, Amazon
EdTech Platform Roll-up	\$800M– 1.5B	Revenue + accreditation	Chegg, Coursera, Duolingo
IPO	\$2.0–4.0B	Revenue scale + accreditation	Independent at \$184M+ Y5 ARR

Infinite Entertainment Exit Scenarios

Scenario	Value	Mechanism	Key Acquirer Candidates
Creative Tools Acquisition	\$2.0– 3.5B	Platform + pipeline	Adobe, Autodesk
Gaming/Real-Time	\$1.5–	LED volume + NeRF	Epic Games, Unity

Acquisition	2.5B	pipeline	
Streaming Platform	\$1.0–	Content pipeline + LegionM	Netflix, Amazon Studios
Acquisition	2.0B		
IPO	\$2.5–	Platform SaaS + content	Independent at \$90M+ Y5
	5.0B	portfolio	ARR

Cyrano Exit Scenarios

Scenario	Value	Mechanism	Key Acquirer Candidates
Dating Platform	\$800M–	AI coaching technology	Match Group, Bumble
Acquisition	1.5B		
Health/Wellness	\$500M–	Mental health + AI coaching	Headspace, Spring Health, Talkspace
Acquisition	1.0B		
Consumer AI	\$1.0–2.0B	AI relationship engine	Google, Apple
Acquisition			

7.4 AI-Economy Liquidity Mechanisms

The Foundry model provides **five distinct paths to LP liquidity**, reducing dependency on the binary outcome of IPO or acquisition:

Path 1: Primary Revenue + Early Profitability (Year 1–2)

AI-native cost structures enable profitability timelines dramatically shorter than traditional SaaS. Alexandria projects profitability in Y3 at **\$33.2M ARR** with **71% gross margins**. Several smaller portfolio companies have such low operating costs that breakeven at modest subscriber counts is achievable within 18 months.

Path 2: Secondary Tender Offers (Year 2–3)

Estimated secondary market value across the portfolio: **\$50–100M** in Year 2–3, providing partial liquidity for LPs without requiring full exits.

Path 3: Dividend Recapitalization (Year 2–4)

Estimated annual dividend capacity: **\$6–9M/year** once 4–6 portfolio companies reach profitability.

Path 4: Strategic Acquisition / Acqui-hire (Year 3–5)

The portfolio's companies are built with clean architectures, comprehensive documentation, and production-quality code. Even companies that don't achieve breakout scale have **acqui-hire floor values** of **\$5–15M** in the current market.

Path 5: IPO (Year 4–6)

The top 2–3 portfolio companies have the TAM, revenue trajectory, and market positioning to support IPO pathways at \$100M+ Y5 ARR with 70%+ gross margins.

Exhibit 10: Five-Path Liquidity Timeline — Multiple exit mechanisms reduce dependency on single binary outcomes.

7.5 Portfolio Aggregate Exit Value Ranges

Scenario	Total Gross Exit Value	Brainworks Share (30%)	Net to LPs (post-carry)
Conservative	\$2.63B	\$789M	~\$592M
Base Case	\$5.92B	\$1.78B	~\$1.33B
Aggressive	\$12.1B	\$3.63B	~\$2.72B

Fund Return Multiples (on \$50M fund):

Scenario	Gross Multiple	Net Multiple (est.)
Conservative	15.8×	~11.8×
Base Case	35.5×	~26.6×

Aggressive **72.6×** **~54.4×**

These multiples significantly exceed venture industry averages. Top-quartile VC funds deliver 3–5× net multiples. The Foundry's structural advantages create the mathematical conditions for outlier returns.

Sensitivity Analysis

Variable	Change	Impact on Base Case
Average P(exit) drops 5pp	8→3%, 30→25%, etc.	Falls ~\$1.1B → \$4.67B
Equity retention drops to 25%	30% → 25%	Falls ~\$0.96B → \$4.81B
Exit timelines extend 2 years	3yr → 5yr average	AI premium drops ~40% → \$5.17B
AI cost inflation (10×	\$0.04 → \$0.40/session	Margins drop 8-12pp → \$5.4B

The portfolio is **most sensitive** to exit probability assumptions and **least sensitive** to AI cost inflation.

7.6 Risk Factors and Honest Assessment

Portfolio-level risks:

Risk	Probability	Impact	Mitigation
AI model costs increase	Low-Medium	Medium	Multi-provider strategy; open-source fallbacks; \$0.04-\$0.08/session already viable
Regulatory headwinds	Medium	High	Embedded compliance (Alexandria FERPA-ready, Cyrano privacy-by-design)
Major tech incumbents	Medium	Medium	Vertical depth vs. horizontal breadth; data

compete			moats deepen over time
Portfolio concentration in top 5	Structural	High	Top 5 = 48% of risk-adjusted value; mitigated by sector diversification
Earlier-stage companies less validated	Medium	Medium	Flagged as medium-confidence; recommended for deep-dive validation
LP fatigue with venture timelines	Low	Medium	Five-path liquidity model provides earlier distributions
Key person risk (Dr. Alvelda)	Medium	High	HAL Development Cycle™ reduces single-person dependency; team expansion planned
SPV (\$50M) fundraising feasibility	Medium	Medium	SPV is additive; core fund operates independently

Company-specific flagged risks:

- **Alexandria:** School district procurement cycles are slow (12–18 months). Mental health liability is low-probability but potentially high-impact.
- **Infinite Entertainment:** Guild restrictions on AI tool use remain an active risk. The \$50M SPV requires separate fundraising.
- **Interactive:** Character.AI could add literary depth and safety features, eroding differentiation. Education sales cycles may be slower than projected.
- **Catalyst:** Repositioned as the first nonpartisan full-stack campaign operating system, expanding TAM from a single-party niche to the full \$2.8B market. Execution risk shifts from political alignment to proving nonpartisan credibility with campaigns on both sides of the aisle.
- **SOLACE, LEDGE, TALENTLY:** The three largest risk-adjusted value contributors have not undergone detailed flagship-level review.

8. Data Sources & References

8.1 Market Data Citations

Education & EdTech

- Global EdTech TAM 2030: \$400B — HolonIQ, Alexandria v3 analysis (2026)
- AI tutoring effect size: 1.3σ — Harvard 2025 study
- AI education startups: 2,800+ in 2026 (18× from 2023), \$4.2B VC raised in 2025 — HolonIQ (2026)
- Universal Curriculum Library: 167,000+ concepts from 100+ institutions — Alexandria internal data (April 2026)
- Homeschool market: 5.4% of US children (3× pre-pandemic), 3.3M families — Johns Hopkins (January 2026)
- Global EdTech market size: \$163–187B (2024) → \$348–572B (2030), CAGR 10.8–13.3% — HolonIQ, Grand View Research, Mordor Intelligence (2024)
- K-12 EdTech: \$25.6B (2024) → \$77.25B (2029), CAGR 24.7% — MarketsandMarkets (2024)
- Higher Education/MOOC: \$11.1B (2024) → \$46.5B (2033), CAGR 17% — Straits Research (2024)
- Corporate Learning: \$104B (2024) → \$335B (2030), CAGR 21.7% — Grand View Research (2024)
- US Test Prep: \$18.4B growth 2024–2029, CAGR 7.9% — Technavio (2024)
- Early Literacy: \$3B+ market; 15 states adopted Science of Reading legislation in 2024 — NCTQ
- Teacher shortage: 411,549 unfilled positions — Learning Policy Institute (2025)
- COVID learning loss: 5+ years regression — NWEA, McKinsey Education Practice (2024)

Entertainment & Media

- AI in Media & Entertainment: \$19.06B (2024) → \$153B (2033), CAGR 26.12% — Straits Research (2024)
- Global film/TV production market: \$400–500B — PwC Global Entertainment & Media Outlook (2025)
- Post-strike production decline: 17% volume drop — Ampere Analysis (2024)
- Interactive fiction / AI entertainment market: \$4.3B (2025) → \$7.8B by 2032, 12% CAGR — Grand View Research
- Character.AI: 185M+ monthly visits, \$50M revenue 2025, 66% YoY growth — Business of Apps (April 2026)
- Character.AI lawsuits and safety crisis: CNN, The Guardian, TruLaw (2025–2026)
- Character.AI Books launch: Variety, CNET, Digital Trends (April 16–20, 2026)

Health & Wellness

- Global wellness market: \$659B — Global Wellness Institute (2025)
- Digital health + AI coaching SAM: \$18B — Rock Health, Brainworks analysis (2026)
- VitalMe unit economics: 28× LTV:CAC, 79–87% gross margins — Brainworks financial model (2026)
- Comparable exits: Noom \$3.7B, Calm \$2B, Whoop \$3.6B, Headspace \$3B — PitchBook, public disclosures
- Mental health in education: 25%+ CAGR through 2025 — Grand View Research
- Youth mental health executive priority — Surgeon General's Advisory (2023, 2024)
- Wellness tech market sizing — McKinsey Wellness Survey (2024)

Legal & Governance

- US legal services market: \$330B — IBISWorld (2024)
- 80% of low-income Americans with unmet civil legal needs — Legal Services Corporation (2024)
- Board governance: 67% of decisions lack data support; \$2.3T affected — HBR, Srinivasan research (2023)

Immigration

- US immigration legal services: \$28B — IBISWorld (2024)
- Average attorney fees: \$3K–\$15K per case — AILA (2024)
- USCIS Case Tracker App Store reviews: 310,000+ — Apple App Store (verified April 2026)

Political/Campaign

- Federal campaign spend: \$10B+ per cycle — OpenSecrets (2024)
- Campaign operations addressable market: \$2.8B — FEC data analysis
- 80,000 swing voters determined 2016 election — multiple academic sources
- AI fundraising improvement: 5–10× documented — campaign technology research (2024–2025)

8.2 Venture Capital & Valuation Benchmarks

Stage Valuations

- Median Pre-Seed cap (AI): \$10–15M — Carta Benchmark Reports (Q3 2025)
- Median Seed pre-money (AI): \$19M — Carta (Q3 2025)
- Median Series A pre-money (all): \$49.3M — Carta (Q3 2025)
- Median Series A pre-money (AI-native): \$84M — PitchBook AI & ML Monitor (2025)
- AI premium at seed: ~27% — Carta (2025)
- AI premium at Series A: ~71% — PitchBook (2025)

Stage Survival Probabilities

- Seed → Series A: 20–25% — Crunchbase Annual Report (2024)
- Seed → Meaningful Exit: 5–10% — Cambridge Associates VC Benchmark (2024)
- AI-native adjustment rationale: higher survival due to capital efficiency and speed — Foundry thesis

Comparable Company Valuations

- Harvey (Legal AI): \$11B — TechCrunch (March 2026)
- Spring Health (Mental Health AI): \$3.3B — Forbes (2025)
- Duolingo (EdTech): \$6B market cap — NASDAQ (April 2026)
- Rippling (HR Tech): \$13.5B — Bloomberg (2025)
- Runway ML (AI Media): \$3B — The Information (2025)
- ElevenLabs (AI Voice): \$3.3B — Crunchbase (2025)
- Pilot (Accounting): \$1.2B — PitchBook (2024)
- Chegg collapse from \$12B to \$0.15B — WSJ, Yahoo Finance (2024)

Traditional vs. AI-Native Financing

- Traditional total capital to exit: \$40–65M across 3–4 rounds — First Round Capital (2024)
- Traditional equity retained at exit: ~19% — Carta dilution studies (2024)
- AI-native capital requirements and equity retention: Foundry portfolio data (verified)

8.3 Academic & Research References

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AI Cost & Performance Research

- AI inference cost decline: >90% since 2022 — Stanford HAI AI Index (2025)
- LLM pricing data: Anthropic, OpenAI published pricing (2025–2026)

8.4 Internal Source Documents

- Alexandria PRD v4.0 (April 16, 2026)
- Alexandria Strategic Plan (April 2026)
- Alexandria Development Plan v4.0 (April 16, 2026)
- Infinite Entertainment PRD v2.0 (April 2026)
- Infinite Entertainment Strategic Plan v2.0 (April 2026)
- Infinite Entertainment Architecture Doc v2.0 (April 2026)
- Cyrano PRD v7.0 (March 18, 2026)
- Cyrano Unit Economics doc
- Cyrano Growth Model Comparables doc
- Catalyst (formerly Blue Wave) Phase 4 test results
- Passage Phase 1 Foundation requirements
- VitalMe Strategic Report v1.0 (April 2026)
- Interactive PRD v1.0 (April 2026)
- Interactive Strategic Report v1.0 (April 2026)
- Tally feature specification
- BoardAI requirements document
- Brainworks Foundry Collective Valuation Report (initial, April 2026)
- 15+ additional project documents across portfolio companies

8.5 Disclaimer

This report has been prepared for informational purposes for qualified potential limited partners

of Brainworks Ventures. All projections, valuations, and estimates are forward-looking and subject to significant uncertainty. Past performance of the management team in other ventures does not guarantee future results. AI-native valuation premiums reflect current market conditions and may not persist. Exit probability estimates are based on industry averages adjusted for AI-native structural advantages — actual outcomes will vary. The aggregate TAM of \$3.3T includes overlap between portfolio companies in adjacent sectors; adjusted TAM is estimated at \$2.2–2.8T. SOLACE, LEDGE, TALENTLY, and six other earlier-stage companies carry forward valuations from the initial assessment without independent verification in this analysis. Potential limited partners should conduct their own due diligence and consult independent financial, legal, and tax advisors before making investment decisions.

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