

A Deep Dive into an Al Startup Company in Pandemic

Li Zhang <u>Izhang70@illinois.edu</u> University of Illinois at Urbana Champaign Austin Chen ac7410@stern.nyu.edu New York University

Al Luxe Inc. Incorporated in 2017 Founder: Nathan Chang Location: CA Employees: 10 Focus on facial recognition and object detection in construction sites

To pivot & raise fund in order to survive the Pandemic

Objective of the case: To develop "wicked" students who are given authority to tackle complex real meaningful problems in great uncertainty Use Annual Payroll Information to figure out the amount of PPP loan

Prepare a flexible budget using IF function, Vlookup function Analyze cash burn and cash runway under different paycut scenarios

Analyze a budget

report to identify

discretionary cost

items



 Figure 1. Pay cut scenarios based on sales to SGI.

 (1) No pay cut, 10 units sold for \$10,000 each. (2) No pay cut, 20 units sold for \$7,500 each. (3) 24% pay cut, 10 units sold for \$10,000 each. (4) 24% pay cut, 20 units sold for \$7,500 each.

Tasks:

- Explore funding option
- Calculate PPP loan
- Pivot product/market
- Prepare budgets for No Paycut & Paycut
- Decide percentage of Paycut and starting month following PPP guidelines
- Cash burn & runwayEthics issues

Benefit to Students:

Experience in making important decisions involving accounting, financing, marketing, human resource in a highly relevant and realistic setting