fondi

App Store
からダウンロード
Google Play
で手に入れよう
fondi
Virtual Studying Abroad Experience

# Team・Company

## Founding members

### Tatsuto Nohara (27)

CEO

Founded a company during studies at the University of Warwick in the UK, Pivoted to fondi after study-abroad business.

### Tatsuki Isogami (26)

CTO

Joined as a co-founder while studying at Tokyo University. Currently leading the development team as CTO.

### Yumu Yanagida (32)

Designer

A former member of DMM GAMES, leading titles like “装甲娘”. In fondi overseeing UX/UI design.

### Hiroshi Kuribayashi (30)

Marketer

Primarily handling Social Media in fondi, after studying abroad in Canada and co-founding a VR startup company.

### Kei Nakazawa (37)

Engineer

Joined us in Oct. 2021, with experiencea of engineering over 10 years, notably at KLab R&D.

## Company Details

- Company Name: fondi Co., Ltd.
- Representative: Tatsuto Nohara
- Established: August 8, 2017
- HQ: 27F Ebisu Garden Place Tower, 4-20-3 Ebisu, Shibuya-ku, Tokyo
- Full-timers: 7
- Contractors: 33, from Japan, Indonesia, Bangladesh, Pakistan, Egypt, Morocco, Vietnam
- Key Shareholders: ANRI, Skyland Ventures, Coconala Skill Partners, 90s, Cyber Agent Capital, NOW, and others.

# An English learning service as engaging as social media

Total Installs
1M

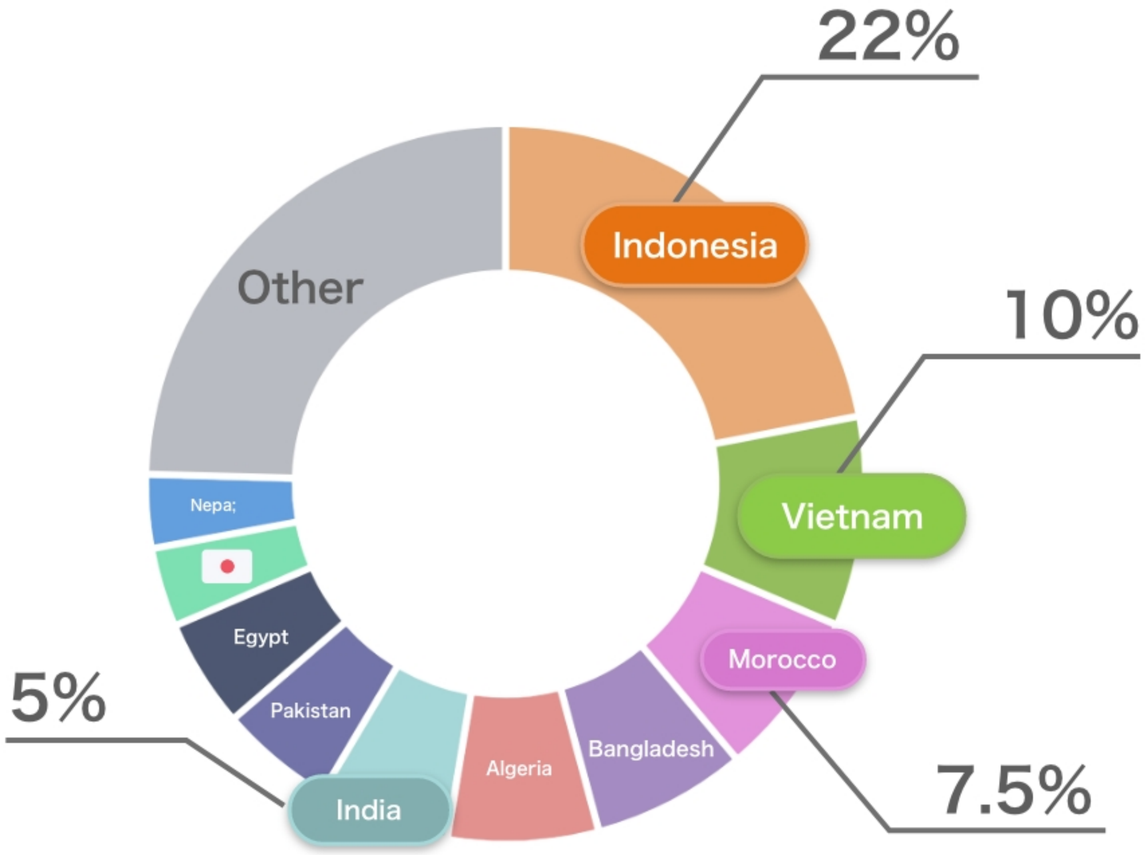
MAU
200K

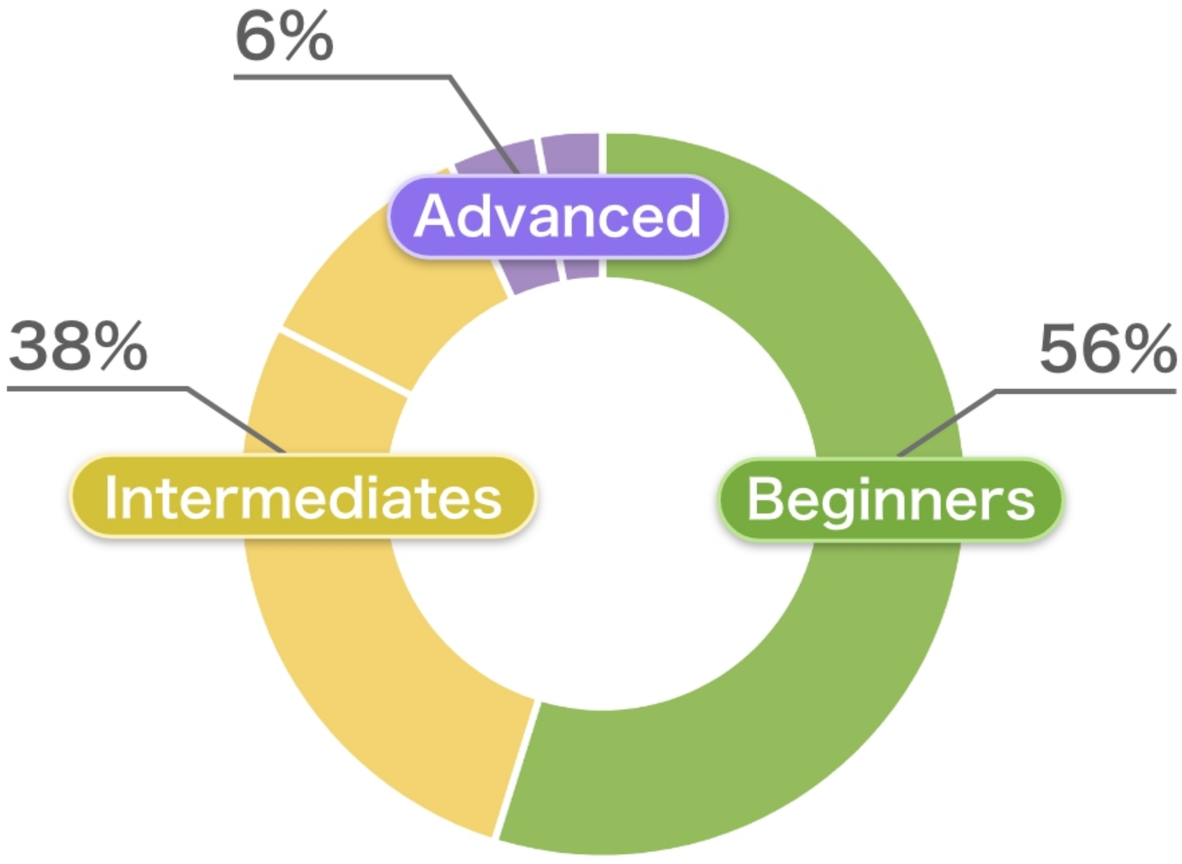
Percentage of non-Japanese users
96%

Average daily conversation time
45min.

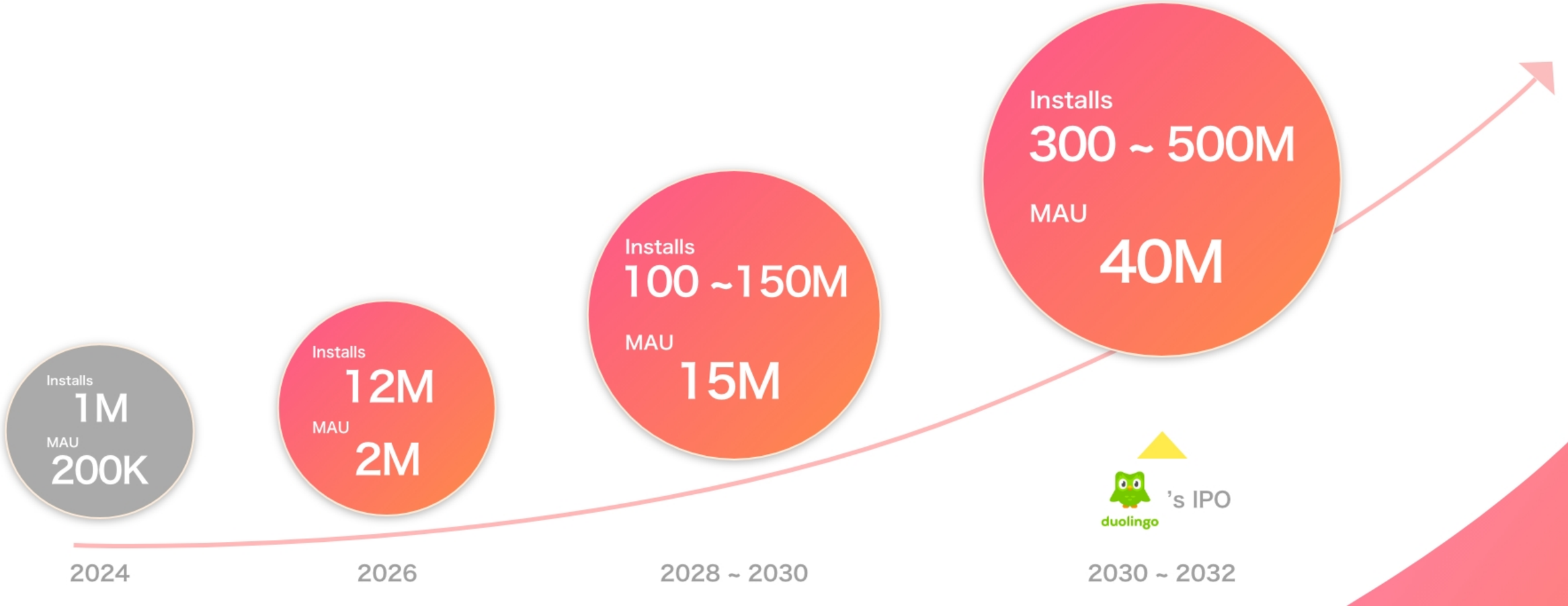
# Loyal user segments for fondi

English learners aged 15 ~ 30
from Southeast Asia, Central Asia, and North Africa



# From Japan to a Global Language Learning Platform with Over 100 Million Users



# What goals are we aiming for, and at what scale?

duolingo

| Users | Sales | Market cap |
| --- | --- | --- |
| All over the globe<br>**90M MAU** | ARR<br>**600M USD** | Growing after IPO<br>**9B USD** |

What did Duolingo do : **Transformed language learning into a ‘game-like’ experience, and made it as addictive as ‘social media’**

fondi

What we will change : Enjoy language learning ‘inside a gaming world’, and turning it into ‘social community’.

# Product Details & Traction

# User's burning needs

In high economic growth countries,

## Mastering English communication can change their lives.

### The root of their needs

**Enhancing job prospects through English skills.**

- As numerous foreign companies are entering the market, being proficient in English communication can lead to a substantial increase in salary.
- Even with identical skill sets, salaries may easily double.

**High needs, but low opportunities.**

### Practical opportunities

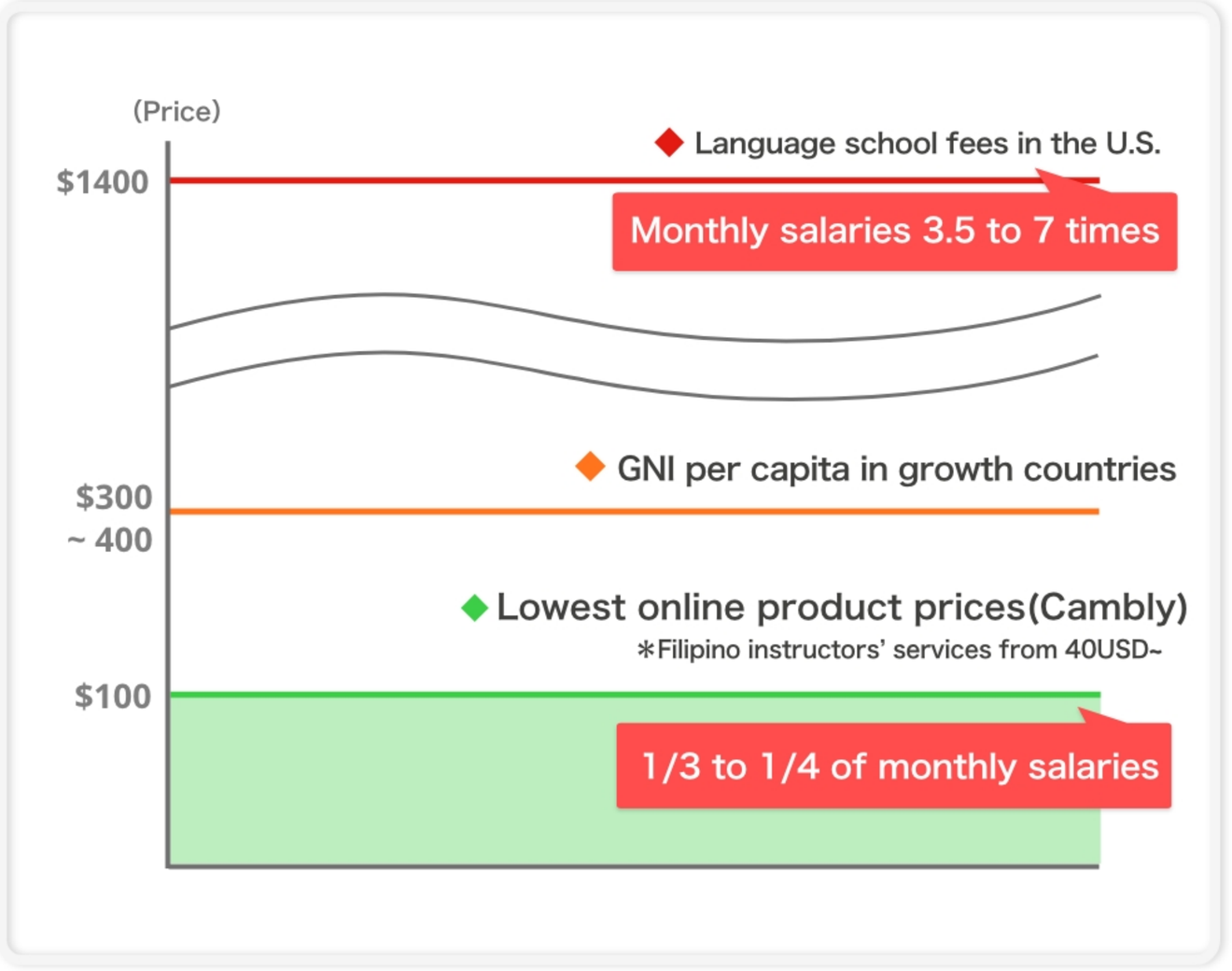
**Hard to find opportunities to speak English**

- English conversation learning services, including online options, involves a significant financial commitment.
- Finding conversation partners is tough, with a lower psychological barrier than Japanese learners.

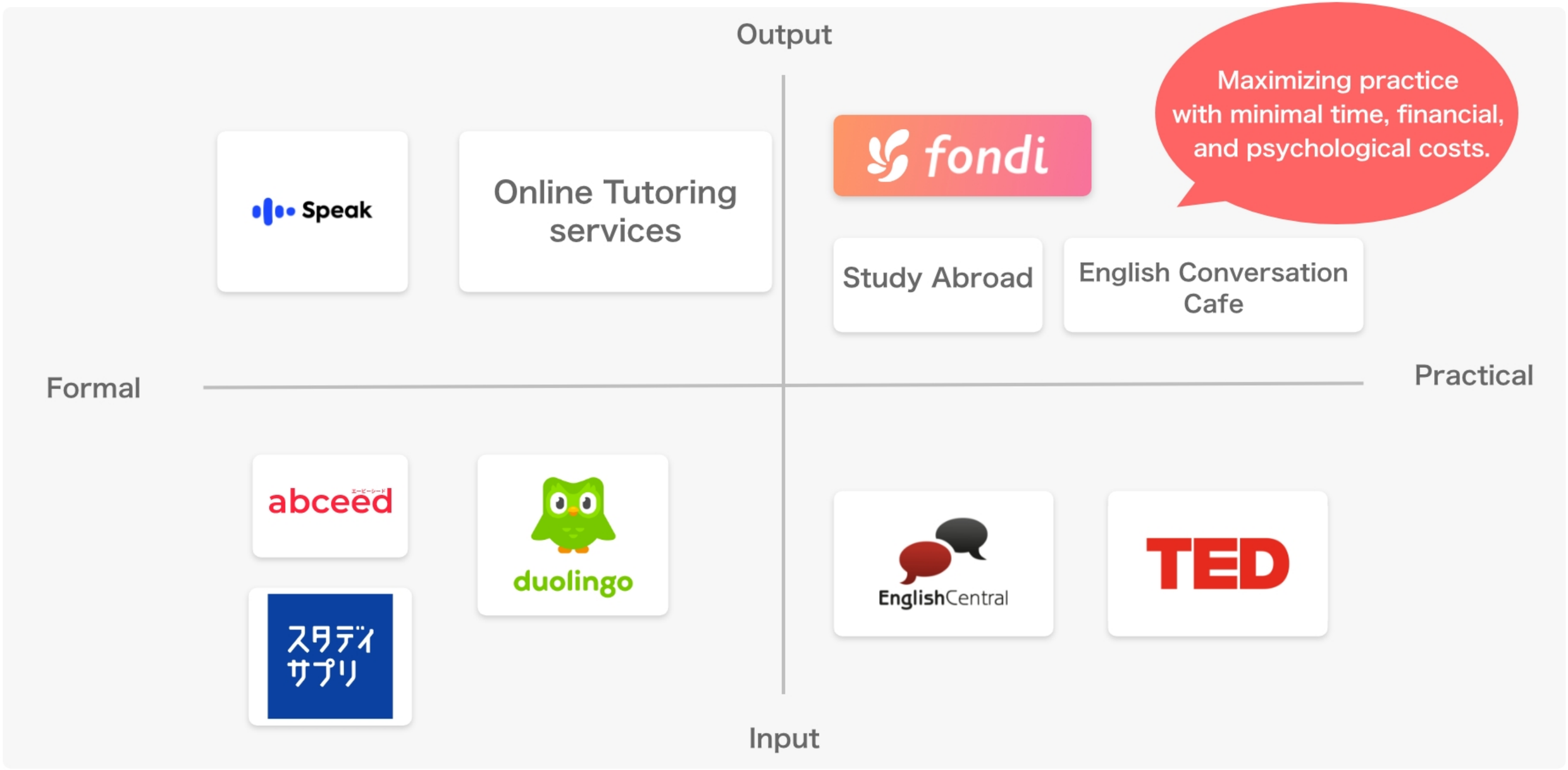
*Practice options outside major cities are limited, with commuting to city centers being congested and costly.

# The context behind unfulfilled needs

- Global English lessons are costly.
- Local English classes accessible to us often lack practicality.
  - Low teaching quality
  - Focusing on group lessons



# Unique Positioning in Digital Language Learning Services



# Creating lively conversations

## Communication Arena：Practicing English with fondi mate

### Plaza

【Quick talks in groups】
Casual games enhance lively conversation

### Bar

【Relaxed 1on1 talks】
Conversation topics provided by a bartender

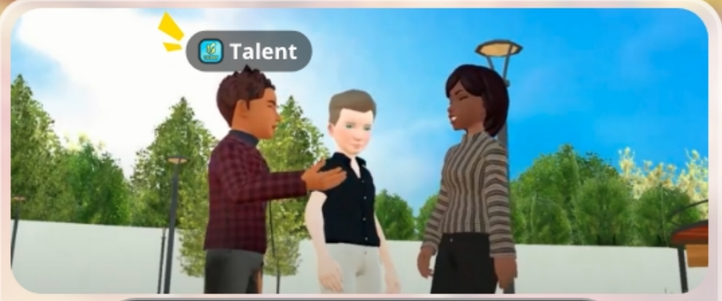
### Lounge

【Private space with good friends】
Enjoy Inviting friends and casual talk

### Home Country Meetup

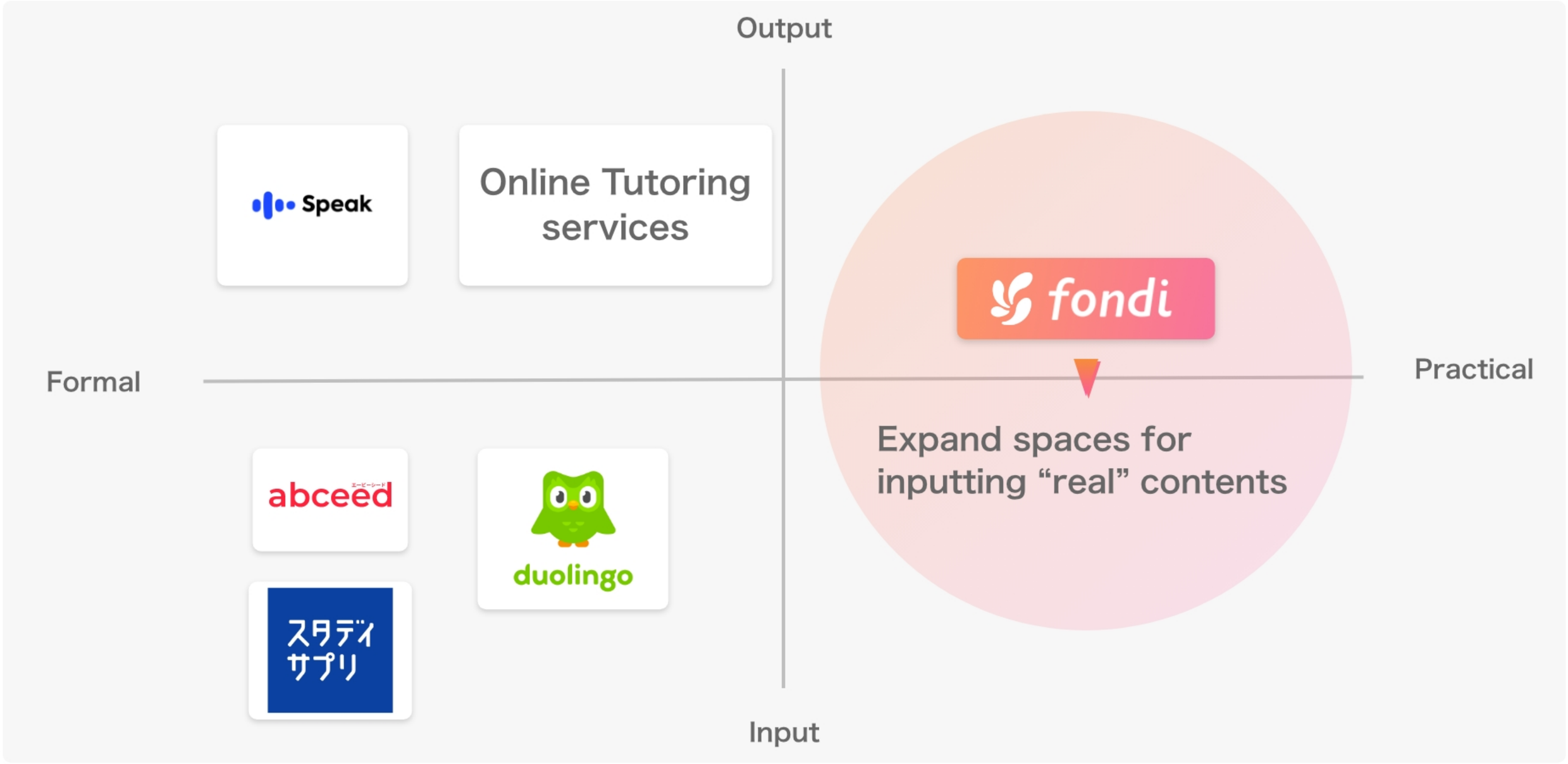
【English talk with fellow nationals】
Initial matching to ease psychological barriers

### Event




【Core users leading talks】
Themed conversations led by facilitators

# Unique Positioning in Digital Language Learning Services



# Learning with 3D elements

Speach Lab：Warming up with AI

## AI Practice

AI assists with personal practice.

**Phrase Practice**
Repeat after Catherine(AI)
Level range：Lv.1~Lv.10

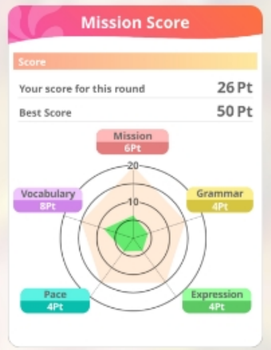
**Listening Practice**
Listen to Catherine(AI)
Level range：Lv.1~Lv.10

**Chatting Practice**
Chat with Catherine(AI)
In 5 turns, aim for the high score.

**【3 conversation exercises with AI】**
With AI, repetitive practice across content and levels for three exercises:
“Phrase Practice”, “Listening Practice”,”Chatting Practice”

## Study abroad

Immersive conversational practice on-site!




**【Role-play in various scenarios】**
Challenge missions set for specific scenarios,
AI provides real-time score evaluations.

# Feature arrangement to overcome hurdles in English conversation

**Tutorial：Airport**

Your country？
Japan
Your English level？
New Comer | Beginner | Rookie | Apprentice | Enthusiast | Guru
Your interests？
Sports | Anime | Music | Movie & TV | Make Friends | Work Abroad

【Segment identification after onboarding】
Gathering user info and directing to suitable features

MAP

Experiences **Low**

**AI Practice**

**Study abroad**

**Home Country Meetup**

Experiences **High**

**Plaza**

**Bar**

**Lounge**

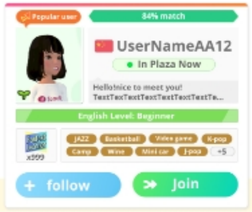
## Core functionalities of fondi

Gamification

Change outfits

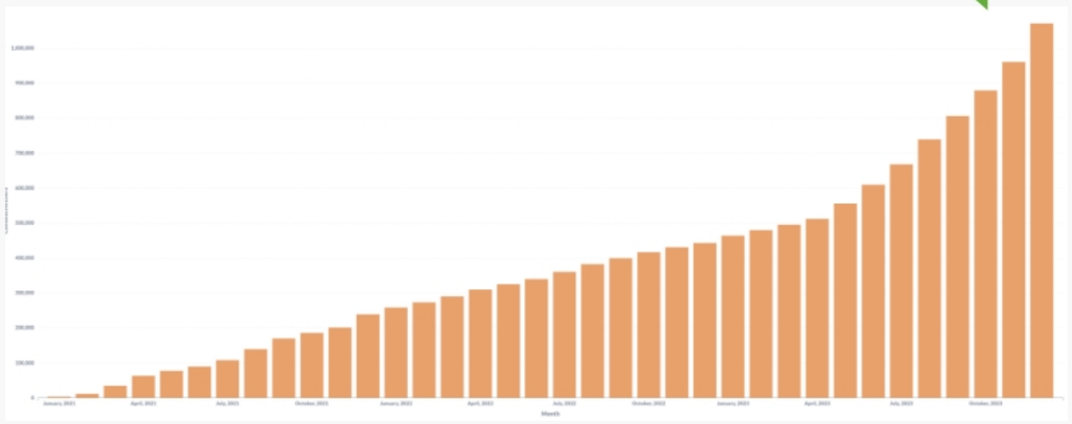
Change Avatars

Search



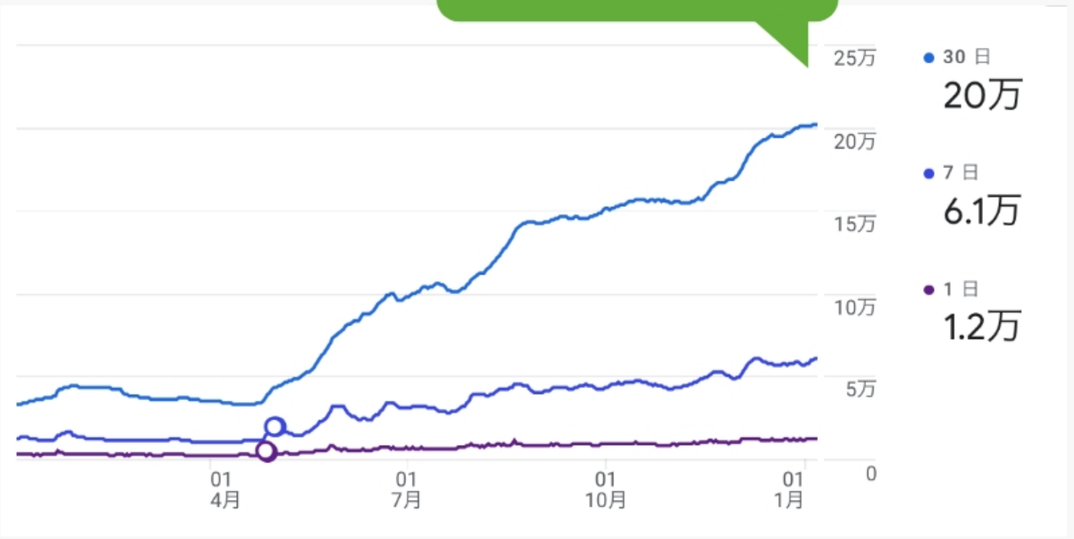
# Topline

1M
installations!



## Installations

200K
monthly active users




## MAU

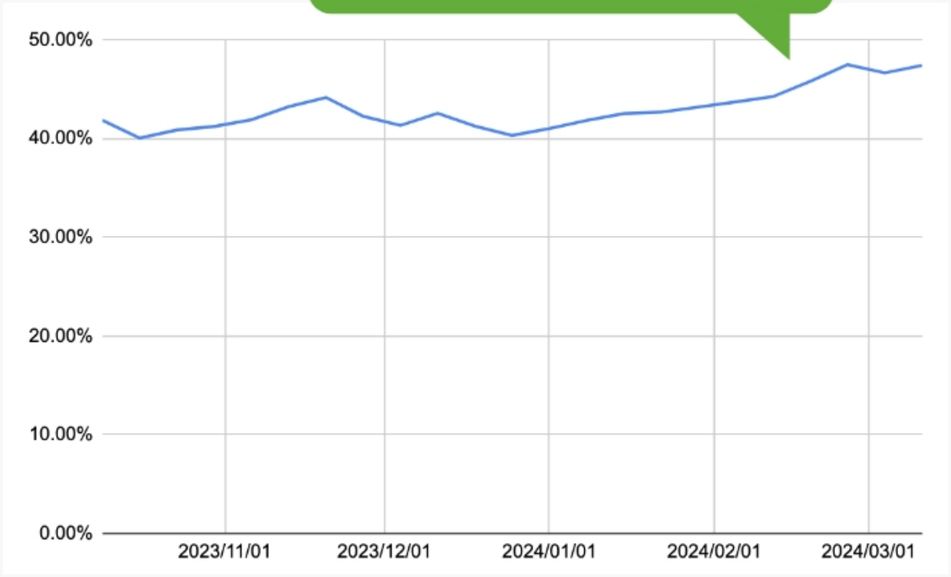
# User engagement

Average daily conversation time

User engagement over time

# Retention rate improved over time

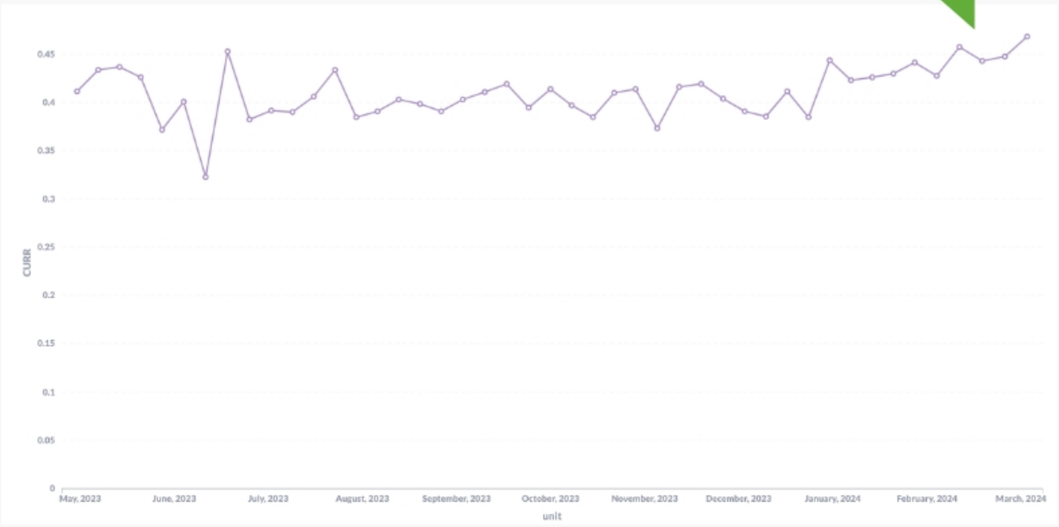
Gradually improved to 50%!




## MAU Retention Rate

*% of this month MAU that access next month as well

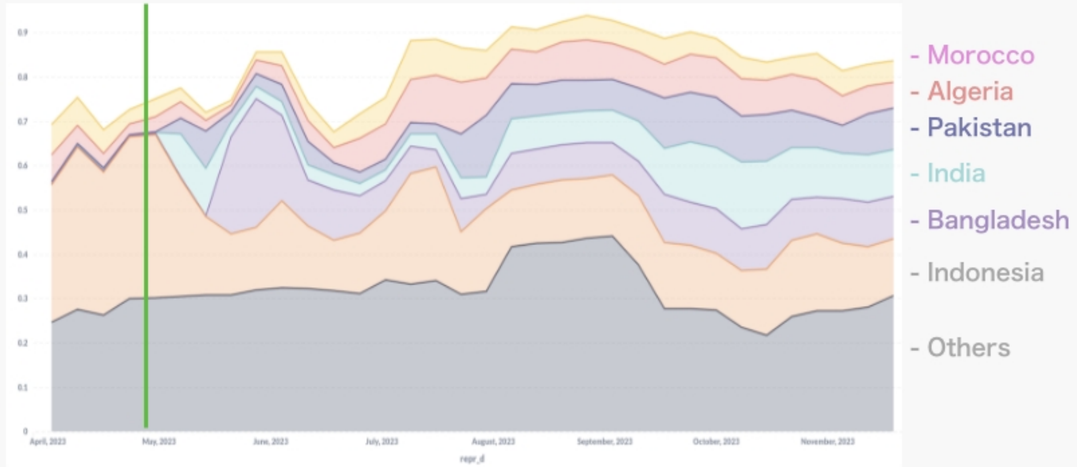
Getting better after we made fondi free to 50%




## Current User Retention Rate

*Users accessing at least once in “previous day ~ 3 days ago” and “4 ~ 6 days ago” on any given day

# Diverse countries, significantly low CPI

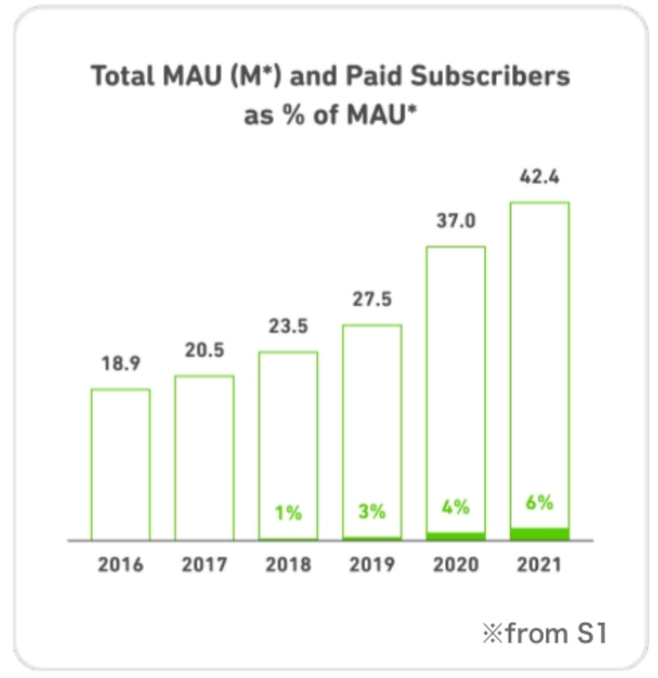



| Performance in FB/Instagram ads | |
|---|---|
| CPI | Countries |
| Around ¥5 | India, Bangladesh, Pakistan, Nepal, Tunisia |
| Around ¥15 | Indonesia, Algeria, Morocco, Uzbekistan |
| Around ¥30 | Vietnam, Saudi Arabia, UAE |

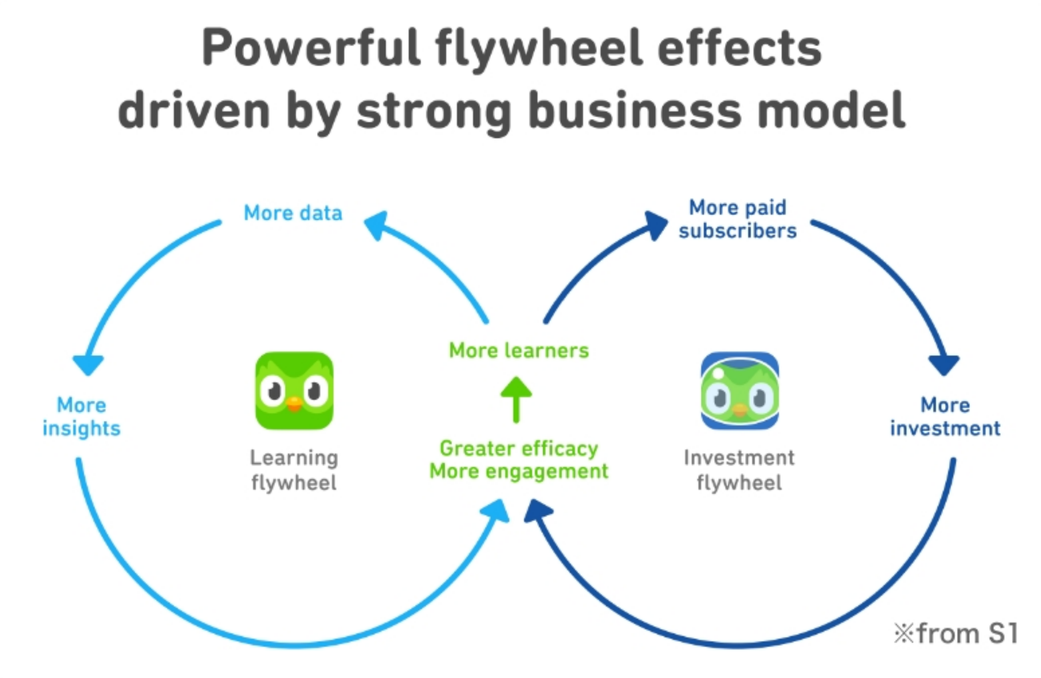
## User growth is notable in India, Bangladesh, and North Africa

# Future Expansion and Enhanced User Experience

# How did Duolingo grow?

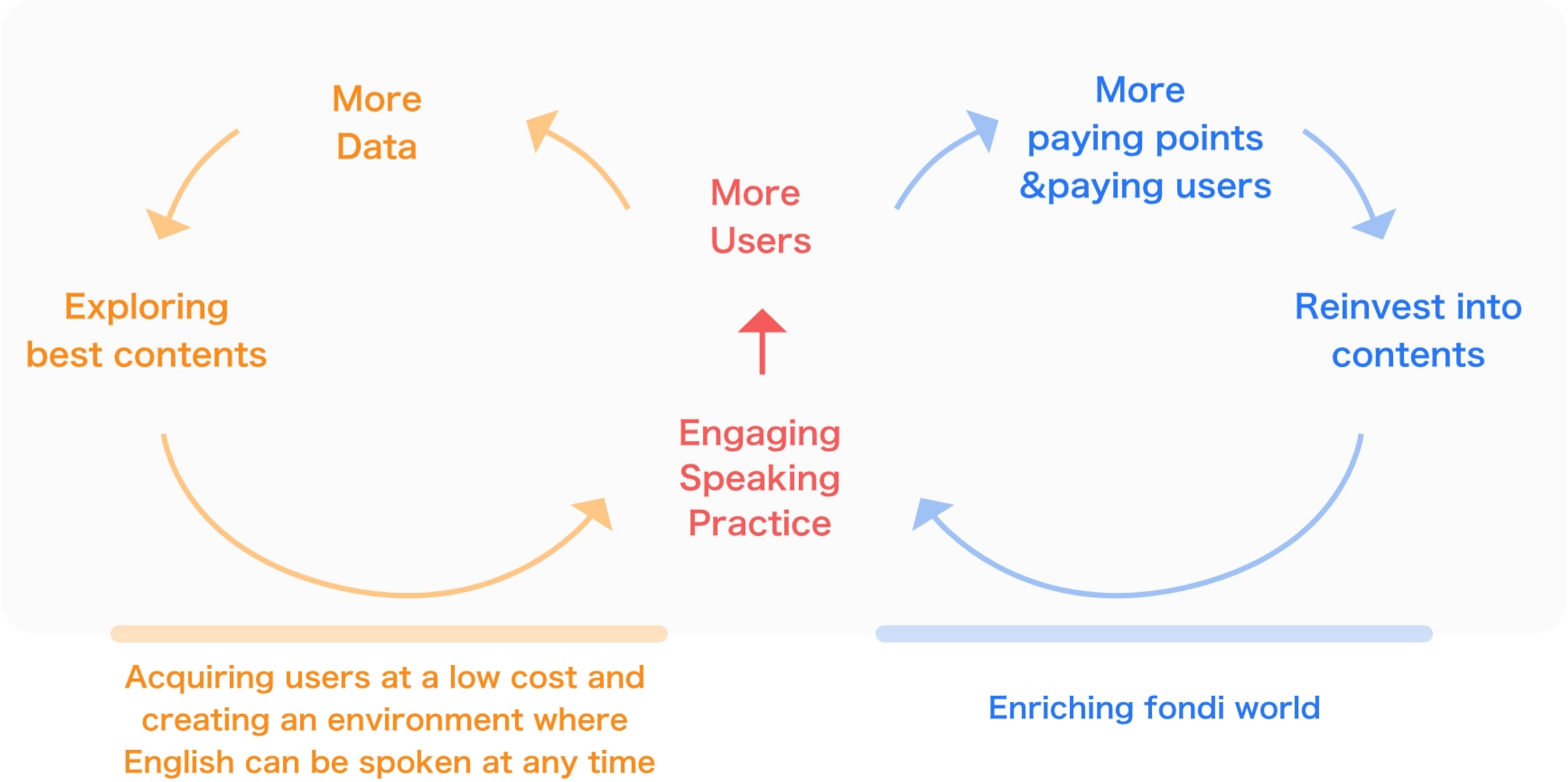



MAU exceeded 20 million
before it started billing.

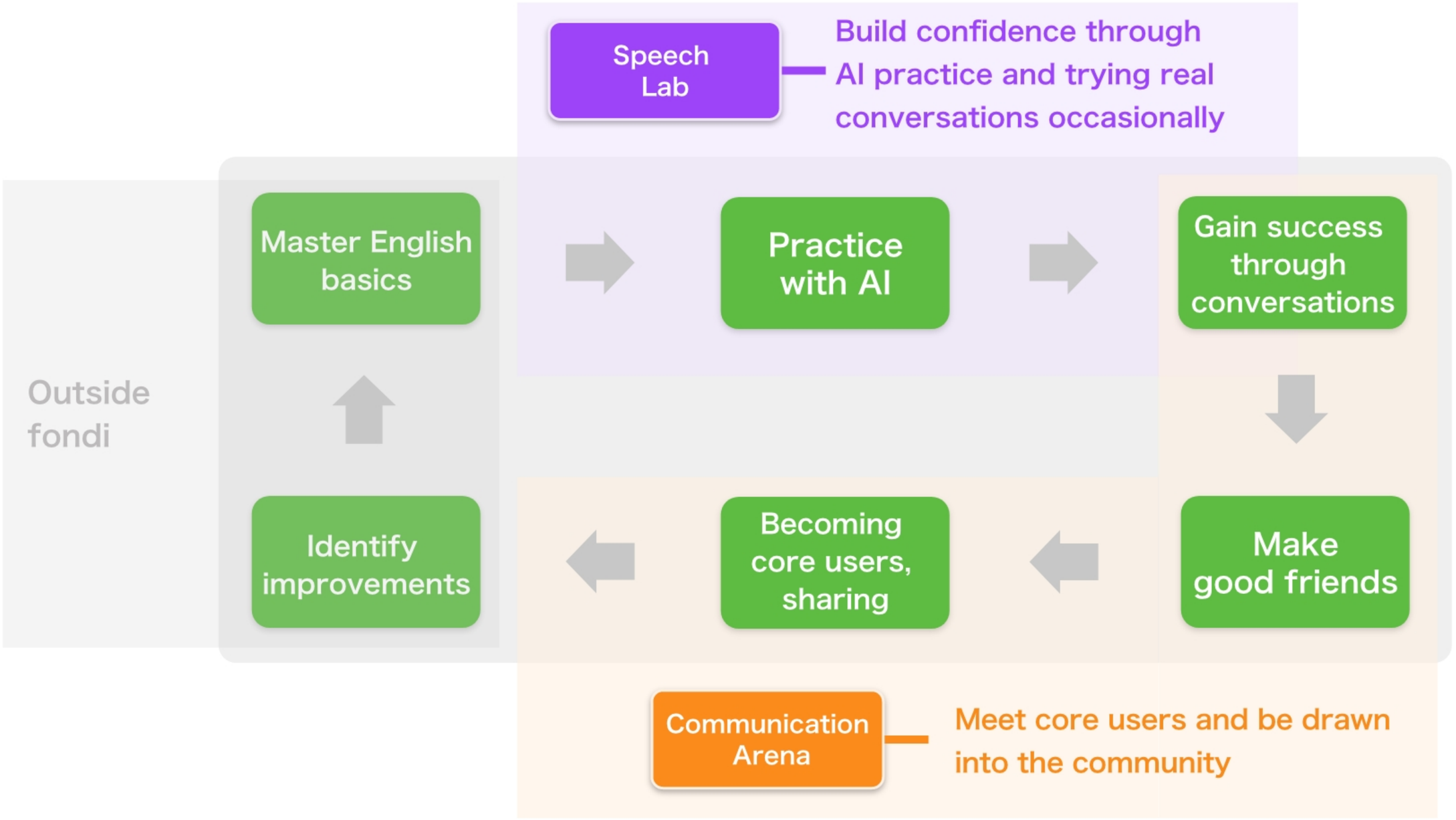



Collected massive amounts of data from free users
→ improve the user experience,
→ generated paying users for reinvestment.

# fondiの成長戦略


More
Data
Exploring
best contents
More
Users
Engaging
Speaking
Practice
More
paying points
&paying users
Reinvest into
contents
Acquiring users at a low cost and
creating an environment where
English can be spoken at any time
Enriching fondi world

# The flow of an engaging experience



# Investment focus for the next 12-18 months

Theme of “Reality x Output”:

## Expand the stage for core user engagement

### Findings So Far

- Chose 20,000 active users, rewarded points and badges, and initiated a campaign to encourage conversations with beginners.
- Held events with 50+ highly engaged users called “Talent” and organized themed discussions.

**Increased interactions between core users and the retention of beginners who talked with core users was doubled.**

### Future Guidelines

Spread core users’ enthusiasm across the community through the following three elements:

- Expand core users’ content formats, including 1-to-N
- Design to attract attention to these users
- Increase rewards for contributions to the community

# Investment focus for the next 12-18 months

Theme of “Reality x Input”:

## Leverage generative AI to enrich content

### Findings So Far

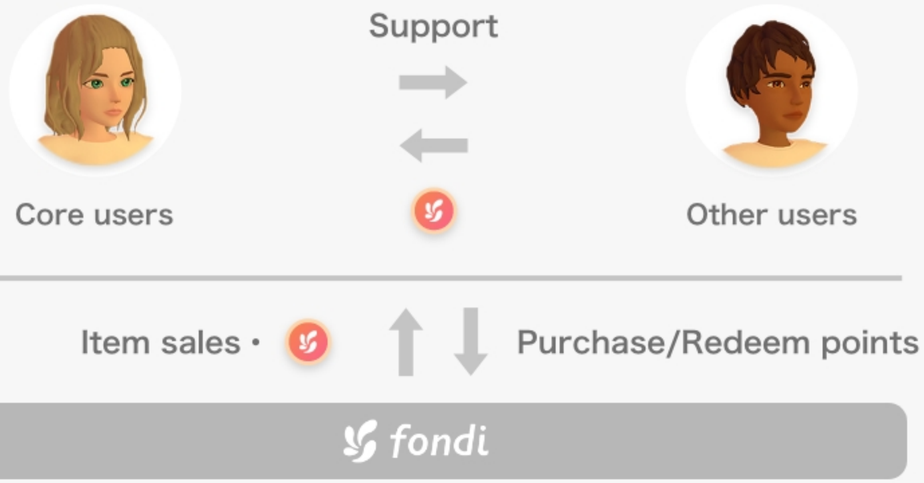
- Individuals practicing with AI can confidently engage in face-to-face conversations for over 10 minutes.
- Users using the “Study Abroad Area” on the first day show a 25% higher retention rate in the first week post-registration.

### Future Guidelines

- Customize input content based on the user’s readiness for interpersonal conversations.
- Strengthen the AI practice feature as a “Personal Assistant,” providing tailored input aligned with the user’s personality and goals/
- Enhance the role-playing feature with detailed difficulty levels, expanded missions, and the addition of 3D interactive content.

# Initiating short-term validation of in-service payments

## Ecosystem using an in-service currency




### Specific Use Cases

- Tips: Users supported can express their gratitude to contributors in the community using in-service currency.
- Purchasing in-app items: In-service currency is used to buy items like avatar essentials, costumes, and customize rooms.

# Subscription model based on in-service currency as a hook

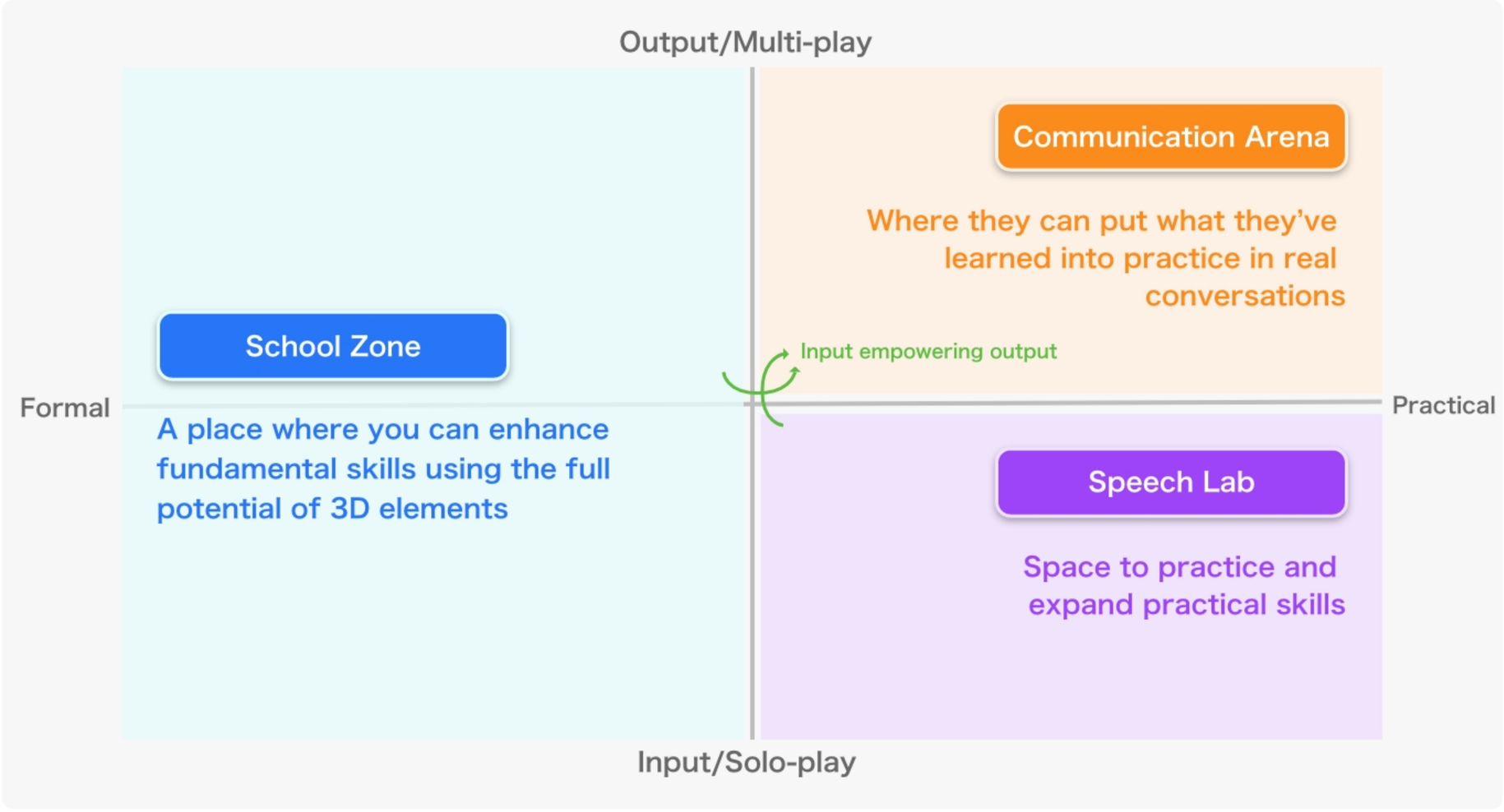
## Plan to explore Duolingo models in the latter part of this phase

| | Subscription | Reward ads, affiliate ads |
|---|---|---|
| Essential feature elements | • Premium accounts remove ads and offer exclusive features.<br>• Payment renewals come with in-service currency at a favorable rate for cost-effective learning content access. | • Free users watch ads to charge the microphone battery for conversations.<br>• Consider reward ads like AdMob and affiliate ads to encourage content usage from partner businesses. |
| When | • Full verification after implementing AI-driven input features and gamification to encourage ongoing learning.<br>• Expected around January to June 2025 | • Implement the initial version by June 2024 to understand the eCPM (cost per 1,000 views) in existing target countries<br>• Then, continuously optimize the average views per user alongside subscription conversion rates |
| Why | With School Zone expansion, particularly from high-value countries like Japan, Korea, and Europe, creating a stable and predictable revenue source becomes feasible | • Grow user numbers ensures consistent business referrals, fostering high profitability<br>• Utilize certain experiential stress factors to encourage subscriptions to the subscription plan |

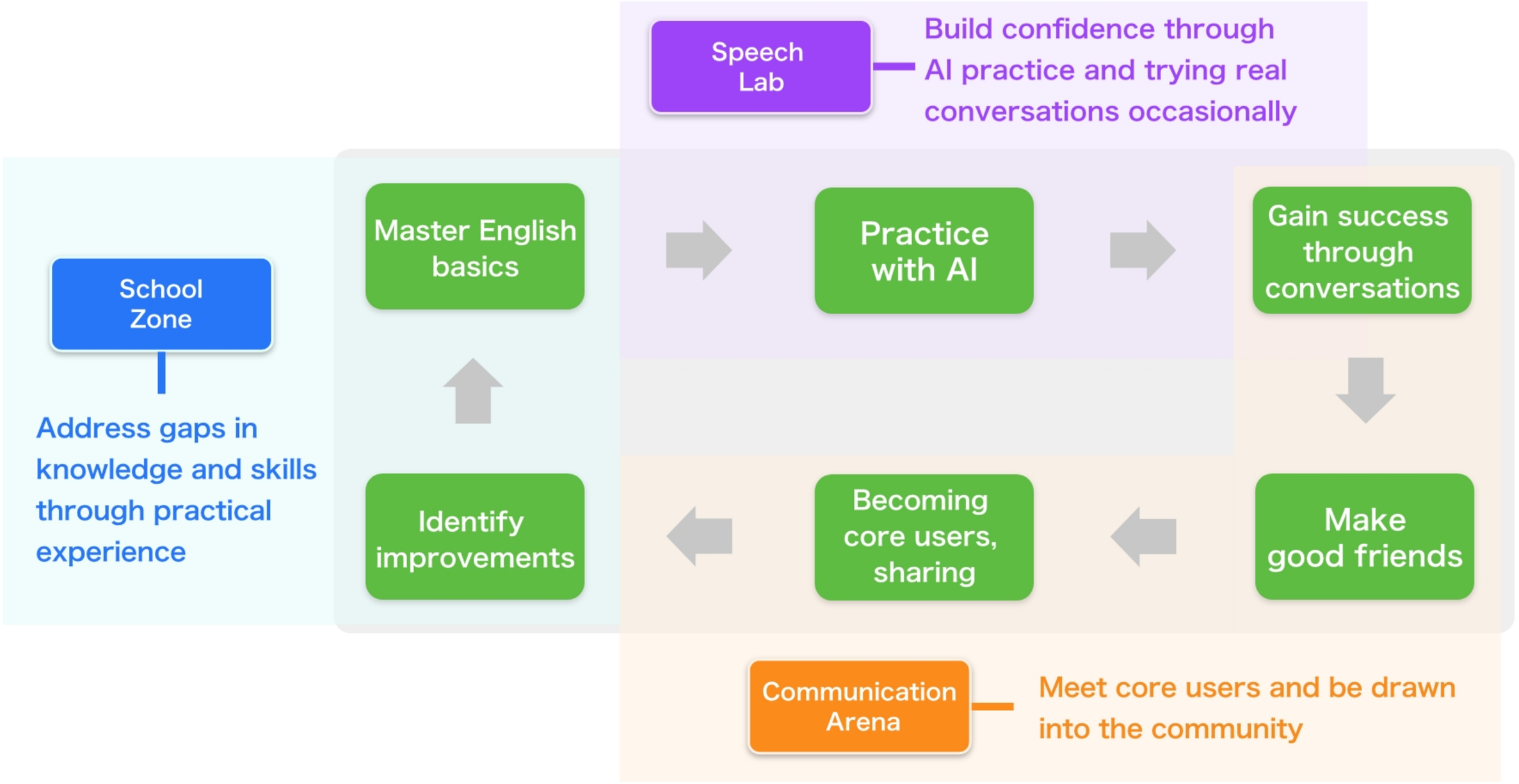
# Short-term to Mid-term Business Development

# Future Growth Strategy

## Diverse experiences, reaching a wider audience for business growth



# Envisioned ideal experience



# School Zone: Summary of the experience

a “Metaverse branch” on fondi of English schools
for a unique learning experience.

## Exclusive “School Space” for partners

Leverage virtual and community aspects for unique experiences

Package ① :
AI-powered lesson spaces and self-study tools with role-playing features.

Package ②:
Community spaces for teacher-student connections and international user matching.

+

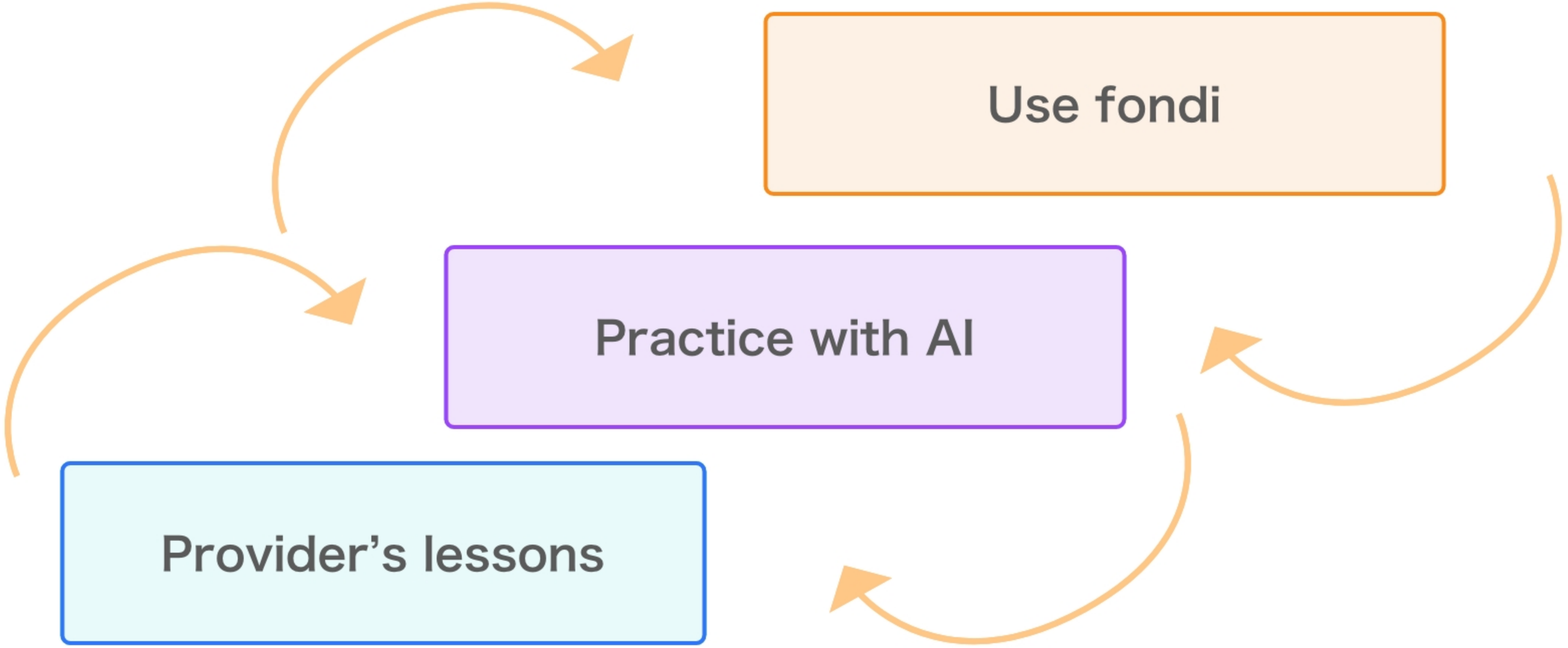
## fondi commiunity access

Practice lesson phrases in real-world scenarios.

Assign activities on fondi, like “Chat with XX people,” as interactive homework quests for students.

# School Zone：Value for English conversation providers

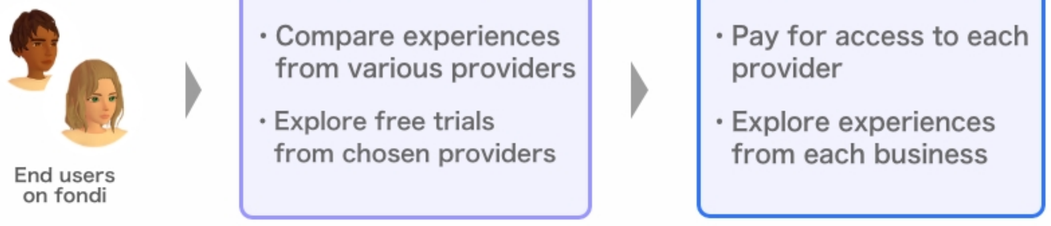
Boost retention and loyalty through the input-output cycle



# Expansion plan for School Zone

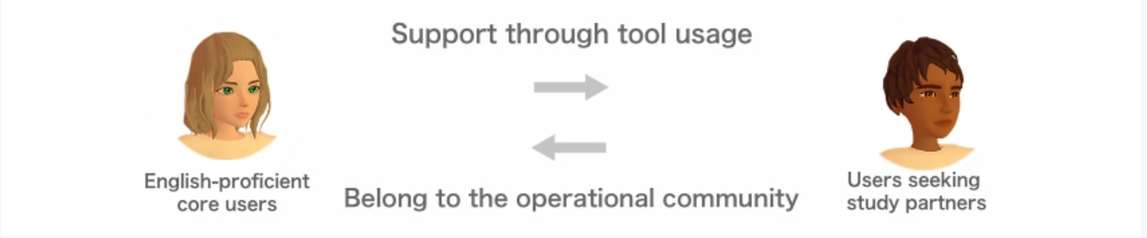
## Open School Zone to the public

### Open the space




- Provide end-users access to their preferred business's school space, allowing for free trial lessons and seminars.
- Position fondi as a handy "comparison site" for trying out various services.

### Unlock learning tools




- Core users actively engage in the community, supporting English learning through facilitation — a new form of "skill-sharing."
- Create a unique community space, enjoy role-playing together, and offer meaningful learn experiences without prepared materials.

# Conducting preliminary exploration with minimal resources

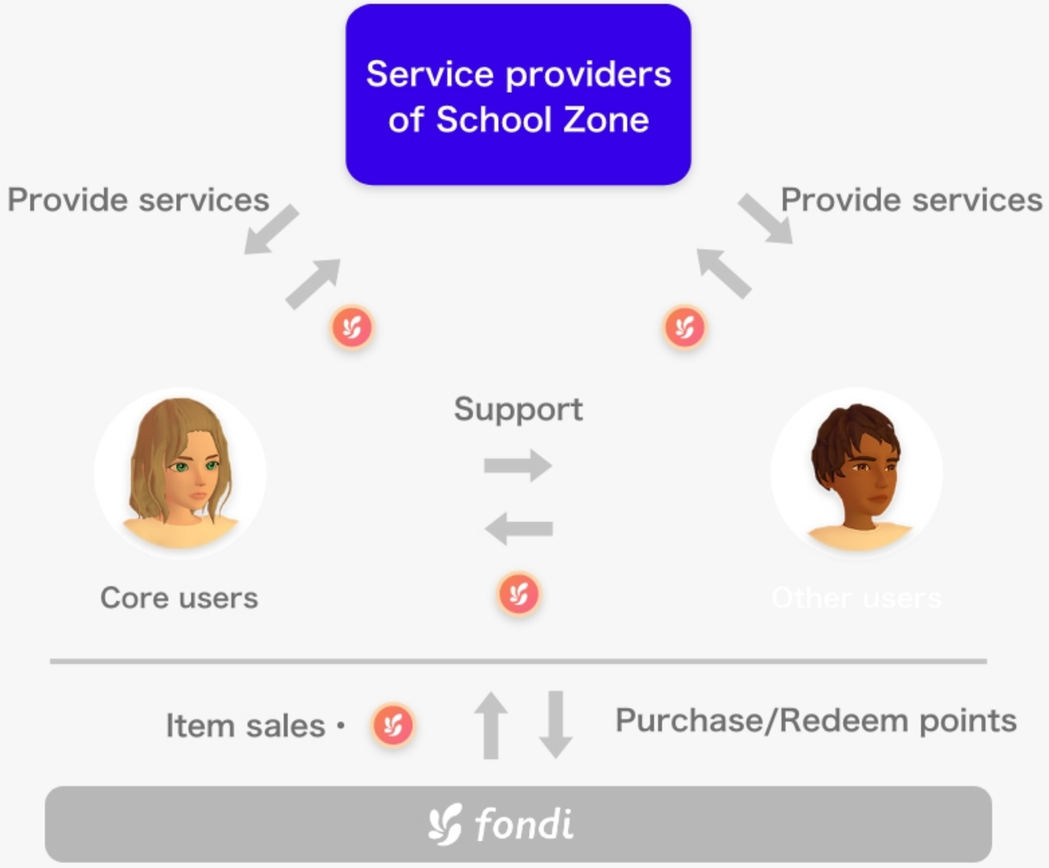
| Closed deals | Offered services | Projected revenue/status |
|---|---|---|
| W.Arrows International School | All-inclusive feature packages for international schools | • $30,000 for development fee, targeting a March-end delivery.<br>• Will be offered to up to 100 students, including 70 existing ones and additional recruits, at a rate of $18 per month. |
| TORAIZ トライズなら、1年で英語が話せる。 | Provide a platform on fondi for students to engage in discussions and practical exercises as part of the ongoing coaching program | • $3,500 for development fee, completed delivery<br>• Performed PoC with 15 existing students, will fully expand in February, and offer the service to 500+ students at $12 per month. |
| スマ留 | Preparatory content for studying abroad with a focus on fondi's role-playing features | • $10,000 for development fee, targeting a March-end delivery.<br>• Will provide the service to a portion of the 800 monthly study abroad enrollees, planning to charge around $80 every 6 months. (About 100 users, ¥800,000/month) |
| 中央大学 | Integrate features and community of fondi as an English learning tool for the university beyond regular classes | • Started by offering accounts for free currently<br>• "Virtual Study Abroad" program are scheduled to begin in the summer of 2024. |

**Current Pipeline**

Prospects: 29
(Conversion rate: 15%
/193 reached providers)
↓
Detailed Discussions: 12 (41%)
↓
Closed Deals : 4 + ?

# Driving in-service currency transactions with School Zone

## Ecosystem using an in-service currency




### Specific Use Cases

- Tips: Users supported can express their gratitude to contributors in the community using in-service currency.
- Payment for learning contents: To advance, users use earned or purchased currency for additional content from service providers.
- Purchasing in-app items: In-service currency is used to buy items like avatar essentials, costumes, and customize rooms.

# Strategy for building a business model with School Zone

Up to now :

**Build community & develop product infrastructure**

- Established a space for global English enthusiasts to practice confidently.
- The core value addressing English educators' challenges and the reason to adopt fondi.

Over the next two years :

**Develop a profitable app without relying only on fundraising**

- Obtain money from companies in developed nations to enhance contents and diversify user base.
- After modularization, reduce initial costs and promote adoption by businesses in growing economies.

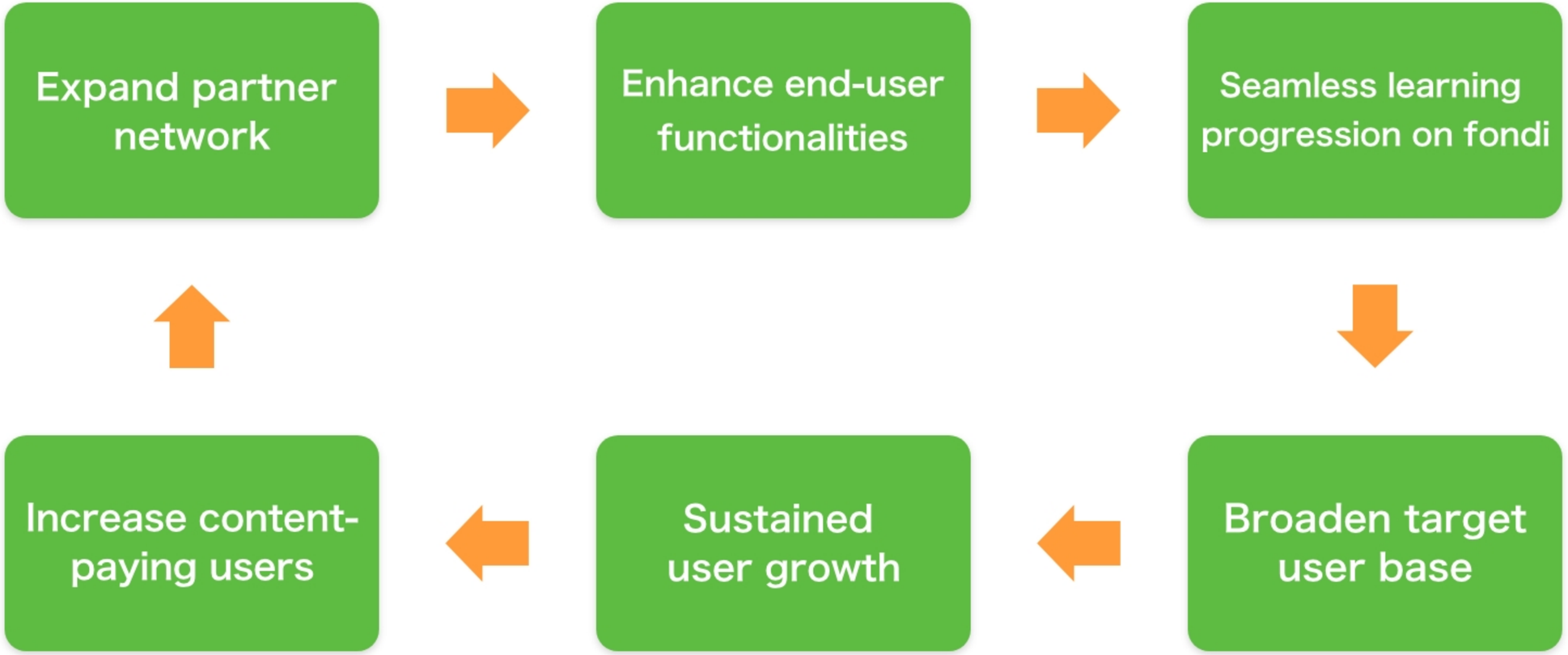
Ultimate goal :

**Explosive growth, To C-focused**

- Open School Zone to the public, focusing on to C transactions for key revenue.
- B2B expansion globally is expected to contribute as a key driver to improve the total user experiences.

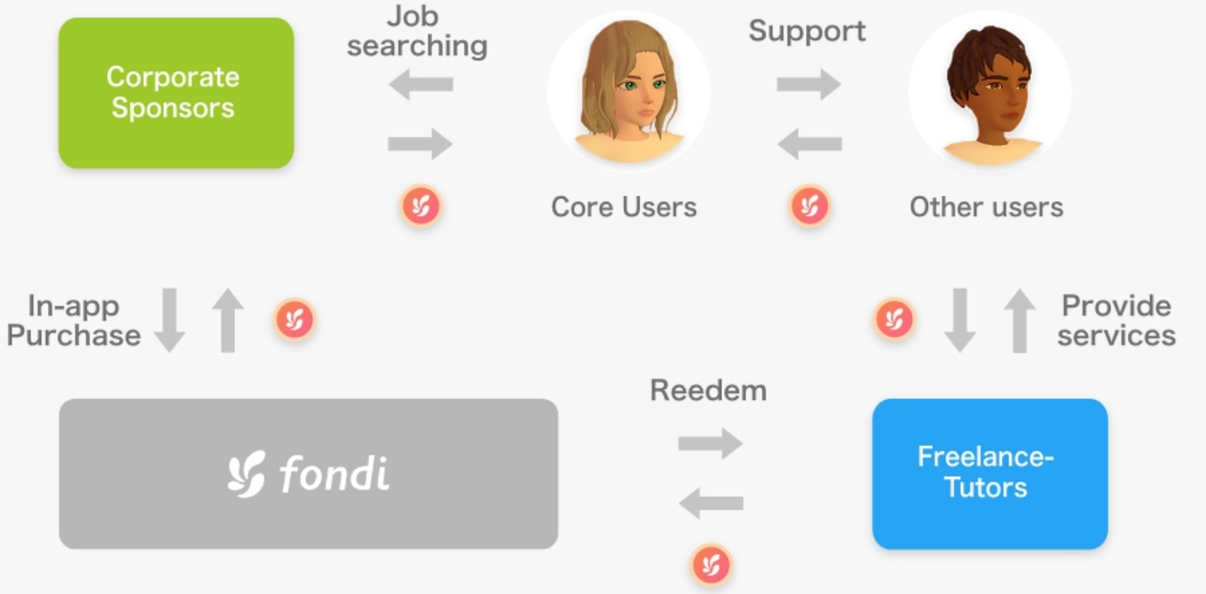
# Developing for C2C and B2B enhances the product's value

Expand partnerships drives the growth in service value and scale



# Future vision of the in-service ecosystem

## Platform that transforms lives through English




### Expansion into Career Services

- Countinued learning and contributing on fondi attract recruitment scouts from companies.
- Companies can engage with potential hires by sending in-service currency.
- Targeting industries like hospitality and multinational companies seek local English-speaking talent.

### Involving Freelance Tutors

- Freelance tutors using platforms like Busuu face high costs in preparing teaching materials.
- Opening fondi's teaching tools to freelance tutors attracts their students, expanding learning content in the service.

# Business Model Blueprint and Vision

# Targeted Scale

2025 — 2026 — 2027

## Expansion of C2C Transactions

Monthly Active Users (MAU): 2 million
Monetization rate: 2%
Revenue per user: $1,000
GMV: $ 40 million/month
Revenue: $12 million/month

ARR $500M

~ 2026/06 Raising $10M

2028 ~ 2030
MRR : $30M
Cap : $30B

duolingo

## School Zone's PMF Targets

Number of partner companies: 50
Paying users per company: 450
Revenue per user : 15$
Rrevenue per company: $6,750/month
Expected revenue: $303,750/month

## Expand GMV and partner companies concurrently.

MAU : 50 million
Monetization rate: 2%
Revenue per user : $20
GMV : $50M/month
Revenue : $15M /month

Regular partners: 1,500 companies x 450 users
Large-scale partners: 13 companies x 24,000 users
Revenue per user: $15
Revenue per regular partner: $6,750
Revenue per large-scale partner: $360,000
Expected monthly revenue: $15M/ month

# Details of the to C-oriented Business Model:

| | Variables | Short-term Goals and priority | Comps and references |
|---|---|---|---|
| Pay-per-use from C = GMV on fondi | MAU<br>(Including economically growing countries)<br>x<br>Point purchase rate<br>x<br>Monthly purchase unit price<br>x<br>Take rate | The initial monetization points:<br>• Users tipping each other<br>• Charging for learning contents<br>• in-app item purchases<br><br>Aim for a monthly GMV of $400,000 with a sales target of $120,000. | • Around a 2% payment rate for in-game transactions in Indonesia.<br>• Existence of long-tail communities like Pococha/RELAITY with a user base of approx. |

# Business potential for consumer C

## Market characteristic

### Targeted Scale

- Targeted learning needs: urban areas where English can change careers and the population aged 15 to 65
- Anticipate 660 million user base by estimating the English-learning segment in economically growing countries based on urban and working-age population ratios

### Payment Characteristics

- Assume a stable payment rate for one-time purchases, even in economically growing countries
- "Buying time with money" experiences, like avoiding ads, are expected to be more prevalent in advanced countries.

## Current funding approach

- Implement an in-service currency system post-School Zone release, continually optimizing payment rates
- Target a 10x MAU growth to 2 million, with 2% subscribing at $10 monthly for a revenue goal of $120,000/month at a 30% take rate

## Expansion leading to IPO

- Leverage the B-to-B model for high-value user acquisition, targeting improved payment rates and amounts through subscriptions
- Aim for 50 million MAU, a 5% payment rate (similar to Duolingo's IPO), and increasing per-user spending to $18 ~ 20 by IPO, with a goal of GMV ¥5 billion and revenue ¥1.5 billion

# Details of the B2B Model

## School Zone's PMF Target

### Market Structure

- Long-tail market structure where around the top 10 companies hold about 25% of the market
- 1,248 domestic companies, and about 1,500-2,000 in each of the other seven targeted countries

### Business Model

- Initial development costs
  (Start-up expenses for Metaverse School) :
  - AI Role-playing lesson/self-study space: $10,000 ~ 15,000
  - Partner-exclusive community space: $5,000 ~ 10,000
  - Integration with fondi's space: $5,000 ~ 10,000
- System usage fee :
  $10 ~ 15 per user per month

| | |
|---|---|
| Initial Targets | • Medium-sized English language providers and schools seek differentiation and strategies to reduce cancellation rates.<br>• High-spending countries for curriculum investment (Japan, China, Korea, Europe). |
| Market Environment | • In a maturing market, efforts to improve teacher quality and curriculum have plateaued in reducing cancellations.<br>• In growing competition, the demand is strong for the next move to boost LTV beyond improving acquisition costs. |
| Why fondi? | • The global community fosters an environment for practical English use within fondi.<br>• Invest in developing innovative learning tools leveraging AI and virtual spaces. |

# B2B Business Model Goals and Potential

## Market Characteristics

### Revenue Targets

- Partner companies: 50
- Revenue per company: $6,750/month

Expected Revenue:
**$337,500/month**

### Target Scale

- Focus on businesses with an average customer spending of $10, allocating 10-15% of that cost to improve learning content.
- Around 500 Japanese and 5,900 international companies are within the top 40% scale category.

## Current funding approach

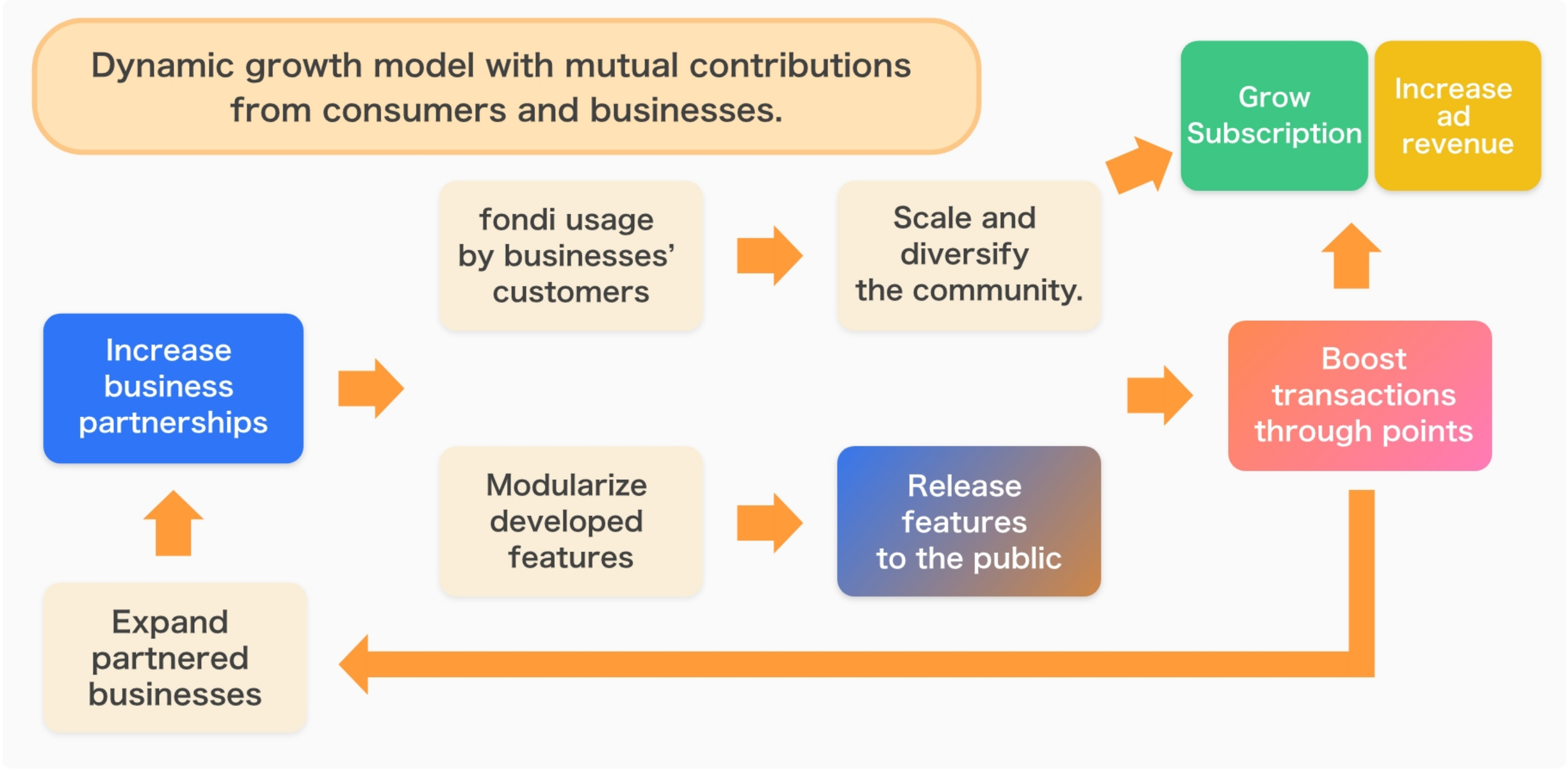
- Prioritize mid-sized providers keen on investing in differentiation and new content, showcase reduced churn rates as a foundation for introducing the platform to the top 10 companies.
- Estimate revenue based on the total of domestic providers, assume an average of 450 learners per provider (excluding the top 10). The revenue per provider is around $6,750 per month, excluding development costs

※ Exploring partnerships with international providers in the near future

## Expansion leading to IPO

- Expand fondi team globally, aiming to establish a norm where using fondi for classes is as common as using Zoom, including the top 10 companies
- Target a monthly scale of $15 billion with partnerships from 1,500 mid-sized providers and 24,000 learners per provider from the 13 large-scale providers.
- Aim for fondi adoption in private English education providers, universities, and high schools, with future expansion into the higher education market.

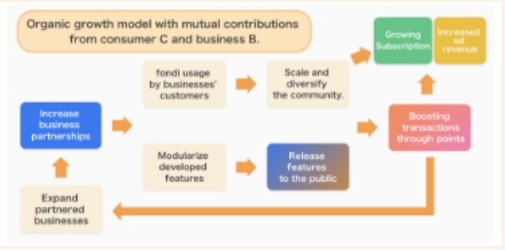
# Strategic positioning of each monetization model.



# Distinguishing from competitors with MOAT

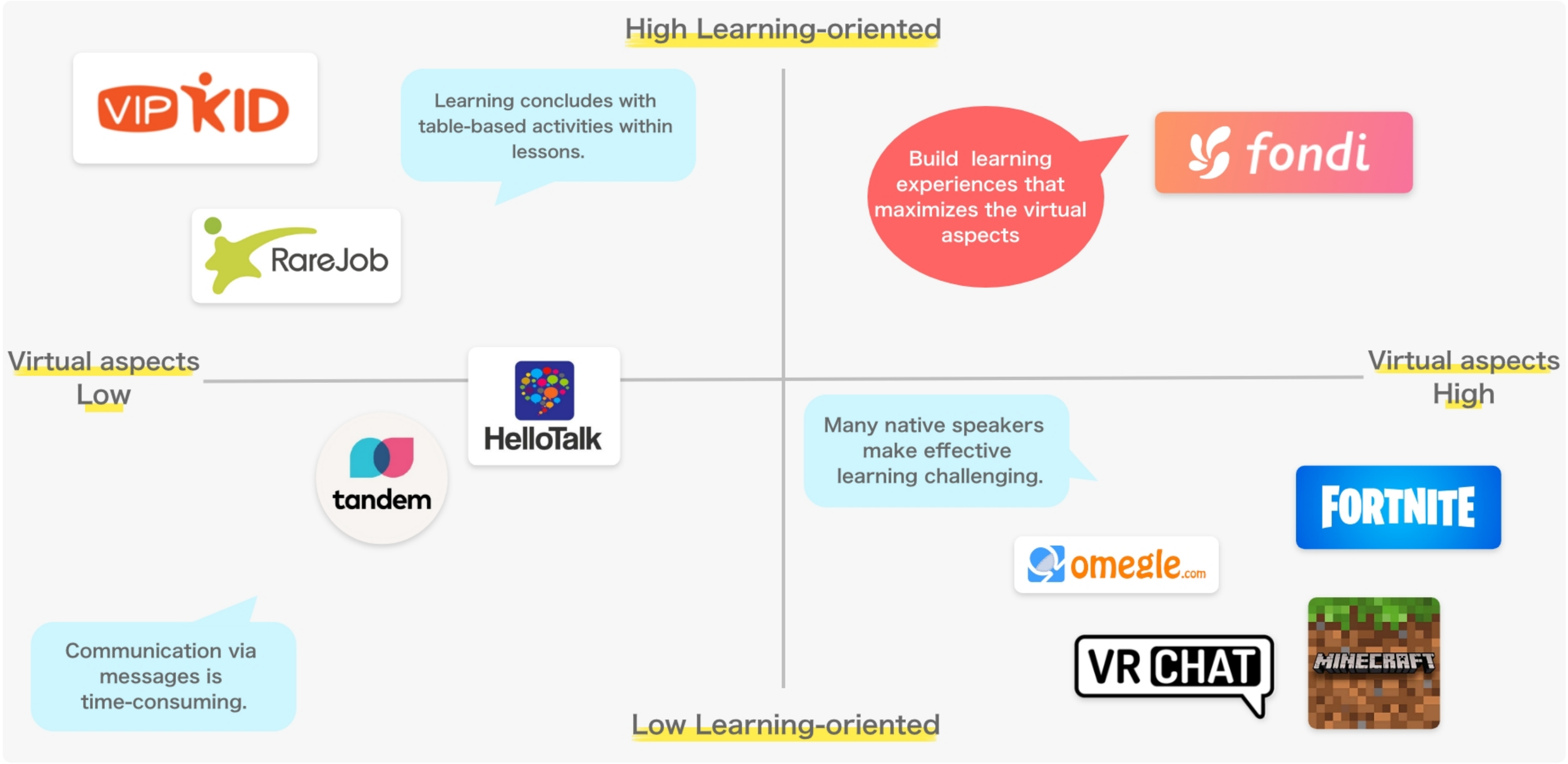
| | IMMERSE | +One | VICTORYXR | fondi |
|---|---|---|---|---|
| Community | Features exist, but no users. | None | Limited to internal use by businesses or schools | Community on the scale of a market leader |
| AI utilization | None | Primary use in assessments | None | Actively investing in preparation |
| Provided lessons | Their branded lessons | Their branded lessons | Platform for Schools | Platform for language providers |
| Platform | VR・PC | VR・PC, Available as a mobile app | VR・PC | Mobile app only<br>*Anticipating future PC expansion. |

## MOAT・Advantages




- Our strongest advantage: established community
- KSF:
  Align business platform provision with expanding the end-user base for transaction maximization

# Macro competitive environment



# Long-term product vision

**Virtual university where people worldwide, regardless of generation, learn together**

## Use 3D for educational content

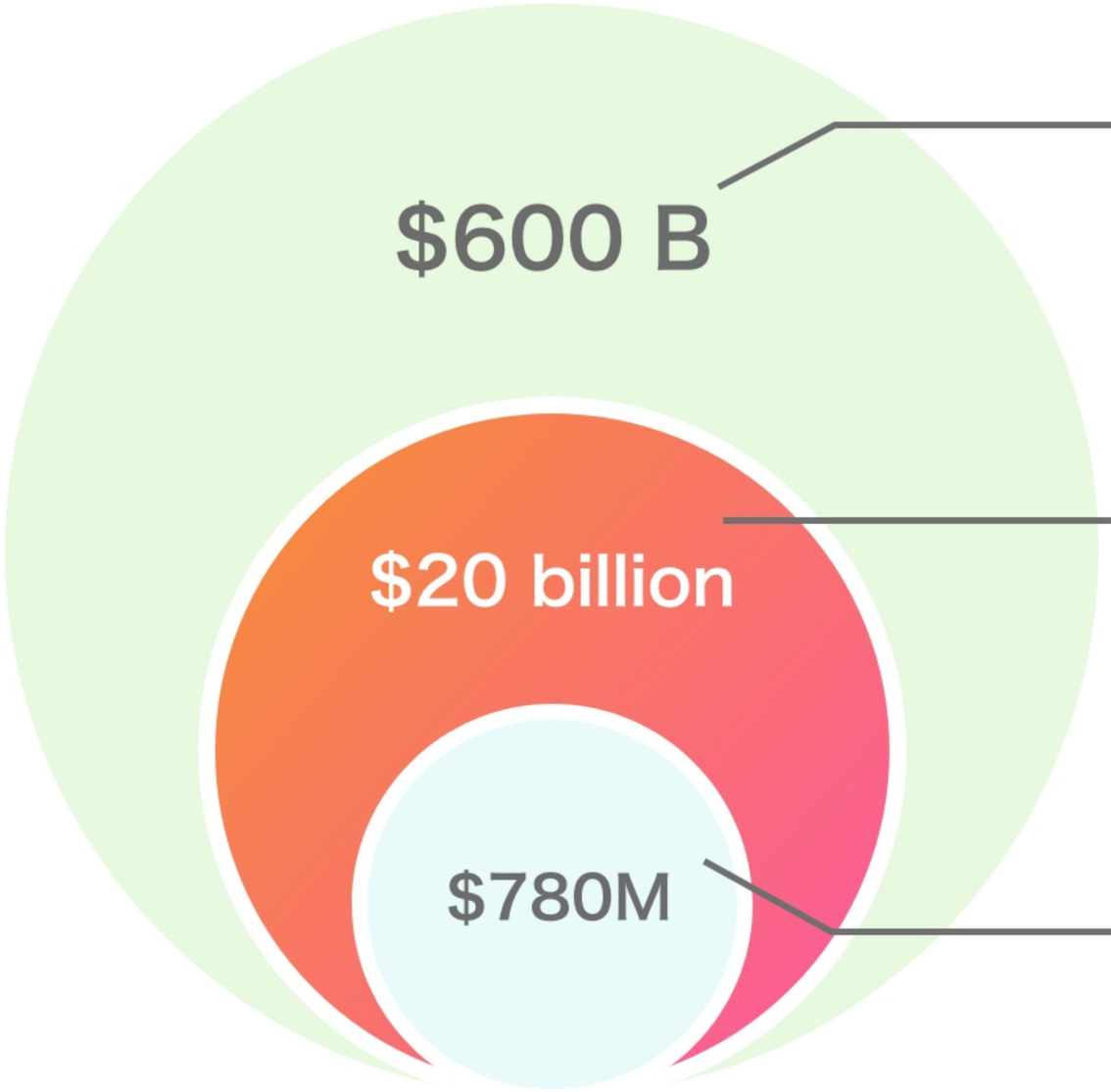
Partner with universities and education providers to provide diverse learning content in the metaverse

## Community

Expand a diverse global community with deep user interactions

**Connecting value by in-app economic zone**

# Total Accessible Market




**Lifelong learning beyond languages**

Entire higher education market

Expand virtual learning in a market expected to grow at 21.5% CAGR

**Upside for consumer C traction**

660M ppl x 5% x $20/month x 30%

Target urban working-age population as core users, referencing other business cases

**Expected market for School Zone**

Assumed user numbers charging $15/month

Rough estimate based on 7 countries with substantial investments in English programs