KSE GRADUATE SCHOOL
BUSINESS

FORSETI

by

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Abstract

Managing contracts becomes the bottleneck for companies of all sizes. Legislative language became so complex that we have more and more branches of law professional specializations. It takes one to four hours in average to only review one contract for a law professional. The speed of changes in legislation, sanctions, compliance and other types of restrictions adds more complexity on top. Managing contracts today is mostly manual process that involves not only law professionals but other participating parties, like, sales, project management, top management, business owners, etc. Having that many stakeholders require time for each and all of them to understand key contract terms, assess risks and come to a group decision. Information systems available today on the market merely structures contractual data into catalog, CRM like, and only starts to explore ways of automating manual contract management activities. In this work my goal is to explore and assess how new technologies like generative AI can be applied to solve the contract managements automation activities complexity. I will analyze the current offers on the market, come up with the solution and find a way to commercialize solution as a product or group of products. As well as plan the implementation with necessary investments.

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Chapter 1: Executive summary

About FORSETI

The goal of the project is to capture the value of unmet needs of broad range of stakeholders who deal with contracts daily and create investment opportunity in form of a startup company with competitive advantage in building unique legal knowledge platform. This competitive advantage based both on up-to-date global legislative data, and proprietary technology in form of legal large language model.

Market study showed gaps in stakeholders' expectations and today available solutions on the market. Technical feasibility conducted showed the ability of generative AI to be productively used to fill those gaps. Based on the research the milestones where formed and project divided into phases.

Based on the first phase of company development financials analysis showed strong evidence of investment opportunity with initial investment of $30 000 and expected ROI of 533% for the first year. Where implementation plan concludes the steps necessary to build revenue stream within six months of the project start with emphasis on product delivery, marketing and legal knowledge building. Concluding with raising capital activities necessary to transition to phase two.

This work, apart from this chapter, is about Phase 1 only.

FORSETI business development milestones

In other to archive project's goal and to reduce risks of not archiving it I come up with the following milestones for the startup company development. I used OKR framework to produce company milestones.

Phase 1

I call it "Contract review PoC". Market study together with law and other professional's interviews showed significant need in contract review activities automation for all stakeholders involved in contract management. Additionally, technical feasibility proved that building proof of concept product based on contract review activities is most cost-effective way to bootstrap a company. To maximize revenue business model should be pay per use (per contract reviewed). To quickly develop and deploy proof of concept product without administrative overhead in phase 1 no organizational structure planed, outsourcing model will be used for necessary competencies sourcing.

Key results for this phase of company are:

1. Raised $30 000 from family, friends and fools.
2. Contract review service developed and deployed.
3. Legal knowledge platform created with playbook data necessary for risks assessment for automated contract review.
4. Marketing activities deliver at least 50 000 contract reviews within first year of operation.
5. Marketing activities achieve at lest 10% brand recognition as the first choice among potential users.

6. Raised another $350 000 after all other key results achieved.

Phase 2

This phase starts when all key results of Phase 1 are achieved. Objectives of this phase are to form organization structure to produce and grow MVP of contract management product as Software-as-a-Service (SaaS) and pave the way to proprietary legal knowledge platform. Business model is subscription based on number of active users. Key results for this phase of company are:

1. Organization structure filled with key people.
2. Contract management service developed and deployed.
3. Legal knowledge platform extended with Ukraine's legislation, EU & US acts affecting sanctions, compliance and other restrictions that effective for local business.
4. Marketing activities deliver at least 5 000 active users in paid subscriptions within a calendar year.
5. Raised another $10 000 000 after all other key results achieved.

Phase 3

This phase starts when all key results of Phase 2 are achieved. Objectives of this phase are penetrating EU and US markets and strengthening legal knowledge platform with proprietary legal large language model (LLM).

Key results for this phase of company are:

1. Organization structure extended to foreign representative and development offices in EU & US.
2. Contract management service integrations with EU & US market leaders developed and deployed.
3. Automated migration service from EU & US market leaders available to potential customers.
4. Legal knowledge platform extended with EU legislation.
5. Legal knowledge platform extended with US legislation.
6. Legal knowledge platform extended with proprietary legal LLM.
7. SOC 2 and ISO 27001 obtained.
8. Marketing activities in EU deliver at least 5 000 active users in paid subscriptions within a calendar year.
9. Marketing activities in US deliver at least 5 000 active users in paid subscriptions within a calendar year.

FORSETI product outlook

Automation of routine processes had its limits in the ways information technologies allowed to process unstructured data. With rapid development of Artificial Intelligence (AI), specifically Generative AI (GenAI), new opportunities arise for routine process automation.

FORSETI aim to explore that opportunity in the legal domain by applying GenAI (and other technologies) to routine process of contract analysis. I define this routine process as finding and assessing business risks.

The contract analyses take in average 1-4 hours of legal professional time (based on conducted interviews), depending on the length of document, recency of legislation knowledge, litigation history, etc.

Conducted technical feasibility showed that contract analysis routine automation possible and requires following:

1. Natural language processing that can be covered by generalized or specialized large language models (LLMs)
2. Up-to-date legislation easily accessible to LLM. Can be archived with technologies like RAG, etc. Needs knowledge graphs that can be sourced publicly.
3. Up-to-date risk appetite and litigation history, “playbook” for short, for contract analysis base line. Can be archived with technologies like “langchain” (AI agents), etc. Needs knowledge graphs that can be sourced privatly.

The quality part of technical feasibility analyses showed that quality of contract analysis result depends on quality of LLM one-shot inference (20%), legislation knowledge graph and knowledge extraction (20%) and “playbook” (60%). Practically this means that fine-tuning LLM for domain-specific language processing with do less to quality than perfecting “playbook” with AI agents.

The practicality analysis conducted as part of legal professionals interview showed high potential for the product to dramatically cut time spent by legal professional or even excluding legal professional out for other corporate functions that deal with contracts on day to day basis

(if risk appetite of business allows). As for legal professionals, there's moderate level of skepticism and lack of trust to such technologies, that can be overcome by providing compelling details of all conclusions provided in report with references to contract articles and other documents (legislation, litigation, etc).

Last but not least, in this work I will not treat LLMs like ChatGPT as competitors or substitution due to the following major factors:

1. All LLMs tend to hallucinate especially in cases when information are outdated, not detailed or not available at all. Practical experimentation with commercial LLMs shows that they are wildly hallucinate on complex legal.
2. Most LLMs when trained don't have full legislation of countries to train on.
3. All LLMs don't have access to litigation and other "playbook" data.

Same way in this work I won't treat legal professionals as competitors or substitution because product positioned to enhance legal professionals with technology that dramatically cuts time for routine contract analysis, and not substitute legal professionals. Legal professionals are one of the target segments of the product. This product is complementary that cuts costs and speeds up pre-sales activities for legal services or speeds up contract processing within corporations.

The product is not analyzing contract in a sense how it's done by legal professional, merely using natural language instructions from the playbook to process contract for risks and compliance.

Chapter 2: Research

Macroeconomic analysis

PESTEL

Political

The ongoing political changes in Ukraine, especially amidst the conflict with Russia, present a dynamic environment filled with both challenges and opportunities for businesses. This environment is primarily shaped by the implementation of substantial sanctions against Russia by the European Union, which are part of a broader international effort to address Russia's military actions, including the annexation of Crimea. These sanctions have targeted crucial sectors like finance, energy, and defense, significantly impacting the Russian economy and altering the business landscape across the region (European Parliament, 2023; EEAS, 2022).

Furthermore, Ukraine's pursuit of European Union membership marks a significant milestone in its post-Soviet transition and is seen as a key to unlocking substantial institutional and economic advancements. For instance, upon accession, Ukraine would benefit immensely from the EU's Common Agricultural Policy (CAP) due to its extensive agricultural land, which would position it as a major recipient of EU agricultural funds (Bruegel, 2024).

However, the conflict introduces heightened political risks that directly affect business operations. The response in Russia, for example, highlights these complexities. Russian legislative measures aimed at nationalizing the assets of foreign companies that have exited the market in response to the conflict underscore the severe political risks and operational challenges that companies face in such volatile environments (Control Risks, 2022).

These evolving circumstances underscore the need for businesses to remain flexible and innovative. Companies must navigate a rapidly changing political landscape, adhere to international sanctions, and seize new opportunities as Ukraine works towards European integration. It is essential for businesses to be resilient and proactive in developing strategies that accommodate the ongoing changes and leverage the potential opportunities presented by these shifts in political dynamics.

Economic

To sustain GDP growth, it is crucial to address the significant unemployment rates in Ukraine, which have been exacerbated by the war. The loss of approximately 4.8 million jobs due to the conflict highlights the severe impact on the labor market, emphasizing the need for strategic economic interventions (International Labour Organization, 2022).

In terms of sector-specific impacts, advancements in military technology could provide new employment opportunities, potentially offsetting job losses in other areas. This could not only enhance national security but also support the recovery of small and medium-sized businesses (SMBs) in conflict-affected regions, which are vital for local economies (United Nations Development Programme, 2022).

Additionally, the global legal tech market is experiencing growth, anticipated to increase by 9% annually, with a current valuation of approximately 24 billion dollars. This sector represents a promising area for economic development and job creation, which could contribute positively to Ukraine's economic landscape amid and post-conflict (World Economic Forum, 2023).

Addressing these challenges through targeted support for emerging sectors and reinforcing the resilience of SMBs is essential for mitigating the economic impacts of the war and fostering long-term growth.

Social

Due to the ongoing conflict in Ukraine, many skilled individuals have left the country or joined the armed forces, creating a significant vacuum in the professional workforce. This situation places a substantial burden on vocational education and training (VET) systems to adapt and respond effectively. Vocational education is crucial in retraining professionals from various sectors, attracting international talent, and enhancing the skills of underperforming workers through technological integration.

Vocational education in Ukraine, even before the war, was geared towards matching the skills of the workforce with market needs, particularly in industries such as agriculture, construction, and technology. The current conflict has made this alignment even more critical, as there is a need for rapid adaptation and upskilling in response to the changing economic landscape and workforce demographics (OECD, 2022).

Efforts are being made to strengthen and adapt Ukraine's VET system to meet these challenges. Initiatives include specialized vocational training courses supported by international aid to help displaced Ukrainians integrate into their host communities and prepare for the post-war reconstruction of Ukraine (United Nations Development Programme, 2022). Furthermore, educational reforms are underway to ensure that vocational training is closely

aligned with labor market needs, thus ensuring that students are well-prepared for the professions that are in high demand (EU4Ukraine, 2023).

These initiatives are vital not only for providing immediate employment opportunities but also for the long-term economic recovery and stability of Ukraine. By focusing on flexible, demand-driven education and training programs, Ukraine aims to build a resilient workforce capable of supporting both current recovery efforts and future growth.

Technological

Ukraine is rapidly embracing new technologies, which offers substantial opportunities to address real-world challenges effectively. The country's technological landscape is evolving swiftly, particularly in areas that significantly impact both economic and defense strategies. This adaptation and growth in technology usage have been vital amid ongoing conflicts, where innovative approaches to warfare and economic resilience are crucial.

Ukraine's tech sector has demonstrated remarkable resilience and growth, leveraging the country's strong IT capabilities to support its economy and defense needs during challenging times. For instance, the sector has not only sustained itself but has also seen export growth, illustrating its ability to adapt and thrive under pressure (Atlantic Council, 2023). This trend is indicative of a broader shift in Ukraine, where there is a robust integration of advanced technologies such as artificial intelligence and digital systems into various sectors, driving efficiencies and strategic advantages (War on the Rocks, 2023).

Furthermore, the adoption of technologies like artificial intelligence in Ukraine is seen not just in military applications but also in enhancing connectivity and operational capabilities

across various sectors. This broad technological integration facilitates significant advancements in data handling and strategic planning, essential for both civilian and military needs (World Economic Forum, 2023).

Overall, Ukraine's proactive approach to adopting new technologies positions it well to leverage these tools for economic development and addressing the complex challenges posed by the current geopolitical environment. This underscores the critical role of technology in modernizing Ukraine's economy and enhancing its defense capabilities in real-time and on a global scale.

Environmental

The environmental impact of Russia's military actions in Ukraine is profound and widespread, encompassing a range of ecological damages. However, amid the urgent challenges posed by ongoing conflict, such environmental issues have not been a priority. Legislative measures adhering to international sustainability standards are seen as a potential solution to mitigate these impacts and guide future recovery efforts.

Russia's military operations have significantly harmed Ukraine's environment, including the contamination of air, water, and soil, and the destruction of biodiversity. For example, military activities have damaged sewage systems and pipelines, leading to the pollution of water bodies and wetlands, and extensive mining operations have left lands contaminated with heavy metals and other hazardous substances (Yale Environment 360, 2023; WWF, 2023).

The urgency of these environmental issues contrasts with the prioritization of immediate human and infrastructural needs. This shift in focus is understandable given the scale of human

suffering and infrastructure damage. However, there is a growing recognition of the need for robust environmental governance to address these issues comprehensively. The OECD and other organizations suggest that adopting legislation that enforces adherence to international environmental and sustainability standards could provide a framework for both mitigating immediate environmental impacts and supporting long-term ecological recovery (OECD, 2023; UNEP, 2023).

The integration of such standards into Ukrainian legislation could ensure that recovery efforts align with global best practices for environmental restoration and sustainability. This approach would not only address the direct impacts of the conflict but also contribute to the broader goal of transitioning Ukraine towards a more sustainable and resilient future.

Legal

Ukrainian legislation is currently undergoing significant modifications to align with European Union (EU) standards across multiple legal domains, reflecting Ukraine's commitment to European integration and the conditions set for EU accession negotiations. This legislative alignment process involves comprehensive screening and adaptation to match EU laws and practices, a fundamental step for candidate countries in the accession process.

The adaptation includes wide-ranging sectors from human rights to environmental protections, aiming to synchronize Ukrainian law with the stringent requirements of EU legislation. Notably, this process is expected to continue and evolve over the next five years, as Ukraine works to fulfill the EU's legal standards comprehensively. The process involves not only adopting new laws but also extensive revisions of existing legislation to ensure compliance with

the European Acquis — the body of common rights and obligations that bind all EU member states (Library of Congress, 2023; Ukrinform, 2024).

Moreover, the ongoing negotiations and the legislative overhaul are not just about legal adjustments but also involve broader governance reforms, including the rule of law and public administration, which are essential elements of the EU accession criteria. These reforms are indicative of Ukraine's systematic approach to integration, involving various sectors and levels of governance, and reflect an optimistic and proactive engagement with the EU framework (Ukrinform, 2024).

Such ambitious reforms underscore the depth of Ukraine's commitment to aligning with the European Union and indicate that the pattern of legal and regulatory adaptation is likely to continue as a central theme in Ukraine's legislative agenda for at least the next several years.

Microeconomic analysis

Global legal tech market overview

The global legal technology market, commonly referred to as legal tech, has experienced substantial growth over the past few decades. Historically, the legal industry was characterized by traditional practices that relied heavily on manual paperwork and face-to-face interactions. The adoption of technology in this sector began to accelerate in the early 2000s with the emergence of digital document management, electronic discovery, and legal research tools. The advent of cloud computing further catalyzed this transformation, allowing for more scalable, secure, and efficient management of legal data and operations (Susskind, 2017). This period

marked a pivotal shift in how legal services were delivered, with technology enhancing the speed and accessibility of legal processes.

In recent years, the legal tech market has expanded beyond foundational technologies to incorporate advanced solutions such as AI, machine learning, and blockchain. AI, in particular, has been pivotal in transforming practices such as contract analysis, litigation prediction, and legal analytics, enabling lawyers to make more informed decisions with greater speed. The utilization of blockchain technology has also begun to emerge, with applications in secure document handling and smart contracts gaining traction. These technologies not only streamline operations but also increase transparency and reduce the potential for human error, thereby enhancing the overall efficacy of legal services (Smith, 2021).

Looking forward, the legal tech market is poised for continued growth and innovation. The integration of AI and machine learning is expected to become more sophisticated, with predictive analytics becoming a standard tool in legal practices. Furthermore, as cybersecurity concerns grow, there will be a greater emphasis on developing secure legal tech platforms that protect sensitive client information. Another emerging trend is the democratization of legal services, facilitated by technology that makes legal assistance more accessible to underserved populations. This shift is likely to expand the market further, opening up new opportunities for tech-driven legal solutions (Jones, 2022).

Estimate of legal tech market size

There is no readily available data on sizes of markets in Ukraine. In order to estimate potential market size, I will use market size data for US (Stanford Law School, 2024) and I will adjust it relative to GDP difference between US and Ukraine.

Table 1

US market size

	In House	Law Firms
Research & Analysis	$1,145,000,000	$1,028,000,000
Document Processing / Contracting	$2,310,000,000	$1,041,000,000
Litigation	$1,076,000,000	$2,947,000,000
Time and Billing	$524,000,000	$2,212,000,000
Legal Ops (governance, process automation, calendering)	$1,474,000,000	$1,667,000,000

Table 2

US and Ukraine GDP

Absolute US GDP 2023	$7,090,000,000,000
Absolute Ukraine GDP 2022	$160,500,000,000

Table 3

Estimate of Ukraine market

	In House	Law Firms

Research & Analysis	$25,920,000	$23,280,000
Document Processing / Contracting	$52,300,000	$23,570,000
Litigation	$24,360,000	$66,720,000
Time and Billing	$11,870,000	$50,080,000
Legal Ops (governance, process automation, calendering)	$33,370,000	$37,740,000

This market size data is not accurate and not supposed to be used as total addressable market during the war time. One major contributing factor is that Ukraine's legal tech market undeveloped in some subcategories more than in others compared to US. But, it gives better picture of what market figures could be in post-war Ukraine when recovery investment will push for rapid growth of local legal tech market.

Local market players

I used web site "legaltech.org.ua" dedicated to creating Ukraine's legal tech companies catalog and other open sources to assess local players and map them to legal market subcategories. It became evident that most of them focused on Research & Analysis and Legal Ops.

Figure 1

Local players in legal tech market

	B2C	B2B				
Ukraine's legal tech entity	Legal professionals marketplace	Research & Analysis	Document Processing / Contracting	Litigation	Time and Billing	Legal Ops (governance, process automation, calendering)
opendatabot		✓				
youcontrol		✓				
Liga Zakon	✓	✓	✓	✓		✓
axdraft			✓			✓
Clarity App		✓				
consultant.net.ua	✓					
ethicontrol.com						✓

One most interesting fact here that we have one incumbent player – Liga Zakon.

FORSETI plays in subcategory of Document Processing/Contracting.

One can argue that there are lots of companies playing in that subcategory: Document.Online, Vchasno, to name a few. I do not agree, as the main need that such companies satisfy is electronic signature, that in our case have nothing to do with legal tech. From other perspective players in electronic signature market are potential partners for exploring non-direct to consumer sales approaches. On the other hand, players listed in Figure 1 are direct competitors, some of the can partially substitute Phase 1 product. Thus, no partnership is possible.

As Phase 1 focusing solely on Ukraine's market I do not conduct or present global players in this work.

ChatGPT and other proprietary or open-source large language models are not competitors for this service as they constantly "hallucinate" when deal with complex legal analysis, as it was found during technical feasibility study, with major factors contributing:

- Full and accurate legislation of different countries are not specifically part of training datasets
- Limited to no access to up-to-date legislation of Ukraine
- No access to up-to-date litigation cases of Ukraine

I'm argue that legal services are not competing with the product, but the product is complementing legal services in many ways and from both sides, for example:

- Second opinion for consumer, "do my legal professional assessed all the risks?"
- Risk appetite for consumer, "do I need to run this contract through legal professional?"
- Pre-sales assistance for legal professional, "are there risks that will sell legal services?"

End users analysis

In the course of my research, I engaged with multiple legal experts, and the data gathered presents compelling evidence that the practice of manual contract review is prevalent in the field. On average, the duration required to review a contract ranges from one to four hours, a variance largely attributable to the individual legal professional's prior experience. This information underscores the need for efficiency in contract analysis, highlighting an opportunity for innovation in legal processes.

Porter's five forces

Five forces conclude macroeconomic analysis and summarizes major factors that affects real market performance of FORSETI.

Competitive Rivalry

Low.

The competitive environment is minimal, with only a single incumbent firm dominating the local market not in the segment we are playing in.

Law professional services play on both sides: customers (users) and substitutes. The goal of the Phase 1 is to penetrate law firms, among others, so I'm not counting them in Competitive rivalry as competitors, but address them as substitutes in Threat of substitute section.

ChatGPT and other LLMs are not competitors due to limitations described in Local market players section.

Threat of New Entrants

Moderate.

Entry into the market is moderately challenging due to the need for local knowledge, acting as a barrier to international firms. Additionally, the local market has shown limited interest in legal tech.

Threat of Substitutes

Moderate.

There is a moderate threat from substitutes as a less skilled and low-bargaining-power labor force could opt for manual processes over automated contract analysis and management, albeit with higher business risks. This threat can be mitigated through strategic product pricing.

Bargaining Power of Buyers

Low.

Buyer power is weak, as numerous small and medium-sized businesses (SMBs) and other organizations tend to purchase legal tech services on an individual basis, aiming to boost their professionals' market competitiveness through selected solutions.

Bargaining Power of Suppliers

Low.

Supplier power is low due to the abundance of technological options available, ranging from open source to proprietary solutions.

Internal analysis

In this part I will analyze resources that are necessary to succeed in Phase 1 of the project, dividing them into tangible and intangible. I will use VRIO to assess competitiveness of Phase 1 and beyond.

Tangible resources 5Ms

Using 5Ms framework below I provide requirements for tangible resources in other for Phase 1 to succeed.

Men

Our team is well-prepared, with expertise in the legal domain, market analysis, product design, application of generative AI in business, and marketing.

Money

We have a solid foundation of funds from friends, family, and founders (FFF) allocated for research and development, proof of concept (PoC) development, and marketing activities.

Materials

We are owning knowledge graphs with up-to-date data needed for playbooks and pre-training domain-specific LLM.

Machines

We're leveraging out-of-the-box (OOB) solutions such as no-code platforms, Backend as a Service (BaaS), and Data Platform as a Service (DPaaS) to quickly refine our PoC product.

Markets

Currently, we have no established market presence, but our ambition is to capture and dominate the contract analysis niche, with plans to expand from there.

Intangible resources

In this early stage in order to increase chances of Phase 1 to succeed I set the following requirements for intangible resources.

Brand

Our brand is uniquely identified, and we are committed to investing in making it the most reputable and trusted name in the local legal tech sector.

Know-how

The founding team possesses specialized knowledge in legal, technology, and product development, enhanced by strong connections within these sectors.

Goodwill

Contract review PoC IP, knowledge graphs and domain-specific LLM are key for FORSETI valuation.

Long-term competitive advantage (VRIO)

In order to make sure long-term competitive advantage against local players I came up with the list of main competitive aspects.

Figure 2

Competitive aspects (VRIO)

	V	R	I	O	
Marketing expertise for law professionals	✅	✅			Better than competition
Expertise of process automation	✅	✅			Better than competition
Contract review PoC	✅	✅	✅		New product, temporary
"Playbook"	✅	✅	✅	✅	Unique, strategy
Lowest cost for products	✅	✅	✅		Unique, strategy
Legislation knowledge graph	✅	✅			On-par with main competitor
Domain-specific LLM	✅	✅	✅		Unique, strategy
Brand	✅				On-par with main competitor

With first two and the last one (marketing, process automation expertise and brand) are equally crucial for all phases of the project. Third and fourth (Contract review PoC and Lowest cost per products) are crucial for Phase 1. While legislation knowledge graph and domain-specific (legal) LLM are strategically long-term competitive advantages for later phases.

SWOT

I use SWOT to summarize all aspects of analysis.

Table 4

Analysis SWOT

STREANGHTS • Contract review PoC • Lowest cost for product • "Playbook"	**WEAKNESSES** • No brand recognition • No market position
OPPORTUNITIES • Ukraine litigation rapid pace of change • Sanctions, trade and capital restrictions compliance • Skilled legal professionals drain (joining MF or fleeing abroad)	**THREATS** • Incumbent local player will enter the niche • Business expansion into Ukraine's market from foreign players with similar product

Chapter 3: Marketing plan

Marketing strategy

Focused cost leadership in the niche of contract analysis with differentiation on accessibility of product to law & non-law professionals.

Growth strategy

Simultaneously advance market penetration with a specialized contract analysis product while evolving the offering into a comprehensive and automated contract management Software as a Service (SaaS) platform.

Marketing objectives

To deliver on marketing and growth strategies I've concluded the following marketing objectives:

1. Dominate the contract analysis sector by securing 10,000 contract analysis transactions per month from around 2,000 monthly active users (MAU) in the first six months following the product launch.
2. Achieve at least 10% brand recognition as the first choice among potential users.

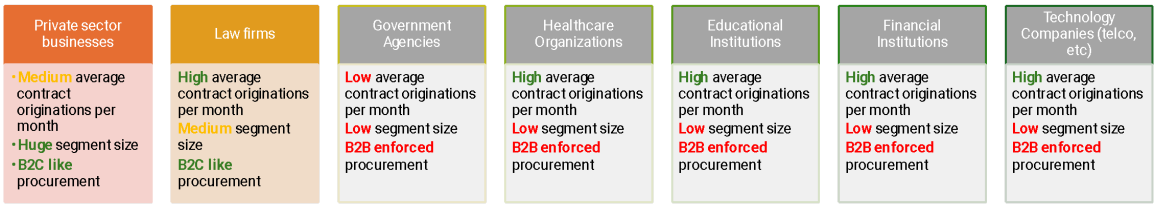
Market segmentation

With strategies and objectives set and clear I will segment the market.

First, I analyze vertical markets. In order to do that I rely on private consultations with law professional and accountants working in particular verticals.

Figure 3

Contract review services consumption per verticals with relative sizes and contracts originations volume estimates



Finally, I investigate common roles that do review contracts within their scope of work. The relative % to the labor market of each role is of key interest to me here. I used U.S. Bureau of labor statistics in my investigation.

Figure 4

Roles withing organisation that conduct contract analysis

With some digree of error, that in my opinion is neglectable, these relative estimates of roles to labor market can be applied to Ukraine's labor market. Total labor market of Ukraine estimates at 15 million professionals (was almost 20.3 million in 2021 according to The World Bank).

Target segments and positioning

I decided to start with concentrated marketing targeting following 4 segments

1. Sales roles from private sector organisations
2. Accountants/Finanalysts roles from private sector organisations
3. Operations managers roles from private sector organisations
4. Law professionals in general

With a subsequent move into differentiated marketing to archive market penetration goal.

Positioning statement

To contract analysis intesive roles in private sector organisation FORSETI **is a supplier** of contract analysis SaaS solution **which** always available, accessible and accurate tool for contract reviews that build by law and AI technology experts.

Marketing Mix (4P)

Product

- Web SaaS
- Simple UX with stylish UI
- Quality on par with legal expert manual work
- Non-legal language in report with citation of applicable laws and regulations
- Report in PDF format will be provided as a physical evidence

Price

- D2C distribution model

- Market penetration objective demands low prices in comparison to competitors and substitutes
- A/B test of price discrimination for segments required and will be conducted due to demand elasticity

Place

- Web landing page with conversion in transaction
- YouTube: brand channel with regular new content of use cases
- Facebook & Instagram: brand pages with regular new content of delighted users testimony
- Influencers: traffic acquisition
- Public and private relevant popular messengers channels: traffic acquisition

Promotion

- Transactional marketing at first focused on advertising and enhancing conversion rate
- Direct marketing for prospect customers nurturing amplified with digital advertising for brand and product awareness after archiving respective milestone

Marketing plan

With all stated above I come up with the marketing plan.

Figure 5

Marketing plan

	1st month	2nd month	3rd month	4th month	5th month	6th month	
Landing page with transactional conversion	1000	100	100	100	100	100	Conversion rate: > 10%
YouTube content with use cases	1000	1000	1000	1000	1000	1000	Organic trafic Reach: >40 000 CPI:> 5%
Facebook & Instagram testimonials	500	500	500	500	500	500	Organic traffic Reach: >20 000 CPI:> 5%
Influencers engagements	500	500	500	500	500	500	CPM: <10$ Reach: >50 000 CPI:> 5%
Relevant chat groups promo	500	500	500	500	500	500	CPM: <5$ Reach: >100 000 CPI:> 10%
Digital advertising	1000	1000	1000	1000	1000	1000	CPM: <25$ Reach: >40 000 CPI:> 5%
	4500	3600	3600	3600	3600	3600	

22 500$

Marketing budget for market penetration with new product

Chapter 4: Financial plan

P&L

To forecast sales for the first year of operations I've made the following assumptions:

Table 5

Sales forecast assumptions

Price per unit	$5 (200 UAH)
Marketing budget units	1750
Re-use within month rate	15%
Churn rate	30%

With stated assumptions I forecast more than 55 000 units of contract review sales within the first year of operations. This forecast relying on marketing plan.

Details of sales forecast for the first year are in Appendix "Sales budget" sheet.

To forecast operating expenses for the first year of operations I've made the following assumptions:

Table 6

Operating expenses forecast assumptions

No-code outsource hour	25
FlutterFlow (per user)	70
BuildShip	80
BuildShip 1Hour	1

BuildShip 1TB	1
PG costs	1.50%

Here's operating expenses forecast based on those assumptions.

Table 7

Operating expenses forecast

	Total for Y1
Sales	$56,331
Revenue	$281,655
Operations	$24,750
Tools	$3,557
Marketing	$44,100
Salling expenses	$4,225
SG&A Total	$76,632

Details of forecast for the first year are in Appendix "Operating expenses" sheet.

Below are the final assumptions necessary for P&L. I will use PE special form of business entity to ease taxes.

Table 8

COGS and Tax assumptions

Average word count in contract	800
LLM cost per 1K tokens	$0.01
PE tax rate	5%

And the resulting P&L itself.

Table 9

P&L forecast

	Total for Y1
Sales, units	56,331
Revenue	$ 281,655
CoGS	$ 901
Gross profit	$ 280,754
SG&A	$ 76,632
EBITDA	$ 204,122
DA	$ -
EBIT	$ 204,122
Interest expense	$ -
Taxes	$ 14,082
Net Profit	$ 190,042

Details of P&L forecast for the first year are in Appendix “PL (plan)” sheet.

Balance sheet

I will need $30,000 upfront investment to start the project. I will take all excess cash generated by the project activities as retained earnings.

Table 10

Balance sheet

Assets		**Liabilities**	
Cash	$ 30,000	Accounts payable	$ 91,614
Account receivables	$ 281,656		
Total assets	$ 311,656	Total liabilities	$ 91,614
		Stockholders' equity	
		Contributed capital	$ 30,000

Retained earnings	$	190,042
Total SE	$	220,042
Total liabilities & SE	$	311,656

Details of P&L forecast for the first year are in Appendix “BS (plan)” sheet.

Financial metrics

Investment need: $30,000

Sales plan for Y1: 56 331 contracts reviewed

Sales price per unit: $5 (200 UAH)

Break-even point in units: 15 376 (27,3%)

ROI: 533%

Payback period in months: 7,06

Details of metrics forecast for the first year are in Appendix “Metrics” sheet.

Payback period was calculated with the use of cumulative cash flow that can be found in Appendix “CF (plan)” sheet.

Chapter 5: Implementation

Work breakdown

Figure 6

Work breakdown

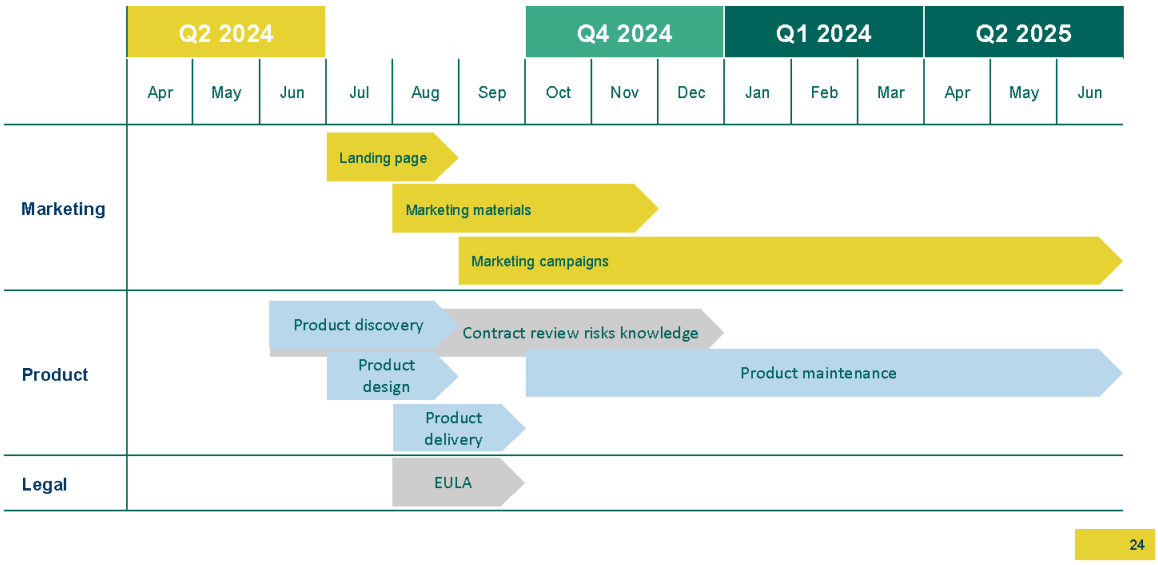
Key work areas that directly affect project success are:

1. Product design
2. Contract review risks knowledge
3. Marketing campaigns

Roadmap

Figure 7

Project roadmap



Key resources

Human resources:

- 1 x Marketing professional (performance marketing) | Outsource
- 1 x Full stack developer (no-code/low-code) | Outsource
- 1 x UI/UX designer | Outsource
- 1 x Product owner | In-house
- 1 x Subject matter expert | Outsource
- 1 x Content creator | Outsource

Marketing budget:

According to marketing mix

No-code/low-code platforms budget:

According to financial plan

Supplementary budget:

According to financial plan

Risk register

Table 11

Risk register

What is the risk?	Likelihood 1 = Unlikely 5 = Very likely	Severity 1 = Little impact 5 = Major impact	Risk factor (LxS) Low Risk 1-5 Medium Risk 6-14 High Risk 15-25	Mitigation	Responsible
Conversions >20% lower than plan	3	3	Medium	A/B test changes to marketing mix: channels, messages, price, etc. Moving away from least performing channels.	Marketing

NPS lower 4.0	3	4	Medium	Playbook improvements based on case studies	Product
Financial performance >20% lower than plan	3	5	High	A/B test other sales channels (B2B corporate, legal services marketplace, etc). Switch to freemium business model.	Founder
Product delivery deadline not met	1	5	Low	Release early beta access with available functionality utilizing freemium business model	Founder

Payment return claims	2	3	Medium	Refund no questions asked	Founder

Control activities

In order to have full control of project implementation I will establish following control activities:

1. Marketing KPIs weekly review
2. Product development and maintenance bi-weekly review
3. Revenue KPIs monthly review

Chapter 6: Conclusions

Summary of Findings

The capstone project, centered on the development of a legal tech startup has critically analyzed the immense potential and significant challenges in automating contract review processes using generative AI. Our research underpins the pressing need for innovative solutions in the legal domain, where the complexity of contractual engagements and the rapid pace of legislative changes demand advanced technological intervention. The project evaluated the current market offerings and outlined a strategic approach for positioning FORSETI as a leader in the legal tech landscape.

Major Contributions

FORSETI's developmental roadmap highlights a phased strategy beginning with a proof of concept focused on automating contract reviews, subsequently scaling into a comprehensive Software-as-a-Service (SaaS) platform. The project's findings suggest that such a trajectory not only aligns with market needs but also capitalizes on emerging opportunities in a digitally transforming legal environment. Notably, the deployment of generative AI offers a promising avenue to enhance efficiency and accuracy in legal operations, significantly reducing the time professionals spend on contract reviews.

Theoretical and Practical Implications

Theoretically, this project contributes to the understanding of applying AI in legal settings, providing a framework for integrating cutting-edge technology in traditional industries. Practically, FORSETI's implementation plan presents a viable business model that addresses the

gaps identified in existing market solutions, promoting a user-friendly platform that facilitates legal professionals and businesses in managing contractual obligations effectively.

Recommendations for Future Research

Further research is recommended to explore deeper integrations of AI and machine learning, focusing on continuous learning mechanisms where the system evolves with new legal precedents and regulations. Additionally, investigating the scalability of FORSETI's model to other jurisdictions would provide insights into global market adaptability, considering different legal frameworks and compliance requirements.

Limitations

This study acknowledges the limitations in scope concerning the geopolitical variability and economic fluctuations which might affect market dynamics. The forecasts and strategies proposed are based on current market data and trends, which are subject to changes influenced by external factors not fully explored in this project.

Conclusion

In conclusion, FORSETI is poised to disrupt the legal tech market by providing a robust, AI-powered platform for contract management starting from automating contract review process. The strategic focus on phased development, market-driven product offerings, and scalable business models forms the cornerstone of this initiative. With a clear vision and detailed roadmap, FORSETI is expected to not only fulfill the current market needs but also adapt to future challenges, driving innovation in the legal tech industry.

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Appendices

Appendix: tables and calculations

In complementary file “Appendix - tables and calculations.xlsx”