Atlas

Experience more.

The Business Model

June 2021

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1. The Project

The Opportunity

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1. The Project

1.1. The Opportunity

Yes Theory is a community of millions who act on the belief that seeking discomfort is the gateway to a fulfilling life. The movement goes beyond the sole digital entertainment and aims to create a global network of like-minded individuals. The platform empowers people to seek discomfort and overcome fears. Yes Theory's unique vision helps the community to take action and act independently of the YouTube channel. Yes Theory is a "think global, act local" movement that allows millions worldwide to open their soul to the beauty of life – Life's most significant moments are on the other side of fear.

Atlas believes that building a global network of hostel-like facilities will strengthen Yes Theory's position by enforcing a physical presence to leverage its large seekers' community:

- What if Atlas & Yes Theory co-created inclusive and inspiring spaces for people to share, experience, and grow together?
- What if Atlas supported Yes Theory in their mission to become a purpose-driven actor for social and environmental change?
- What if Atlas challenged Yes Theory to break the Internet's digital barriers?

Together, let's redesign what a hostel stands for!

Atlas is a hostel-like accommodation located in major cities worldwide, aiming to open 5 venues, on 5 different continents, in 5 years, all by 2026. These flexible spaces are dedicated to the seekers with different needs but similar aspirations: travelers (groups or solo), locals, and digital nomads.

There, they will connect in a respectful and inspirational atmosphere, giving the business much more goals than just providing guests with bed and breakfast. The social environment will be a barrier-free playground for seekers to meet, exchange, develop, create, share and learn together. Hostels also are a unique way to challenge the safety bubbles and habits we impose on ourselves when traveling. The goal is to create tangible spaces where people can challenge their fears and grow personally.

Atlas aims to push the hospitality industry's boundaries and offers a unique way to travel. Our main ambition is to create a global network of hostel-like accommodation.

Five core elements structure this project:

- Local Environment
- Cleanliness, Security & Safety
- Social atmosphere, Facilities, and Staff
- Experiences & Supplemental Services
- Partnerships

The following paragraph, which Gary Morrison wrote, Hosteworld's CEO, hence one of the industry's most considerable influence, says it all about the current situation:

"With technology connecting our world like never before, it sometimes sounds like there are no mysteries out there to discover. But in reality, it's the exact opposite. The opportunity to explore our planet has never been greater or easier. Although today's generations can virtually explore the world with all available digital assets, uncovering what makes each place and its people unique is something they'll only be able to ever truly understand when they live it, in reality. When we travel, we need to ensure we're not just seeing these cultures from the outside but from within their communities. This is how we can get a true appreciation for how different societies live, their value systems, and how they differ from our own. These are the journeys that will help shape who we become."

This pandemic will also see more travel seekers than ever once the tourist flows are back to normal, matching our opening time frame. Besides, based on previous experiences, the Yes Fam has shown a lot of engagement. In parallel, segments like digital nomads are skyrocketing, leaving opportunities for the hospitality industry to reinvent its offers. Youth travelers are becoming a significant factor in developing places, often pioneering new destinations, forms of accommodation, and experiences.

We would like to close this short project introduction with the following text, quoted from One Day Entertainment:

"Whereas Nike started with a pair of running shoes, Yes Theory started with a 30-day video series of four friends doing exciting stuff on camera. This doesn't mean people will stop building big, traditional companies. They still will.

It just means that there's also another way.

You can start with the story, the ideology, the philosophy first. You don't need to wait for a huge investment from a VC firm. There's almost no overhead involved.

No excuses either.



If you want to create something great... You can start here and now."

1.2. The Team

1.2.1. Our Story

Three global citizens and an ounce of a pandemic are all it took to come up with this project. So now is the time for you to picture yourself sailing the boat this project represents, while we reveal our big plans to connect the Yes Fam in a new yet very traditional way.

We are Eliott, Gregoire, and Pablo, three early seekers. Fun fact, you guys already know us. You may not remember our faces, but we've already met! We're three French guys, and we came to Los Angeles in 2018 for studying. This year onwards, we took part in some of your craziest videos and got to meet a lot of the Yes Fam members. And partly thanks to them, you are hopefully reading these lines.

Thanks to these experiences, our mindsets, and our extraordinary friendship, we always strongly identified ourselves to you, Yes Theory. And because we have witnessed the benefits of the community you started, we wanted to create something more that would revolutionize the way the community connects across the globe.

If you haven't figured it out yet, we are big fans! Yes Theory inspired us to make significant changes in our life, and sharing the movement's vision is part of the reason why Atlas is alive

However, you might be thinking to yourself that this is just a couple of pages drafted by some random guys: even though it's fun, it can't be realistic.

Well, let us show you how serious we are.

We are finishing up with our business degrees in Spring 2021. With this term coming, we gather around one common objective: envision, initiate, and sustain meaningful projects. We do not feel like the regular business pathways offered to us in finance and marketing would help us fulfill ourselves. Throughout the construction of our personality until university, we were limited by specific standards and frameworks defined as the norm. However, thanks to being exposed early enough to Yes Theory, we now strive for more than what a regular life has in store for us, and we are ready to go all-in for it!

We are not perfect: we are young and (almost) inexperienced. Despite our young age, the aggregate of our combined experiences helps us form a performant team, open-minded, with great cultural intelligence, and tons of motivations. And even

though these flaws might be scary at first, we'll make sure to be surrounded by talented people and bring strategic leaders on board. We believe in an authentic project that will differ from regular businesses in this industry. Having you on board makes sense: this project is the community's, created by and benefiting the Yes Fam and its future members.

While we could develop why we're a great team despite our ages, we also believe that this project deserves more attention than we do, so let's dive into our plans!

1.2.2. Why Atlas

Atlas is a name with multiple meanings

An atlas is an ordered collection of maps, an open book, an invite to discover the world. These maps gather all the shared information about our planet's geography and history. It arouses people's curiosity to discover new perspectives.

In Greek mythology, Atlas is a Titan condemned to hold up the celestial heavens for eternity after having rebelled against Olympus' Gods. Therefore, he is a symbol of change and of standing up against the rules. Atlas is a vision, challenging deep-held beliefs that things should be done in a certain way. He is a symbol of persistence and convictions.

Atlas also gave his name to one of Saturn's inner satellites. It's a long shot. It's about reaching something that seems unattainable. A single element in a wide complex world of millions of unique components.

Finally, Atlas is the name given to the first vertebra of the spine, the one supporting the skull. Similarly, this project stands as the first of many. It is the basis of a complex ecosystem where every component is key in creating a viable model.

2.1 Value Proposition

- Social Atmosphere, Facilities, and Staff
- Immersive Experiences
- Innovative Ecosystems through Strategic Partnerships
- Local Environment
- Cleanliness, Secutiry & Safety

Atlas.

2. Business Model

The project is detailed through the lens of eight dimensions that, once reunited and operational, will create a viable business model.

2.1. Value Proposition

Atlas is complementary to Yes Theory's ability to create a global network of like-minded individuals. The mission is similar, but the delivery is different: empower people to seek discomfort and overcome their fears through traveling, exploring, and discovering experiences. In addition, the business of hospitality has a huge potential in leveraging Yes Theory's community. Therefore, Atlas is a network of hostel-like accommodations to welcome seekers worldwide.

Atlas' goal is to push the hospitality industry's boundaries and offer a new way to travel with inspiring venues and unique experiences. Atlas's values promote inclusive spaces, respectful relationships between guests, sustainable impact on communities, and innovative and responsible ways of traveling. Our mission is to offer a new playground for guests to share, experience, and create by combining the power of Yes Theory's digital platforms and inspiring locations.

Atlas has developed its unique value proposition by successfully answer to all hosteling-specific demand drivers. The mix of Yes Theory's vision and the market demand will create a disruptive value proposition for our future guests.

2.1.1. Social atmosphere, Facilities, and Staff

Despite being fully customizable, old hostels' designs often lag behind the most recent competition. These circumstances create room for improvement in the industry; Design is one of the only factors whose inputs solely depend on the business' effort. On the other hand, these older players often benefit from their market experience. They had time to create authentic social atmospheres, which only ever comes after long-term efforts.

Integrative positive design

Atlas will design the venues and the atmosphere to proactively contribute to its guests' social interactions. Empowering people and accelerating interactions and openness are at the core of the company's mission. In addition, Atlas's mission is to ensure comfort and safety to its guests, so they can be relaxed and focused on making the most out of their experiences. To develop a fully immersive experience, Atlas will contract a design company to ensure maximum interactions.

The possibilities for space innovations are numerous. For example, the central social place of each hostel will be called “The Seeker Space”. It will be a place to hang out, tell stories and create new connections with strangers. Similarly, “The Quiet Space” room will be dedicated to meditation classes and could potentially feature a collaboration with Headspace. According to the estate, specific rooms will be developed following the place’s unique features; a big lake could be paired with a sauna, and a city appreciated with a rooftop.

Additionally, Atlas will feature the standard hostel rooms, with a quirky design twist or a unique way to mark the brand’s personality. These rooms will range from bars, restaurants, and potential coworking spaces. Indeed, this latter is gradually appointed as necessary by travelers, especially digital nomads. Providing a space for work means attracting new customer segments that do not travel for a pure leisure purpose. Mixing customer segments will bring intellectual diversity into the overall social atmosphere. Regarding food and beverage offers, they are vital for hostel customers, especially since on-site servings are very convenient. Moreover, food is part of exploring new cultures, and guests value that. Besides, such services are vital in building a viable business.

Cool and Welcoming Staff

Lastly, the staff will be a crucial ingredient in building a social atmosphere true to the company’s values and culture. Staffs’ cool but professional behaviors will create a trustworthy and socially inclusive atmosphere. They will support customers during their stay and connect with them to break the ice and bypass all professional barriers. Besides, our staff will be wearing personalized equipment; T-shirts with their name, personality traits, and spoken languages. For example, a staff member could be wearing a “Wanna go running? Ask me” tag and help guests find pleasant routes for their next sporting session. Additionally, our staff will engage guests in daily challenges to seek Discomfort (e.g., “Invite a stranger for a drink”, “Grab a photo with this person”).

Such details will help developing relationships between guests and employees, enhancing their experience. On the company’s hand, management will ensure staff members feel included and empowered by their missions. To translate the company’s values, managers, staff, and employees will be wearing the same merch, so customers don’t step into a very hierarchical and business-oriented environment. We could imagine this staff collection to be a collaboration between Seek Discomfort and Atlas.

2.1.2. Immersive experiences

Experiences are the key to winning the market and pleasing consumers. Guests want convenient services, and experiences are part of them. Creating unique

experiences means building a solid competitive advantage, and it is part of Atlas's plan.

Daily social activities

Besides the cash-flow increase, they generate connections between guests, ultimately leading. Indeed, adventurous experiences will bring people together through epic moments. Activities will start from sunrise yoga classes, meditation initiations, and morning power hikes to special themed nights like wildfire BBQs, sunset dinners, and dancing nights. Like location-specific designs and rooms, experiences will be tailored according to the local resources. For example, activities could be one-night camping experiences with a woodfire, music, and beers. Finally, Atlas believes it can become a premium provider of more generic experiences like surfing or boxing classes.

Atlas aims at becoming an event organizer and host. With local artists, speakers, and extraordinary people, event creation is limitless. Like the Yes Event of October 2019 in Downtown LA, the venues can organize dedicated seminars to educate & promote specific topics. Concerts, conferences, contests, festivals are all events Atlas aims at hosting within its venues.

To develop a transparent relationship with the guests, Atlas believes in organizing podcast recordings gathering managers, guests, and staff. Regularly, these people can record and explore fundamental questions about traveling, seeking Discomfort, creating friendships, Etc.

Another way to leverage Yes Theory's identity is through the use of "Yes Retros". They are on-site video booths that will drive customers' engagement with the company. Yes Retros are trusted tools for guests to share their experience openly. Collecting feedback on the stays, the experiences, the services, and the atmosphere will help Atlas's product development teams. Plus, these feedbacks can be anonymous if wished, but on the other hand, they can be excellent materials for marketing content. With guests' approval, video recordings will be used to promote our venues through Atlas's communication channels.

2.1.3. Innovative ecosystems through strategic partnerships

Engaging customers is at the core of our model. They are the ones who will create value for the brand once provided with all the necessary tools. Moreover, creating several more minor complementary services will keep this business profitable.

Atlas aims to become a leading provider of short-term stay accommodations and wants to deliver exclusive ways of creating value for travelers and like-minded

individuals. Meaningful partnerships will ensure guests are provided with the best products and services on the market. Over the years, Yes Theory's partners helped them grow as a team, and Atlas aims for growth opportunities when concluding partnerships.

Seek Discomfort Presence

Atlas's most natural collaboration could see Seek Discomfort creating exclusive collections. Venues will include showrooms for the brand. Location-specific designs would, for example, drive much attention for customers. Similar to what The North Face does with their clothing brand, such designs create community-belonging solid feelings. Having merch bonded with a specific moment is an ultimate goal for a company like Atlas.

Immersive NFC technology

Another essential service developed for this business is the smart bracelet (c.f. 3.8. Channels). To fully immerse customers, these bracelets will facilitate customers' journey, from booking to check-out. Smooth experiences are vital to engaging newer generations whose expectations are growing. Composed of an NFC chip and branded fabrics, the bracelets allow connected journeys for guests. Festivals already leverage these tools, but it is improbable to find any in the hostel industry. Usually used as digital cash, they allow more volumes, faster payments, and fewer logistics for organizers. Applications are numerous: pay for a drink, recharge the secured and personal online wallet by tapping a phone on the bracelet, book an experience and check-in with a tap, enter a room, and securely open and close your locker. Furthermore, the bracelet is part of the brand experience: Many people, especially youth, are likely to keep their bracelets for extended periods, exceeding the duration of their stay. Thus, it creates exposure and drives potential customers' attention.

Other key partnerships

Moreover, the company imagined collaboration with Headspace for our "Quiet Space". Bringing a meaningful brand onboard for this project is essential. Together, they sensibilize about mental health around the world and initiate guests to meditation and yoga.

SoundBoks also is a targeted partner. They would ensure endless parties and good vibes in the hostel. SoundBoks could even design a DJ set up within a massive mock Soundboks. Whether on the go or for on-site consumption, a music partner would secure great exposure for its products.

Besides, A collaboration with Monday Motorbikes would help guests use carbon-free options to cruise, explore and enjoy the city or the landscapes. Overall, endless opportunities to collaborate with meaningful brands are possible. Coming together

with brands showing similar aspirations and values offers excellent benefits for everyone.

Atlas believes attention to detail will be vital in creating a unique value proposition. In addition, they will translate the brand's philosophy to travelers, gradually forming a solid brand identity.

2.1.4. Local environment

Often, hostels are built in places where the local culture, environment, and people are not embraced well enough to offer immersive and respectful stays to their guests.

Atlas embraces local communities to leverage the tremendous value they have to offer. We aim at creating a purpose-driven strategy for each hostel. This innovative model is based on three pillars:

Atlas Foundation

To fully execute the vision and create a lasting impact, Atlas will introduce the Atlas Foundation: a non-profit organization supporting local meaningful causes. The Foundation aims to tackle subjects as diverse as social issues, environmental problems, and education. Besides, it will promote rising local talents and provide them with visibility.

Atlas Foundation would be a great asset to achieve Atlas's mission of helping local communities and purposefully. Each year, 1% of the revenue will go to our Foundation. In combination with the B-Corp Certification, the Foundation will help close the gap between businesses' long-term impact and responsibilities towards customers, staff, and partners.

Sustainable initiatives

Environmental responsibility is at the core of Atlas's business. Every process will be scanned through the lens of sustainability and adapted when necessary. Venues' design will answer specific sustainable criteria. Creating energy-efficient facilities with solar panels, vegetation, water recycling modules, and other innovative processes part of the concept. The business will offset its carbon emissions with the "Cloverly" technology. Additionally, the venues will promote a responsible lifestyle to our guests and encourage them to take action. For instance, Atlas will create vegan menus with local food only, to promote responsibility and support its ecosystem.

Finally, to reinforce the environmental policies, Atlas will target the B-Corp Certification. It is the only Certification worldwide that measures a company's entire social and environmental performance.

2.1.5. Cleanliness, Security & Safety

As discussed in the market research, clichés are numerous in the industry. Hostels are unsafe places with low-quality bedding options, weak security, and questionable cleanliness. However, hostels are less exposed to such biases and are working hard to change mentalities.

Atlas believes this demand driver can be leveraged and turned into a meaningful advantage compared to most players in the industry. Atlas's priority is to build quality & trustworthy environments through security (CCTV, Lockers, etc.) and cleanliness (regular cleaning service and check-up of standards). Therefore, guests can focus on their well-being and enjoying their stays.

2.2 Proposed Locations

- Decision-making process
- Potential Atlas Locations

Atlas.

2.2. Proposed Locations

Choosing a great location is essential to ensure the success and attractiveness of the business. Finding the right place is a multidimensional process where every factor has a role of importance. Additionally, this section reports on the current best options for Atlas. Naturally, the company has not yet decided upon one specific location to include Yes Theory in the decision-making process. Also, the destination list is purely hypothetical and open for change.

2.2.1. Decision-making process: the factors

The following part focuses on all the factors weighing on the final decision. The order of description does not reflect any scale of importance.

Touristic attractivity

The first indicator is the attractiveness of the location for tourists. Cities rated with the most potent cultural influences on the planet tend to have the most hostels (Hostelworld, 2017). Therefore, a trend exists between the attractiveness and the cultural richness of a place. Some hostels take advantage of their proximity to certain cultural activities to adapt their services.

It is also possible to measure the attractivity of a place with multiple KPIs. For example, the past and forecasted future inflows of visitors in a specific location are significant indicators. Furthermore, numbers of visitors intend to take advantage of a city's most renowned attractions, providing foresight on how certain areas will perform. For example, the Eiffel Tower welcomes an approximated 6.8 million tourists yearly. Therefore, it is very likely that accommodation options near the Eiffel Tower are charging higher prices.

Conflictingly, off-city locations are increasingly attractive for younger generations. They want to explore more remote places with off-the-beaten-track experiences. While popular destinations will not see diminishing inflows, more random destinations arouse the interest of modern travelers. Being close to idyllic landscapes can be as beneficial as being located in the heart of a metropolis.

Weather

Weather is a crucial element for any tourism-based project. Cities like Los Angeles and Madrid have very few rainy days, respectively, 31 and 66 days per year. On the contrary, cities like Berlin or Montreal have 101 and 165 days of rain.

Tourism is more likely to thrive in a location with favorable conditions. In more tropical places, getting a comprehensive overview of the possible natural disasters

is essential. Indeed, while tropical landscapes and beaches are hidden gems, the weather is unpredictable. Monsoon is an excellent illustration of storms and floods affecting tourist inflows.

Atmosphere & Safety

The overall atmosphere of a city or a chosen location is essential in building a hostel. Like Atlas, projects primarily based on social interactions need to ensure they settle where their business model and brand identity fit with the location.

There are no tangible indicators to estimate or measure this factor. However, places where youths are thriving, are preferred choices thanks to activities, bars, nightlife & sport. The warmer the population, the more likely guests will enjoy creating links with locals.

Having locals describe and guide businesses is an excellent way to ensure the right decision is taken. They know the area, the inhabitants, the culture, and the politics. Moreover, safety is measured on a local scale as well as on a national level. PESTEL analysis gives valuable insights into all the factors above. Therefore, this matrix is essential in understanding the environment in which a hostel plans to do business.

Relative location

Once a region is chosen comes the time to finding the right district with the right estate. Again, strategies depend on which axis a hostel wants to take.

A central location will ensure proximity with major touristic spots and minimize the risk of low exposure. Consequently, rents or price tags are high, endangering the business profitability. It can therefore lead to cuts in the budget or a smaller property.

The reverse strategy is to target the suburbs of a city. As long as the transportation systems are smooth, affordable, and close by, hostels maintain their attractiveness. Customers are more price-sensitive and often looking for lower prices. This strategy is privileged by larger hostel groups whose objective is volume. They attract groups with low prices and comfortable commodities.

Remote & unique locations enable creative accommodations. Explorers love to experience unusual services, and hostels do not deviate from this rule. Uncommon estates range from abandoned planes and churches to beach huts and wood cabins. They generate much interest amongst younger generations. Studies show that Millennials are “almost as likely to visit a major metropolitan city (38%) as they are to visit a beach resort (40%)” (WYSE, 2017). Additionally, leveraging opportunities are

numerous for such facilities, which offer fantastic playgrounds for creative minds to innovate.

Infrastructure & Transportation

No matter what the location strategy is, transport and infrastructures are crucial. Infrastructures help attract tourists, providing them with all the necessary services and tools to make the most out of their experiences. Airports, public transportation systems, tourist offices, local markets, and natural reserves are examples of public infrastructures.

Infrastructures and transportation are, by nature, factors that stem from local development policies. Therefore, they are not as adjustable as design for businesses. However, a company can influence and pressure local governments to develop and invest in tourist infrastructures.

Competition

Market research is a great tool to gain insights into the industry. They offer the opportunity to understand the competitive landscape of a market. In addition, they lay the foundations for businesses to become field experts and refine their strategies.

Some cities witness stiff competition between hostels. For example, Barcelona has intense rivalry within its youth accommodation market. Indeed, Barcelona is a popular destination for younger generations seeking a sunny, partying yet cultural city. Consequently, an overcrowded city center might not be the best place to start a hostel, except if the current competition does not target the same segments. This approach is detailed-oriented and needs to be conducted on a per case basis.

Yes Theory's influence

The last important criterion is the location's relation with Yes Theory. To offer the best start possible to Atlas, this dimension needs extra attention. Indeed, Yes Theory has a cosmopolitan community spread all over the world. However, certain regions may have more engaged fans. And the bigger the community, the more relevant this place becomes.

There are two ways to look at this dimension. One can either focus on a location because it has numerous people following Yes Theory and living there. Or one may look at where these people are traveling. This segment is less likely to book a bed or a room if they are already home at the destination. Therefore, looking at where they go helps to identify potential locations.

With Yes Theory's comprehensive community analysis, Atlas will have insightful data to build a strategic plan. For example, if Germans are identified as a very engaged population, and we know from research that young Germans take gap years in Asia, Vietnam, and Thailand would be premium choices.

2.2.2. Potential Atlas Locations

Based on all the factors mentioned above, Atlas identified potential locations to settle. Because the project is still in an early development phase, we tackled every region, so none are left behind.

The reason for Atlas not quitting on any regions is the ambition of developments. The business's first growth phase objective is to open 5 venues on 5 continents in 5 years: Atlas's Grand Chelem 555. Following this ambition requires a strategic plan with conservative but steady growth.

Therefore, this section analyses every regional option and provides valuable information to gain a broad first understanding.

North America

Despite what one might think, North America is a region with potential. With meager competition, the market is growing but lacks independent small players and low-cost options. Most youth and modern accommodations there, are backed by massive hotelier groups like Accor. This industry development delay is caused by the different travel habits North Americans have. The Americans are avid travelers, inflowing cash in touristic regions. On the other hand, the country used to be less attractive for younger customer segments, with immense costs of visiting caused by transportation and visas. But the status quo is gradually changing, with more and more interest from these segments for the region. For example, Canada is a premium destination for nature and landscape seekers. Also, an impressive 31 million tourists discovered Canada in 2019 (Statista 2021).

Looking at the project, the region offers proximity with Yes Theory. The area has many seekers who, if leveraged, will have consequential effects on the business's future. The project is an opportunity to reinvent the American market for youth tourism. Additionally, it would strengthen the well-established community of seekers of the continent.

For precise locations in the United States, Atlas is thinking of Los Angeles and Montreal. With respectively 24 & 17 hostels (WYSE, 2017), they are first-class destinations for foreign and domestic tourists. While LA benefits from gorgeous weather all year long, the prime of the Californian culture, Montreal stands out for its proximity to nature and its quality of life for young people. Furthermore, both

places have deep connections with Yes Theory, with one being the starting point of the project and the other one being the current host city.

Europe

As stated in the market research, Europe has the most advanced hostel market. Young Europeans are very keen on staying in hostels. Furthermore, traveling in Europe is as smooth as crossing states in the USA. With time, the competition got intense in Europe, leading to global improvements in the market. Customers are expecting more and more, and the region is often the playground for innovation testing hostel-wise.

Home of a complex history, the Old Continent attracts millions of visitors every year. The reasonable size of the region added to the Schengen policy allows massive movement flows. Naturally, inter-continental travel is enormous, with Europeans being the most numerous tourists in other European countries. Backpacking originates from Europe, and this customer segment starts traveling at a young age. Infrastructures for tourism are some of the most advanced, and every tourist type finds matching options in Europe.

Settling in Europe means securing a significant engagement from many seekers. Europeans have shown spectacular engagements in the community over the years. Yes Theory would consolidate this base and create room for exposure. The channel keeps growing, and the potential is massive in popular European destinations. Europeans may feel far from the heart of the community, and at last, slowly disengage. However, providing them with a dedicated physical venue would greatly help them keep engaging.

Atlas's European shortlist has big names on it, with Madrid, Paris, and Amsterdam. These cities are highly attractive, and no research is needed to prove their touristic influences. Moreover, their cultural uniqueness is a great asset for attraction. In contrast, competition is immense. These cities respectively have 106, 154, and 132 hostel options. (WYSE, 2017).

Asia & Oceania

Despite some political and climatic instabilities, Asia is one of the most prized destinations for backpackers. It has everything to please younger customer segments: natural wonders, cultural treasures, and low living costs. The region is on

the verge of reaching the mature market state, but some remote location still offers untouched scenic landscapes.

As Southeast Asia became the trendy destination of the past decade, the industry deeply impacted the development of the concerned countries. On the one hand, it attracted a lot of massive investments. But, on the other hand, the lack of structure and the prospering corruption only allowed a few selected to benefit from tourists. Therefore, settling in Asia means redefining the economic redistribution of the profits and engaging the local communities in benefiting from Atlas's activities.

Asia still has some unexplored hidden gems, and beyond the mission of connecting travelers, Atlas aims at developing a responsible business whose activity will not deteriorate the ecosystems. Currently, the competition is numerous, but youths are in for exploring trips rather than city stays in Asia. Therefore, smaller locations with hidden gems are premium choices. In addition, having a location far away from Venice will fit the idea of seeking Discomfort in traveling. It will challenge the seekers to travel to less "comfortable" destinations than North America or Europe.

Atlas's Asian destinations include Hanoi in Vietnam, Port Barton in the Philippines, and Auckland in New Zealand.

Vietnam has 449 hostels to host its young travelers. In addition, the country is both exotic and compelling, with exceptional nature and outstanding landscapes. As a result, Vietnam is one of the most common destinations for backpackers.

Port Barton is a hidden gem and Atlas's most personal choice. From experience, the fishing town is a mind-blowing location lost on the coast of Palawan, the Philippines' most famous island. However, this location is often disregarded by travelers. The lack of connection, infrastructure, and documentation on this place is why this low attraction. Things are changing, though, with accrued interests from investors and public investments for roads, electricity, and water. Betting on this location includes risks but guarantees a fully out-of-the-comfort-zone experience.

Lastly, Auckland is Atlas's sole option for Oceania. Its English environment will differ from Asia's wild nature. Low competition, unique experiences, extreme sports, and remote landscapes are great attributes in favor of a settlement. New Zealand's adventurous mindset is an excellent fit for Atlas.

Central & South America

Despite significant challenges like security, South America is the most promising soil for new hospitality businesses. The increase in the sharing economy's influence provides this attractivity. Airbnb, for instance, has grown a list of up to 290,000

accommodations in Brazil only (EHL, 2018). In addition, the region has fascinating cultures, wild nature, lively cities, and proximity to value tourists from North America. Finally, the Latin culture perfectly fits the Yes Theory mentality; they are outgoing and joyful human beings.

One of South America's prime destinations is Rio de Janeiro. The city is an international metropolis with great cosmopolitanism. It offers affordable activities and a lower cost of living for occidentals, generating a massive income for the town and the country. Besides, RevPAR increases in the country, with 10% growth in Sao Paulo only. The competition is not very aggressive, with 96 Hostels for 2.25 million visitors per year.

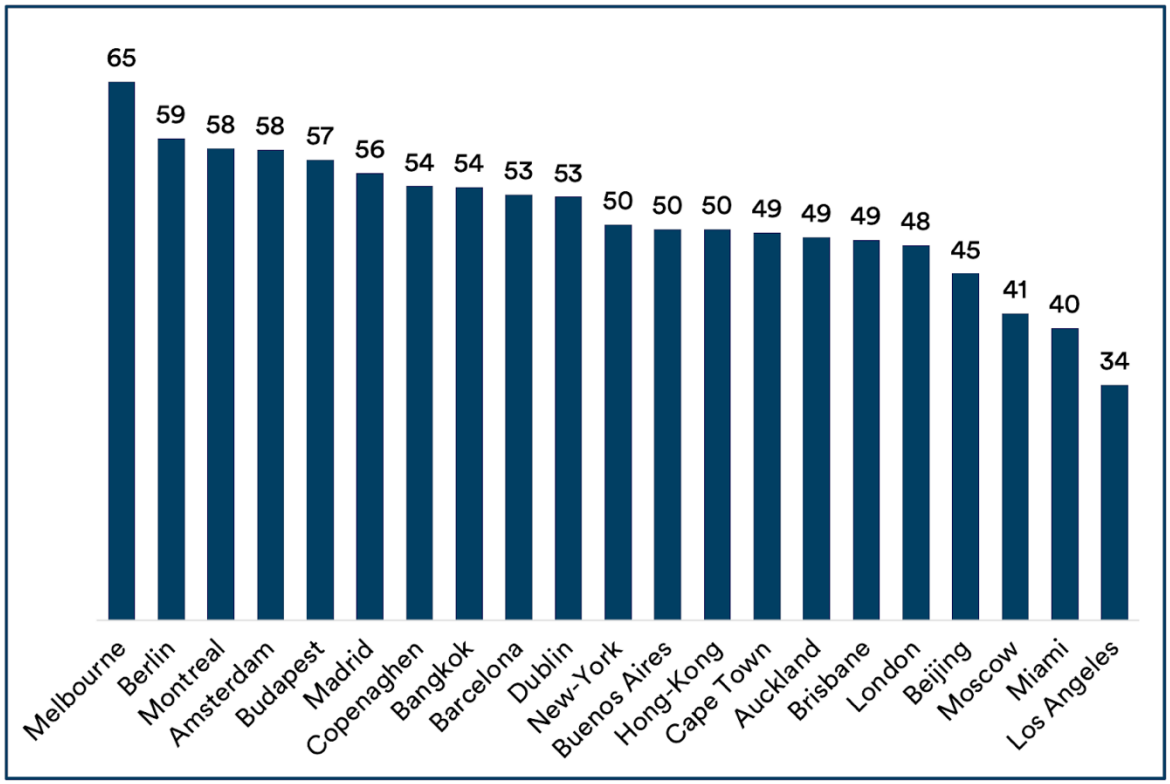
Africa

The hospitality industry often leaves out the African continent. While Africa was never a prime choice in the hosteling industry, its future is brighter than one might think. With growing development and a very young population, Africa is full of opportunities.

These opportunities first translate into challenges. Thus, implementing Atlas in Africa would be the opportunity to achieve an actual global project and have an even more significant impact on local communities.

Location options are less numerous, but Cape Town, South Africa, offers good stability and balance. With a current competition of 55 hostels, South Africa is Africa's biggest market for hostels. Furthermore, Cape Town is amongst the top-rated destinations.

Rating of major cities
%, 2019



2.3 Key Partners

- Infrastructure
- Financing Actors

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2.3. Key Partners

Atlas will require a wide range of key partners to support its growth and operate its services from the start of the project. Also, key partners will help maintain very high hospitality standards and keep Atlas's unique vision at the operations center.

2.3.1. Infrastructure: Building/Leasing our accommodations

Architect/Designer

Atlas aims to provide high-quality accommodations where everyone can feel invited to share stories, listen to others and dare to experience new adventures. With that in mind, the venues will deliver an unparalleled in-&-out social atmosphere with state-of-the-art materials and decoration. Also, as Atlas will welcome strangers from diverse backgrounds and immerse them in the local community, hiring local designers could be an essential asset for each hostel.

Overall, each hostel opening would require a designing company and an architect's office. Architecture can't force people to connect; it can only plan the crossing points, remove barriers, and make the meeting places functional and attractive. Also, hostels' design will be optimized to welcome a very flexible number of guests.

Atlas will adopt a "per-cases" approach to the subject. Indeed, in the appendix is a mood board of what the venues' styles could be. The mix of Industrial and Bohemian design if very accommodation business friendly. However, Atlas emphasis on the importance of having designs showcasing and complying with the local traditions. Having the same design in every location will not ensure a great cultural experience to guests. However, defining common guidelines will ensure continuity without compromising local authenticity.

Contractors (Electrician, Plumber, Constructor, Painter)

As with any physically operating business, Atlas will require teams of electricians, plumbers, constructors, painters, and others to set up the installations.

Electricians will make sure the whole operation is ready to use, install easy-access switchers and intuitive plugs for everyone to secure enough power to charge their devices. Creating connected spaces requires ingenious minds so everyone will be pleased, from workspaces to dorms.

Plumbers are a crucial factor in the quality of the hostel. They will make sure to install high-quality materials to answer each backpacker's needs in water rooms. A

nice and hot shower is always pleasing after a hectic day, and Atlas will not miss out on this opportunity to please customers.

Constructors will likely be needed to change and upgrade current spaces to match the plans. Indeed, the majority of the hostels will be leased or bought, so giving freedom of modeling spaces to the architects and designers' desires will be crucial.

Like constructors, painters will not be recurrent partners, but still very essential at the beginning. Atlas wants to provide a positive and warm environment to its customers. Thus, painters will be vital in delivering the right room atmosphere.

Finally, contractors will have an important role in installing sustainable solutions in the facilities. Indeed, solar panels, water management systems, and energy systems will be part of the installations. Therefore, the business' local impact is reduced and harmless for the surroundings.

Property Owners

Hostel groups generally favor leases and ownership, which gives them better control over the configuration of the premises, as well as allowing them to reap the full benefits of their high margin operations.

Atlas will lease the buildings where it operates its services rather than buy the real estate outright. By doing so, Atlas could lower its debt ownership and significantly scale up internationally more rapidly. In that case, property owners would own the buildings where the company operates and either receive a regular leasing revenue or share some of the returns from the hostels that eventually open up.

Property owners are strategic partners in the business model. Therefore, they will be the centerpiece of the operations, especially for the business development division. Moreover, as we value the local impact of our settlement, we will make sure the property owners are respected amongst the local communities to avoid creating or undergoing existing tensions.

Local Authorities

Regulations will play a role in the business activity, no matter what the different local policies are. First, hostels require official permits delivered by competent authorities. Furthermore, before being granted a license, the hostels will engender relatively important regulated construction works.

A factor like regulations will not be taken lightly. Mastering local laws and maintaining professional relationships with local authorities will ensure smoother integrations. Therefore, specialized and knowledgeable staff members will be required for each venue.

Managers

Atlas' managers share the company's values, are trained to carry out their missions, and ready to tackle several roles at once. They are responsible for operations, team management, project building, and ensuring service quality. Managers make sure all customers have a pleasant and inspiring stay. Under their control, everything works properly, additional services are performing, experiences are relevant, and customers are most satisfied. Also, hostel managers oversee the hostel's management and carry out regular supervision.

Overall, managers are crucial elements, bridging hostels' staff members and the Atlas management team. Monthly meetings with Atlas management will ensure each hostel is on track to deliver the value and services the group aims to provide.

Employees

The managers will hire teams of employees. They will be in charge of welcoming the guests, managing their expectations, and answering their needs throughout their stays. Because Yes Theory is always looking for proactive and positive people to expand the seek discomfort vision, staff will represent a significant part of the service experience. Besides providing outstanding support to each customer, they will help to build trustful conversations with strangers and set up an inclusive social atmosphere in the different hostels.

Moreover, staff members will be partly hired from local communities to create a rich ecosystem of workers and deliver results that customers expect. Atlas's statement is the following: hire on values, not on skills, because skills are moldable. According to the profiles of newcomers, training will be adapted and provided. Also, as the Yes Fam keeps growing and expects to reach over 10 million members by the end of 2021, Atlas could hire some great talents from this existing pool of seekers.

Chefs

Atlas's additional services include food and beverage offerings. Consequently, each hostel will be equipped with a kitchen ruled by creative chefs. The chefs will be hired locally and will have the mission to immerse our customers into the region's culinary specialties.

Teachers

Additional services also include meditation and yoga lessons, various sport training sessions, and location-specific activities. While most of the more straightforward activities will be provided by our staff members, Atlas commits to providing quality lessons and training for the ones eager to discover new activities.

For instance, Atlas will provide sunrise yoga classes, boxing training, or surf classes. All those specific activities will be taught and supervised by competent trainers. These latter ones would be selected based on their educational competency and motivation to be proactive in the Atlas mission.

Cleaning Service

As cleanliness is a crucial success factor of our brand, Atlas hostels will have cleaning personnel for common areas, showers, toilets, and rooms. Depending on the location's regulations, ease of contracting, and costs, the personnel will be hired by Atlas or subcontracted to local businesses.

2.3.2. Financing actors for Atlas development

Family members and friends

Like any long-term project, the beginning is always challenging. Raising funds, building philosophy, and moving forward no matter what some of the issues Atlas's early team will be facing. Hence, friends and family have important yet informal roles to play in the project's success. They will help finance and raise the required capital to kickstart Atlas.

Banks

Banks will likely bear a part of the project's financing for the beginning of our operations. Indeed, starting a hostel business will require some initial funding that a loan from a bank will likely support. This solution is not the preferred one but should always be considered.

Potential Investors

As operations develop worldwide and the number of venues increases, the business model will be structured and viable. When entering the critical development

phase, Atlas could require more investors and private equity funding to support the growth strategy.

Indeed, investors could be part of Atlas's journey if they allow accelerated regional expansions. For example, once Selina validated their business model in 2015 in Panama, they brought important investors. As a result, they funded their aggressive expansion, and so far, Selina has a network of 80 hostels.

Yes Fam

Atlas looks for the best way to include the Yes Fam and leverages its positive power. A part of this project should belong to them, to the people who made it possible and who will make it a success. There are two ways to involve the Yes Fam.

The first strategy is to finance a part of the project similarly to companies fundraising their projects on collaborative platforms like Kickstarter. For example, Atlas could launch a funding campaign for seekers to participate in the project. They would pledge for different benefits, like early access to the venue, free nights, and other perks. This strategy is beneficial for funding the project in its early stages without opening its capital. This "pre-order strategy" would bring the cash needed to kickstart the development of the business.

The second strategy consists of opening a small part of the company's capital to the community, with a similar crowdfunding process to the previous one. Participants would pledge for small shares of the company, on the same model as Labs Group. This strategy would help Atlas give back to the community, which is especially important for the project. Also, this type of fundraising is uncommon, with all industries combined. Such a collaborative business could become a significant advantage in the future. Also, it would create a bond with the Yes Fam beyond the traditional customer/provider relation.

Atlas

Atlas's early team will be leading the flow of operations. So, naturally, the team will initially invest in the project. Beyond the logic behind personal investments, the more proper funds raised, the more control over the company's future.

2.4 Key Resources

- Human Resources
- Infrastructure
- Hostel Equipment
- Intellectual Property
- IT Capabilities & Software

Atlas.

2.4. Key resources

2.4.1. Human resources

Human resources will help define who we are and what we stand for. The company's success can only be achieved with a team of Atlas's vision believers. A group of positive, outgoing, and determined people will make significant differences in the business's outcomes. Several challenges arise from this dimension. The first one is to hire the right people for the right job. The bigger the pool, the more chance you find the ideal candidate. However, finding the right person is not an end in itself if your employee retention is low.

Therefore, attracting the right people to join Atlas will only down to one thing in the beginning: the project. And Yes Theory is very familiar with that. Creating their YouTube channel brought millions of people worldwide to share the same beliefs, vision, and passion for life.

The company's teams will be hired primarily on values, not on skills. The willingness to come along in the project and the desire to change the travel industry are more robust attributes than any skills. Atlas is committed to training the staff to ensure excellent service quality and continuous improvement.

Atlas's managers will be hired in a unique way to form a polyvalent and competent team. Their complementarity ensures smooth processes' functionality. Atlas believes people are a cornerstone in the project's structure. Therefore, a strong emphasis will be put on the business's hiring policies. Diversity, equity, and inclusion will rule the hiring processes. No applicant will be left aside for non-business-related purposes.

2.4.2. Infrastructure

As previously mentioned, the hostel's infrastructures are a fundamental node of the organization. Atlas has to find the perfect accommodation from a commercial standpoint and select the locations based on various factors discussed previously (c.f. 3.2. Proposed Locations).

Besides all of the ones already mentioned, several other factors also influence how a hostel is ran and how it makes money. Indeed, the number of rooms and their flexibility is necessary to make sure the hostel generates enough profit and can live through lower seasons.

2.4.3. Hostel equipment

To deliver its promises and make social interactions a centerpiece of its operations, Atlas will be using critical internal resources. For instance, food, beverages, and other supplies will be necessary to provide quality service to our guests.

Overall, all the important inventories and facilities for running a hostel will be purchased before opening our facilities. It can include kitchen equipment, bedding supplies, cleaning machines, and common spaces' furniture.

2.4.4. Intellectual Property

Intellectual property will be a determinant factor in Atlas's future success. Based on its very unique vision, high-quality offering, and motivation, the brand will be more than just a regular hostel chain.

Yes Theory's vision will be empowered worldwide, above and beyond its current digital presence, through this adventure. Thus, Atlas crew will be able to break the Internet's barriers. Social interactions and seeking Discomfort will be tied together, more than they have ever been.

This vision transmission will only be made possible by a strong brand strategy (c.f. 3.6. Branding, Communication & Marketing Strategy Plan) and making the most out of the available resources. Indeed, copyrights and strategic partnerships will be developed throughout the hostel expansion to capture a unique segment of customers, improve the company's reach and adjacent services. Finally, Yes Theory seekers worldwide will be a significant advantage in the first few years of the project. Their organic word-of-mouth will be Atlas's best marketing asset to grow.

2.4.5. IT capabilities and Software

The project's international stature will require a critical IT architecture and the development of tailored solutions. Indeed, the brand will have a website available to the public, but we also have numerous software licenses, an internal network, and fast internet connections. Additionally, we'll need a strategic social media presence to spread the company's message and grow the brand's awareness.

Atlas will require devices like phones and computers, security systems, and other connected devices concerning physical IT needs.

Finally, hostels will use a centralized management system to organize the primary resources, schedule activities, and manage the staff at the right time. They will also

require subscriptions to services to operate smoothly and reach customers on booking platforms.

As previously discussed, the first hostel's opening will rely on banks' and potential investors' funding. The project's first three years will likely be driven by the cash and investments raised from banks and company believers. A detailed plan will be required for the financial structure of the project once it is kickstarted.

2.5 Key Activities

- Bed Revenue
- Food & Beverages
- Experience & Activities
- Shop Revenue
- Supplies Upsell
- Marketing

Atlas.

2.5. Key Activities

The project aims to combine the most popular sub-hostels categories. This hybrid model will secure the project's success through its unique positioning. While Atlas will maintain the most traditional hostel activities, its success will rise from its unique selling propositions. Furthermore, leveraging Yes Theory's vision through social connections will differentiate the business from the competition.

This part deconstructs the key activities and, therefore, potential sources of revenues. These activities will enable the scaling of the vision.

2.5.1. Bed revenue

Naturally, bed revenue is Atlas's core activity. It will define the traditional positioning of the hostel depending on the pricing strategy used. While guests won't spend a lot of time in rooms, it remains crucial to offer comfortable, well-furnished, and quiet rooms. Their division into sub-categories is essential to forecast demand. The room strategy is also critical for the positioning strategy. Indeed, some travelers will only look at the rooms' arrangements and prices. This segmentation is multidimensional:

- Mixed dorms
- Male-only dorms
- Female-only dorms
- Private room: single or double with en-suite bathroom
- Different room size: double, 4, 6, 8, 16, or 24 person dormitories

However, the proportion of bed revenue in the total revenue tends to be decreasing. As a comparison, hostels' bed revenues represented 76% of their total revenue in 2014 (WYSE, 2014), while hotels' proportion was only 68%. This gap represents an opportunity to further develop additional services for hostels, as bed revenues will be less significant. The price structure varies a lot according to the location and strategy of the hostel. Bed revenue is often considered a stream to repay all the operational costs, but margins are usually skinny.

2.5.2. Food & Beverages

Food & beverage are essential additional revenues for the project. It may sound contradictory, but this dimension is the cornerstone to building a viable business model. In the case of Atlas, revenues will be generated by the operations of the bars and restaurants of the venues. Furthermore, bars will be a pillar of social exchanges,

co-building hostels' social atmospheres. Therefore, it is crucial to make meals and drinks affordable to the clientele while keeping strong quality standards.

Additionally, breakfast servings allow higher night price tags. While creating a convivial moment for people to plan their activities, it is an opportunity for them to find mates to tag along with for their daily adventures.

2.5.3. Experience & Activities

Similarly, experiences and additional services are crucial for having a profitable activity. Offering guests unique experiences are vital. While living extraordinary moments, they will get to exchange and build relationships with people from different backgrounds. This communion will be vibrant with the community's international dimension. Local actors will be implicated in the organization of these activities. Once again, this project does not mean to bypass local economic activities but instead share the benefits with them.

Eventually, activities will represent a crucial element in the upsells expenses the guests will have during their stay. Therefore, the strategy must be centered around having the guests choose the activities proposed by the hostel rather than the ones they can find through outside providers. This strategic approach will benefit the project financially and will strengthen the business's positioning and attractivity. Furthermore, complementary services like offering bicycles, free walking tours, and others differentiate hostels and their ability to satisfy guests.

2.5.4. Shop revenue

The strategic partnership between Yes Theory and Atlas allows related businesses to be complementary. It is, for example, confirmed with the Seek Discomfort clothing business. The hostels are an excellent opportunity for creating brand awareness and new revenue channels. The partnership can take several forms. For example, local mini shops with limited editions of the Seek Discomfort clothing lines. Implementing such a strategy would be an easy additional revenue source and increase the attractivity of the hostels for converted seekers (c.f. 3.7. customer segment). Moreover, it will provide a reason for people to create a natural bond with the brand, having real-life experiences tied to it. This relationship will push Seek Discomfort into building an even more meaningful brand.

2.5.5. Supplies upsells

Supply upsells include towels, toothbrushes, soap, solar cream, postcards, or laundry services. They don't necessarily represent a considerable proportion of the

hostel's revenues; however, they are important for guests' comfort. Indeed, guests might travel light and require some basic products.

All supplies mentioned should not be part of a selling menu. Choosing which supply should not be sold but given for free will be important in creating a trust relationship with the guests. They should not feel like the hostels are "business at all costs" facilities.

2.5.6. Marketing

Lastly, in a competitive market like the hospitality business, marketing is crucial. Having an excellent product is not enough in such a market. Building a strong identity and branding assets will perpetuate the company in the long run.

Therefore, marketing is critical in creating the first bond between Atlas and potential or new customers. Online advertising is a pillar of Atlas's communication strategy. Advertising will be delicate and strategic, nothing like aggressive techniques to generate massive sales volume. Building a brand is a matter of time. Slowly but surely, marketing will ensure the growth of the business. Furthermore, attracting customers outside of the Yes Theory community will be facilitated with marketing.

Marketing will be multidimensional, with heavy strategic planning for all the different channels. Creating a unique digital positioning, Atlas will also ensure that guests will be more likely to book their stays on our website, securing higher margins.

Like what Yes Theory has done with Seek Discomfort, this project will align with the global vision and grow its own identity. Atlas is a separate project from Yes Theory's core activities.

2.6 Branding & Marketing

- Intro
- Brand Identity
- Marketing & Communication

Atlas.

2.6. Branding, Communication & Marketing Strategy

2.6.1. Intro

Branding, communications, and marketing are three intimately interconnected components of the business. Together, they define the brand's character, personality, and directions for its future, contributing to its overall public identity. Brand's success is a strong predictor of satisfaction with the hostel business (Chitty, Ward & Chua, 2007).

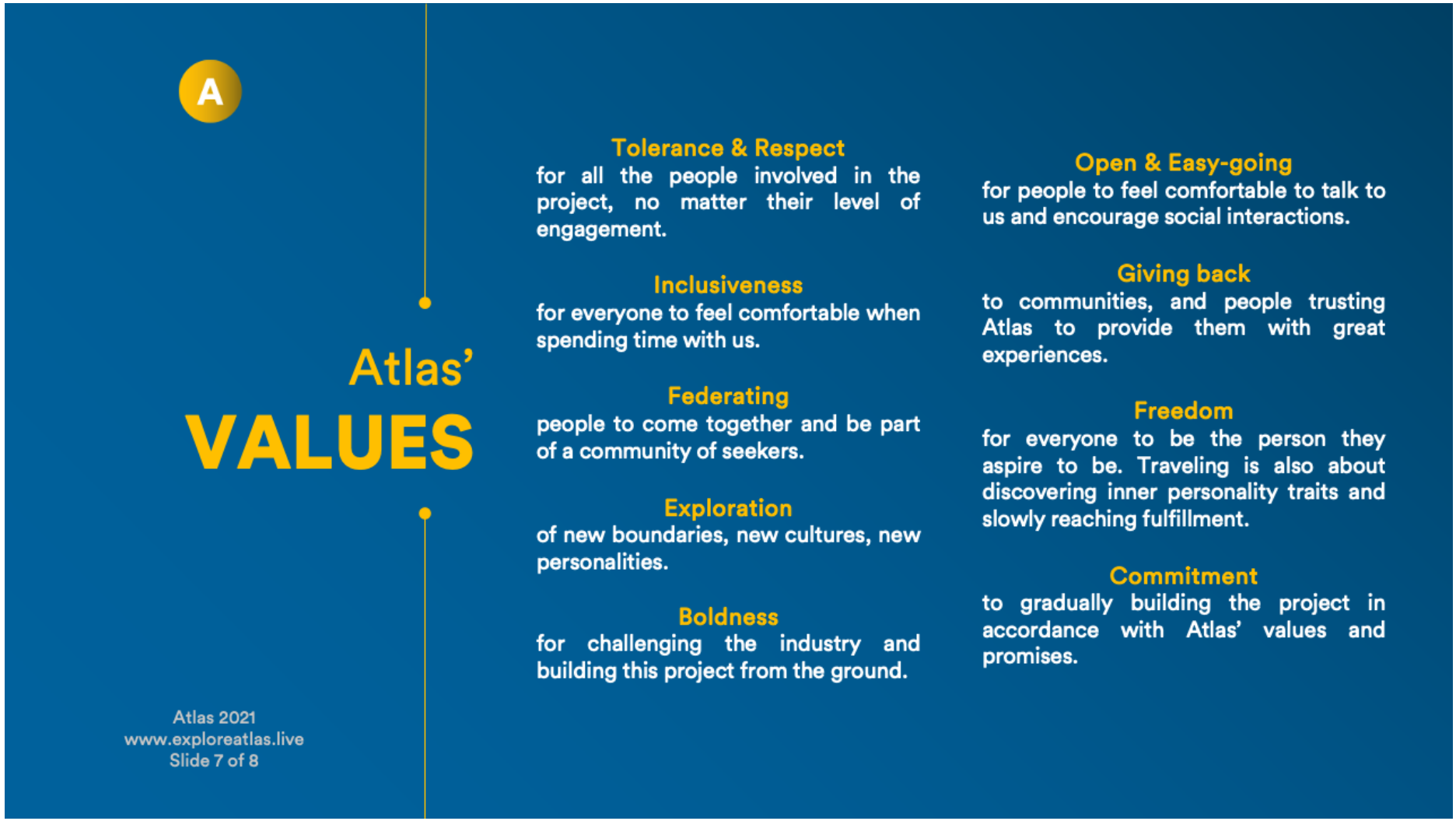
Hence, this section focuses on strategy (high-level thinking) rather than planning (ground-level execution). This part serves as a guideline set for the construction of the brand's identity. In creating these guidelines, the focus is on what messages Atlas's identity will carry, rather than its actual graphic appearance. Defining the identity is crucial in creating a matching visual chart. Inspired by what is done best on the market and what the brand's vision is, this first creating process defines what Atlas stands for.

The following content is divided into two distinct entities for intelligibility purposes: the "Brand Identity" and the Marketing and "Communication Structure". Both parts are two decks of slides composed of frameworks adapted to answer Atlas's needs. The strategy here is to set clear boundaries between branding material and PR (Public Relations) material

BRAND IDENTITY

Atlas


A
Atlas'
COMMITMENTS
Corporate Social Responsibility
Atlas' practices will answer certain environmental and ethical standards.
Cultural Intelligence
At the core of the business is the encounter between different cultures. Therefore, the ability to interpret someone's unfamiliar or ambiguous behaviors the way that person's compatriot would is key to building trust.
Social Inclusiveness
No one will be left behind. Each human being have something remarkable to share with the world. The community will benefit from the synergies of all personalities.
Responsible Travel
In line with the ecological engagement, Atlas' will participate in developing a more responsible tourism industry. The goal is to create a virtuous model for everyone to benefit from.
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Slide 8 of 8


A
Atlas'
VALUES
Tolerance & Respect
for all the people involved in the project, no matter their level of engagement.
Inclusiveness
for everyone to feel comfortable when spending time with us.
Federating
people to come together and be part of a community of seekers.
Exploration
of new boundaries, new cultures, new personalities.
Boldness
for challenging the industry and building this project from the ground.
Open & Easy-going
for people to feel comfortable to talk to us and encourage social interactions.
Giving back
to communities, and people trusting Atlas to provide them with great experiences.
Freedom
for everyone to be the person they aspire to be. Traveling is also about discovering inner personality traits and slowly reaching fulfillment.
Commitment
to gradually building the project in accordance with Atlas' values and promises.
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A

Atlas' PROMISES

Social Atmosphere

Booking a stay at Atlas is choosing a unique atmosphere; a "home-like" ambiance, whose purpose is to accelerate guests' interactions. Accommodations are places for people to feel free, safe and ready for their next big adventures.

Cozy Accommodations

The venues are designed for guests to feel relaxed, stress-free, and comfortable. They will enjoy their time in a clean and aesthetic environment.

Local Environments

The business's impact on the planet will be closely monitored and corrected. Only the processes that are beneficial for everyone will be considered.

Experiences

Provide guests with original and unique experiences to discover new places, people and cultures

Valuable Partnerships

Atlas relies on both local and global partnerships. They are carefully selected based on their fit with Atlas' vision, and eagerness to drive positive change.

Global network

The goal is to create long-term connections between individuals worldwide, beyond their stays at Atlas's venues.

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A
Atlas'
OBJECTIVES
Create meaningful friendships
Provide guests with the best environment to meet friends they haven't met yet.
Disrupt the hospitality industry
Atlas will be pioneering a new segment in the hospitality industry.
Empower like-minded individuals
Atlas will create an environment and tools for everyone to thrive and build impactful projects.
Co-create a striving sustainable ecosystem
Atlas collaborative initiatives are fundamental to creating powerful ecosystems.
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Slide 5 of 8


A
Atlas'
UTOPIA
Atlas' utopian world is a place where:
Social connections are accelerated through travel. Explorers, locals, workers and others connect; beyond the traditional tourists-businesses relationships. Their interactions seal new friendships.
Peoples' wills to travel are motivated by their curiosity and the opportunity to discover new cultures.
Accommodation services provide their guests with immersive experiences. These unique adventures are true to the culture and respective of the traditions.
Local communities are empowered by service providers, to create sustainable ecosystems.
The hosteling industry helps building barrier-free environments where compassion, tolerance and individual fulfillment thrive.
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Atlas'
SIGNATURE
BRAND
Atlas
BRAND PROMISE
Experience more.
TON OF VOICE
Enthusiastic, Passionate,
Welcoming & Personal
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Slide 3 of 8

A

Atlas' STORY

A DESIRE

Freshly arrived in Los Angeles for their studies, three Frenchies quickly wanted to meet new people. A unique opportunity had arisen: a mysterious meeting with Yes Theory, a YouTube channel they had been watching for the past 18 months. Game on!

A MEETING

Topanga Lookout Trailhead, 5 am. At least a hundred seekers are gathered on a small parking lot. They all saw Yes Theory's Instagram story a day earlier. A call for a secret mission: being part of the craziest Seek Discomfort commercial ever. The Sunrise Rave Party. This unique adventure stepped a milestone for the three guys' American experience.

AN IDEA

Afterwards, they had similar experiences and went on new adventures for another 2 years, until Covid hit. Meeting people became a digital activity. The real world was on hold.

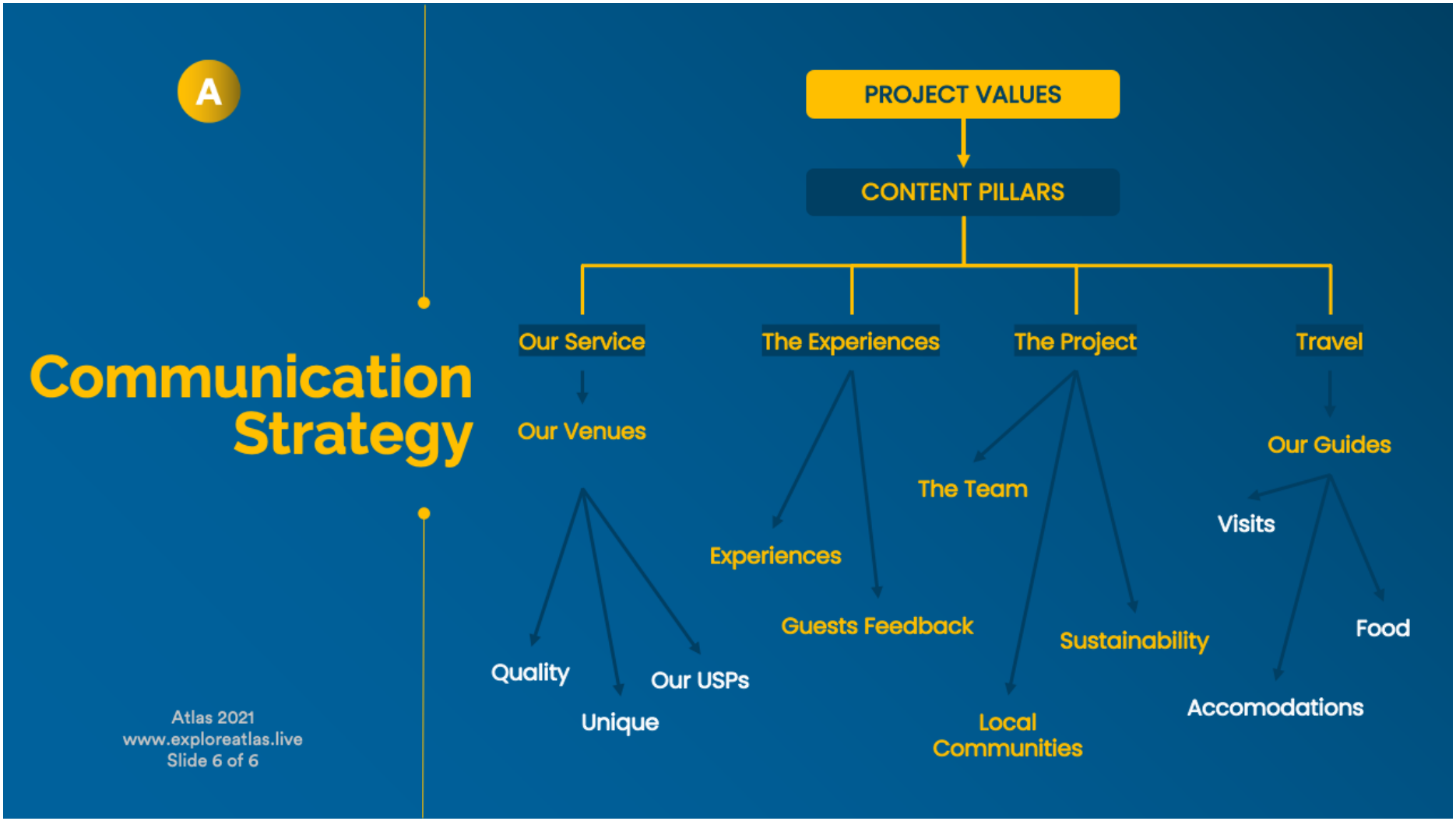
For them, a question stood out: How can they remedy to this situation after the pandemic?

An idea was revived: Reinventing the Yes House 2018 project, and make it an international experience for the travelers, seekers included, to enjoy!

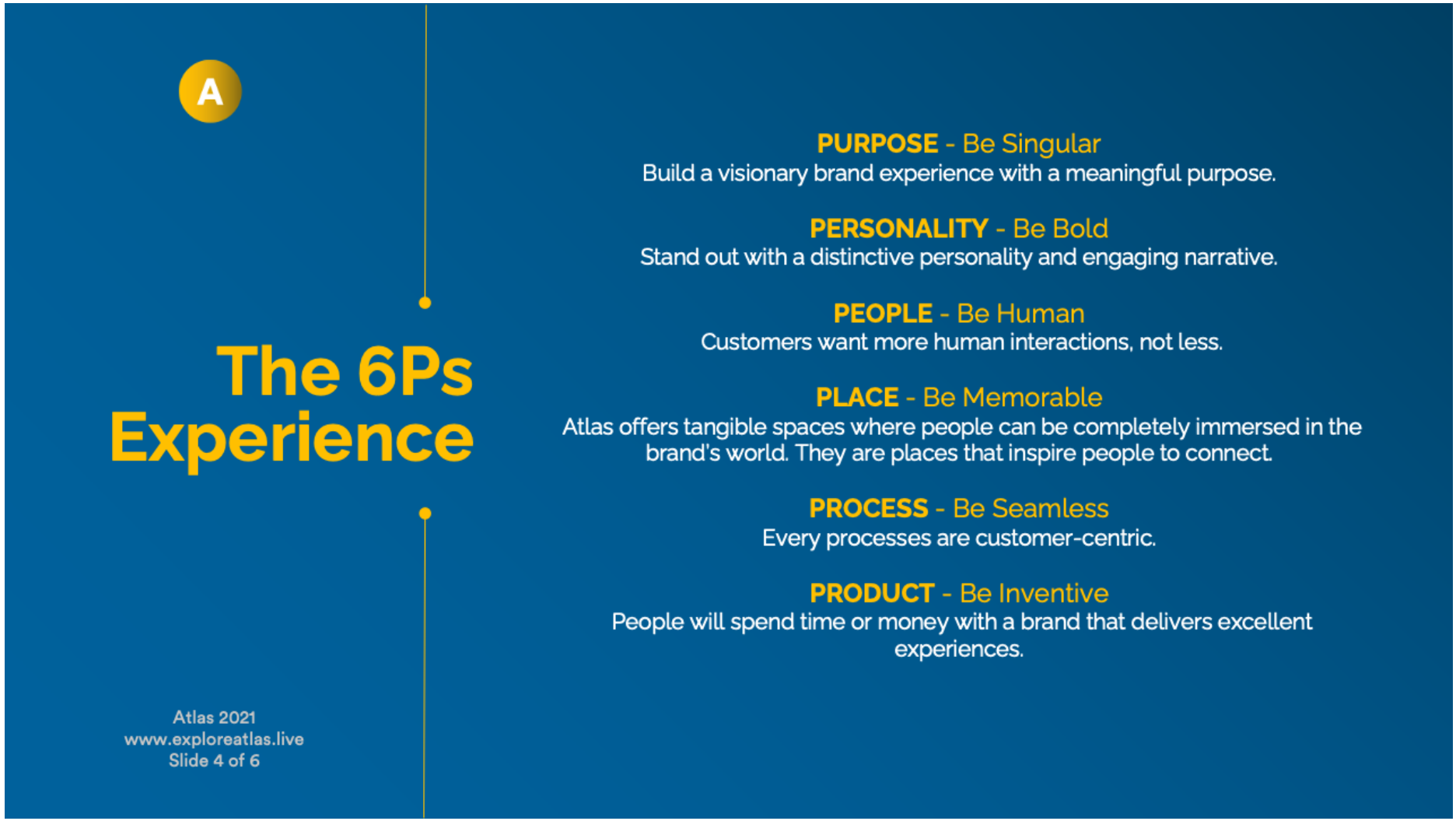
From this random idea thrown into one group call in October 2020, it became their crazy projects of months to gradually develop and build.

MARKETING & COMMUNICATION

Atlas

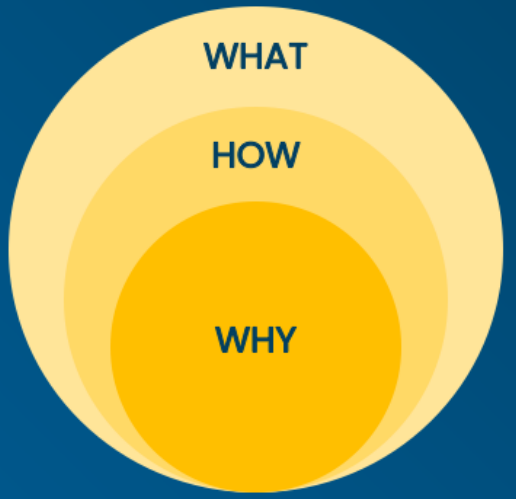

A
Communication Strategy
PROJECT VALUES
CONTENT PILLARS
Our Service
The Experiences
The Project
Travel
Our Venues
Our Guides
The Team
Visits
Experiences
Guests Feedback
Sustainability
Food
Quality
Our USPs
Unique
Local Communities
Accomodations
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A
Marketing Channels
D2C - Direct to Consumers
Paid: Social Media - SEM
Organic: Website - Social Media - SEO
OTAs - Online Travel Agencies
Paid: Indexing
Organic: Indexing
Yes Theory
Organic: Social Media
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A
The 6Ps Experience
PURPOSE - Be Singular
Build a visionary brand experience with a meaningful purpose.
PERSONALITY - Be Bold
Stand out with a distinctive personality and engaging narrative.
PEOPLE - Be Human
Customers want more human interactions, not less.
PLACE - Be Memorable
Atlas offers tangible spaces where people can be completely immersed in the brand's world. They are places that inspire people to connect.
PROCESS - Be Seamless
Every processes are customer-centric.
PRODUCT - Be Inventive
People will spend time or money with a brand that delivers excellent experiences.
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A

The Golden Circle



WHAT are we offering?
Short term living accommodation services

HOW are we unique on the market?
Our value proposition is found in the social atmosphere & the experiences offered in our venues

WHY are we doing business?
Connect people and get them to go beyond their biggest fears and reach for their wildest dreams.

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A
Minimum Viable Brand
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WHAT FIGHT
What are we fighting against?
The full digitalization of our social interactions & the feeling of impersonality in the traditional hospitality industry.
WHAT WEAPONS
What are your unique selling proposition?
Our venues will features original services and offer an overall unique customer experience through positive social atmosphere.
WHY FIGHTING
Why are we fighting against that?
To encourage the creation of real interactions and the establishment of relationships between unknown like-minded individuals. To offer places across the globe that will challenge and redefine the hospitality industry.
WHAT MOTTO
What is your motto?
Atlas, Experience more.

2.7 Customer Segment

- The Seeker: Peter
- The Open-Minded: Joana
- The Unaware: Vineet

Atlas.

2.7. Targeted Customer Segments

This section relates the three personas of Atlas. Personas are fictional characters, which are created based upon market research. They represent the different user types that might use Atlas' services in the future. Creating personas helps understanding users' needs, experiences, behaviors, and goals.

Three customer profiles are defined here based on their affiliation with Yes Theory. They range from the most familiar to the least aware of the YouTube channel.

2.7.1. The Seeker: Peter Wallman



Peter Wallman is 24 and was born in Frankfurt, Germany. He just pursued a master's in engineering at the University of Munich. Before, he majored in physics at the technical university of Berlin. He recently broke up from a year-long relationship. He met Jane, an Italian engineering student, at a party in Rome while traveling across Europe. He enjoys playing football, meeting up with friends, and occasionally playing video games on his brand-new PlayStation.

Finances: Family-backed student

Peter has a part-time student job in a bakery close to his university. He works there 15 hours a week for the minimum wage. It is an excellent complement to the monthly financial support of his parents, who both are retired managers.

Personality traits: Ambitious and introvert

Peter is an ambitious guy; he always tries to go deep into figuring out what he doesn't understand. He is introverted and will not naturally ask questions to others and is too shy to be straightforward in a discussion.

Peter is of the stubborn kind. However, he knows it and developed a relative self-awareness. As a result, he often tries to overcome his vices. He spends a lot of time observing and is extraordinarily detail-oriented. In a group setting, he is not a natural leader. He rarely commits and makes sure all his options stay widely open.

Traveler Profile: Cautious explorer

Peter unconsciously compensates for his fear of social interactions by often scrolling through his social media. His favorites are YouTube, Twitch, and Twitter. He is a consistent viewer of Yes Theory's content. He shares Yes Theory's vision and values but struggles to act accordingly.

Staying at Atlas is a way for him to adopt new perspectives by throwing himself in a new environment. He knows the social interactions and activities provided will help him achieve his vision and support his growth. In addition, he sees an opportunity to meet similar travelers, far from home: comfort in discomfort.

When traveling, Peter's typical vacation day is structured with one main activity, and he usually trusts his hosts to organize activities. Peter finds it convenient if his accommodation has a dinner place. He also likes to spend time alone listening to German rap and techno.

When traveling, Peter can be seen as a genuinely curious traveler, always trying to seek to do stuff no one else does. Peter is searching for an immersive experience, but he's scared of social oppression. He doesn't want to be forced to do anything, which might prevent him from choosing Atlas for his trip. He is not comfortable with last-minute commitments and likes to know all of the options beforehand. He will only commit once he knows them all. He can then make a sound decision.

Affinities with Atlas

His engagement with Yes Theory and the fascination he nurtures for the movement are his greatest strengths. Like many other subscribers, he would love to engage in dedicated physical environments with Yes Theory's community. His convictions make him a natural customer target for Atlas, as long as he can maintain his freedom and isn't forced into any activity.

Peter, in one sentence

A converted seeker, struggling to apply the Yes Theory's ideology in his daily life, but willing to gradually take steps towards being more outgoing.

2.7.2. The Open Minded: Joana Thiagosa



Joana Thiagosa is 22 years old Brazilian girl from Sao Paulo, where she still lives. She has a double degree in Philosophy and Economics. She speaks native Portuguese and is fluent in Spanish. Her English level is intermediate: she can understand most conversations and participate; however, her writing and reading skills are relatively poor.

She is very sporty; she regularly goes to the gym and practices yoga twice a week. She is single and happy that way; she isn't seeking a relationship. She enjoys dancing and is an avid music listener with no specific genre boundaries.

Finances: Comfortable worker

Joana has a comfortable financial situation. Her dad is a hand surgeon, and her mum manages an import/export business. Their stable financial situation always benefited their daughter, especially when she started university. Thanks to a suitable internship in a big company, she also makes her own money. She is an epicurean and does not hold back when times to enjoy come.

Personality traits: Dynamic and extroverted

Like many Brazilians, she is very outgoing and always positive. She feels comfortable in a social atmosphere and enjoys attracting attention. As an extrovert, she will easily express her opinions and thoughts. Additionally, she is sometimes called impulsive. Indeed, she likes to express her emotions instead of keeping them for herself. Being super energetic, her attention span is very low, and her mind often drifts off during a conversation

She feels most comfortable when her days are planned. She would rather come up with five backup plans than deal with events right as they occur. She has high ethical standards and keeps up with her responsibilities.

Traveler Profile: Cheerful planner

When traveling, Joana likes to prepare every step of her trip weeks in advance. She needs to make sure she knows exactly when and where she will be.

Joana is a self-improver type of traveler. She gets up early and is out late during the whole trip. She has no time to waste. Joana's vision is the following: if she plans, she can make the most out of each day. She is also a collector traveler; she travels to compile the most exceptional and exotic experiences. Joana spends hours on Instagram and cares about her followers. She likes to check the places on Instagram before visiting them. Joana is very sensitive to word-of-mouth and trusts friends or other tourists for recommendations.

Joana is an occasional viewer of Yes Theory's videos. They do not influence her directly, though she is already a natural seeker for adventures. When looking for accommodations, Joana looks at Hostelworld and Booking.com. Per her personality, she always makes sure to compare all the options before deciding.

Her main fear when traveling is not being able to make the most out of a destination. She knows her chances of returning to a destination are low; therefore, missing out on an activity or a visit is a real pain point. Joanna travels to experience new cultures and landscapes and is very open to sharing those with other travelers. However, she doesn't want the group setting to prevent her from visiting what she has on her list.

Her last concern while traveling is security. She is willing to pay a little bit more to make sure her accommodations have both solid internal and external security measures. She always makes sure before choosing a place that it is located in a safe district of the city or region she is visiting.

Affinities with Atlas

Atlas is an excellent match for Joana's personality. Yes Theory's affiliation is a caution for quality, social atmosphere, and security. Therefore, her decision-making process is affected by Yes Theory, though she will still make sure the reviews are positive.

The YouTube channels' presence also ensures the quality of the unique activities offered. Thus, it contributes to fulfilling her needs for unique experiences.

Atlas will benefit from her personality. She is the kind of genuine person that will drive the construction of social atmospheres. In addition, her stay at the hostel will strengthen her ties to Yes Theory, eventually converting her into a seeker.

Joana, in one sentence

She is an intuitive and joyful traveler, naturally eager to share experiences with people she meets while making sure she fully experiences a destination.

2.7.3. The Unaware: Vineet Prevah



Vineet is a 28-year-old Indian from Mumbai, India. He currently works as a software engineer in Seattle. He is a workaholic and regularly does overtime. Vineet loves Asian food, baseball, and technology. He is currently subscribed to Tech Crunch. He is in a 6-month relationship with Laura, an American girl. Additionally, he regularly hosts couch surfers. It allows him to meet new people while helping younger travelers.

Finances: Established tech employee

Vineet has a decent salary that regularly allows him to enjoy life and pay for small life pleasures. When the situation allows it, he invests a small portion of his income in cryptocurrencies.

Personality traits: Driven global citizen

Vineet is an extrovert up to a certain point. He likes social interactions; however, times spent alone are essential to his balance. He values innovation, ambitious projects and wants to understand the big picture. He is a decisive person who loves momentum and accomplishment. He gathers information to construct his creative visions but rarely hesitates for long before acting on them. He is a rational guy that quickly understands the value of things.

Traveler Profile: Rational Explorer

Vineet rarely takes short vacations. Instead, he is the big-break guy. He is an intrepid poshpacker who values additional comfort, style, and technology while looking for explorations and adventures. He likes to experience unusual places and discover exciting environments.

He is an escapist type of traveler. He works hard and traveling in an escaping opportunity to put life's daily difficulties on hold. He enjoys spending time in nature to reconnect with himself.

During his travels, he likes rewarding great and enriching stays or visits with positive online reviews on Google and Hostelworld. Vineet doesn't spend much time

researching a perfect location and is a regular last-minute booker. However, he enjoys it when additional services like breakfast are included.

Vineet values comfort at night. He does not need comfort during a day of exploration but enjoys a good bed once the day is over. Additionally, dirty accommodations or weak security may severely impact his experience and his behaviors.

Affinities with Atlas

His personality matches with Yes Theory's movement. His unplanned stay will encourage him to investigate on the YouTube Channel and ultimately to seek discomfort. He will find value in the community and will find a strong sense of belonging. He will likely share his experience and spread the word about the community.

Vineet is used to staying at many different hostels, but now he will more likely reiterate his Atlas experience. In addition, he will actively contribute to changing the traditional vision people have about hostel-type accommodations.

Vineet in one sentence

An explorer with no awareness of Yes Theory who will experience the community's atmosphere for the first time at Atlas, quickly join it and spread the word.

2.8 Distribution Channels

- Industry Analysis
- Atlas' Strategy

Atlas.

2.8. Service Distribution Channels

This part describes how the company intends to interact with its community and reach its customers. Channels are the touchpoints that let customers connect with the company. Most of the time, these channels are the first point of interaction, making them crucial to master.

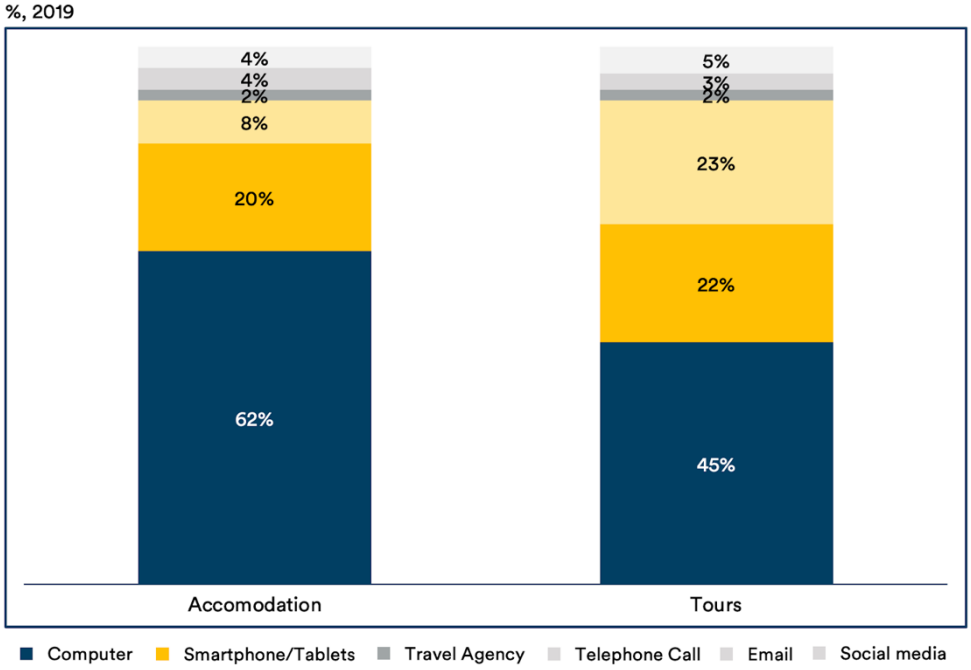
2.8.1. Industry Analysis

Before breaking down Atlas's use of the different channels, the following section focuses on how the industry has used channels for the past seven years. All mentioned graphs are the results of the New Horizon IV reports by the WYSE Travel Confederation.

Here, channels have dual purposes: generate bookings for the company and channel the communicational materials. Additionally, bookings can be analyzed through different scopes. Therefore, it is essential to differentiate booking mediums, which are the devices used to make the bookings, from the booking channels, which are the providers for such booking.

Booking medium trends are resourceful. In 2017, 80% of total bookings were generated through online services, thus connected devices. Furthermore, today's numbers are even more concentrated on such mediums. This statistic defined the first trend the report will explore. Indeed, the main focus will be on developing excellence in online distribution. Another complementary trend is that, according to Hostelworld, the times of booking on desktop computers will soon be prehistoric. Mobile devices with easy-to-navigate apps have completely transformed the way people book and experience hostels.

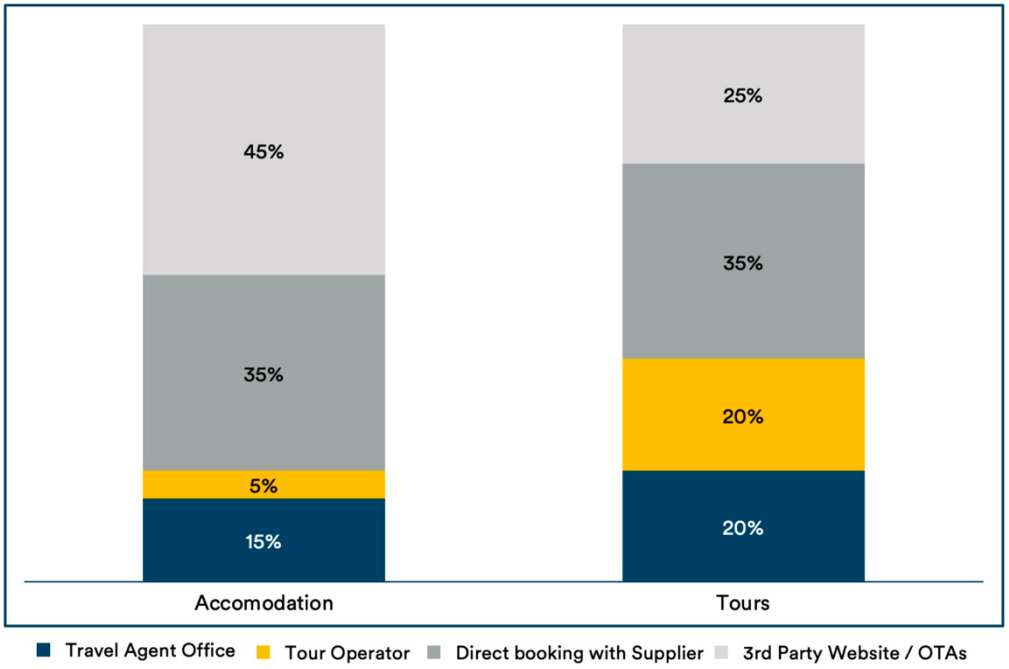
Booking medium
%, 2019



When it comes to booking channels, a dominance of both OTAs (Online Travel Agencies) and direct digital channel stands out. Indeed, 45% of the bookings go through OTAs and another 35% through direct booking with service providers.

These two channels alone account for 80% of the booking market. However, tour operators should not be wholly disregarded as they account for a more significant market share when it comes to tour operating.

Booking channels
%, 2019



2.8.2. Atlas' Strategy

A. Owned Channels - The Website

With these trends identified, Atlas's distribution strategy was imagined. For intelligibility purposes, channels are here segmented into owned and partner channels. Thus, they respectively refer to company-owned channels and third-party's channels.

As research shows, in an ever-growing digital environment, Atlas's best asset will be its website. Additionally, it will be the company's first point of differentiation from the competition.

Atlas's website will be the core owned channel. It will offer information about the place, the accommodation types, the experiences available on site, marketing content such as promotional videos, and a D2C (direct-to-consumer) platform for booking nights.

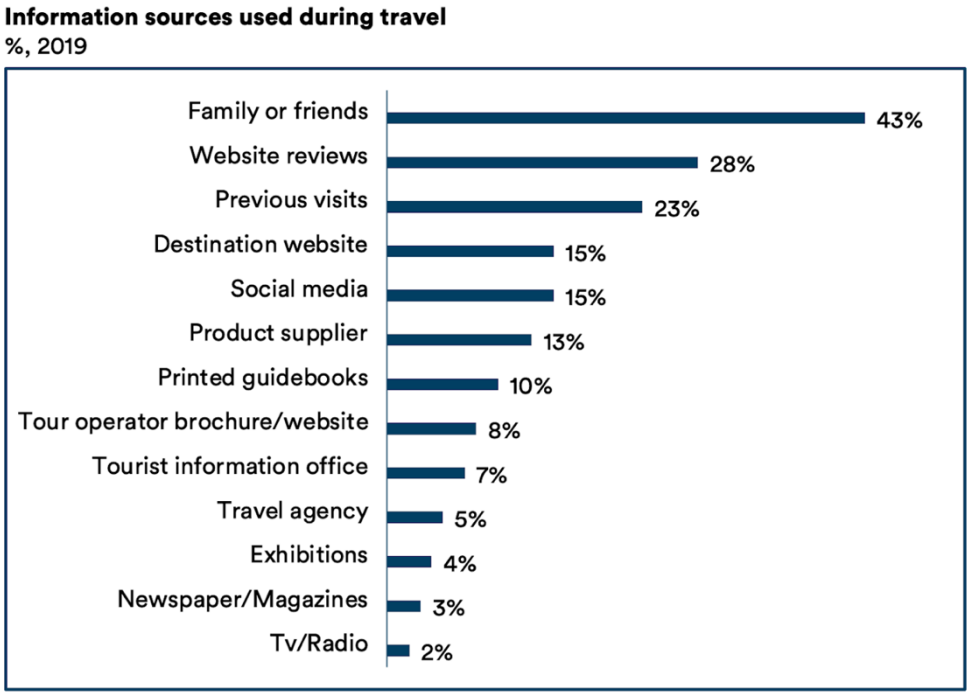
The website will be the preferred channel for booking. It offers financial advantages compared to partner platforms like OTAs. And, on the contrary to other similar businesses with no operational background, the Yes Theory partnership will ensure a severe amount of traffic and thus direct booking for the venue, leveraging the power of the community once again.

The company's website will be the digital showcase of the businesses. Unlike major competitors, the brand aims to channel communicational materials through the website. Additionally, continuously updating it with the newest content will ensure the full use of its potential. The customer's journey and experience will likely start here, which is why many efforts will be focused on this channel. The website will be the most attractive and intuitive possible to ensure the most significant number of conversions.

Travelers frequently go to great lengths to mitigate the uncertainty of a place before making a reservation, hence why most hostels need detailed, comprehensive websites, allowing potential guests to imagine their experience at the venues before they have even made their booking (Horizon IV, WYSE 2017). Therefore, if Atlas can provide helpful information, people will find it more interesting to book from the company.

Because guests will check several sources before actually making a reservation, online reviews will be essential to manage. As per the graph below, referrals are the biggest pre-trip information source, with original word-of-mouth (family & friends)

and online word-of-mouth (reviews). Accordingly, a referral program could benefit the business, increasing both word-of-mouth types.



B. Owned Channels - The App

To prepare for the future of booking experiences, Atlas plan on developing a dedicated App. It would be an extension of the website, showcasing most of its content. The app can be gradually implemented, promoted, and expanded to ensure a smooth transition between laptop and mobile dominance as a booking medium.

The app will generate an opportunity with its development to create a portal for the connected bracelet project. Indeed, a first step for the app will be to provide information for the guests regarding their bracelets. Then, they will be able to access their data on their app. A second step will see guests using their app to top up money on their bracelets directly from their phones. The NFC technology will enable data transfer between the two devices, smoothening the customers' experiences.

For example, guests would be able to check their bracelet wallet value directly from the app with a single tap on the bracelet with the phone. Beyond the sole tracking possibilities, the guests' experiences will be fully integrative.

Applications for the bracelets are numerous and still thought of (meal ordering, tour bookings, etc.). This example gives a great perspective on how the use of technologies will shape the industry's future.

C. Owned Channels - Social Media

Even though the advent of social media as a primary channel is still far from reality, it would be a great mistake to neglect the importance of the company's social media in the customer journey. As per the above graph, social media are the fourth most used information source when choosing an accommodation. And, despite the low ratio of bookings made through social media, they play a crucial role in generating social proof and information verification.

Because social media are open platforms, future guests can confront what information the company is willing to provide on its channels with what is posted by people staying there. In this perspective, social media act as upgraded versions of online reviews, which, according to WYSE Travel Confederation, is the second most used source of information.

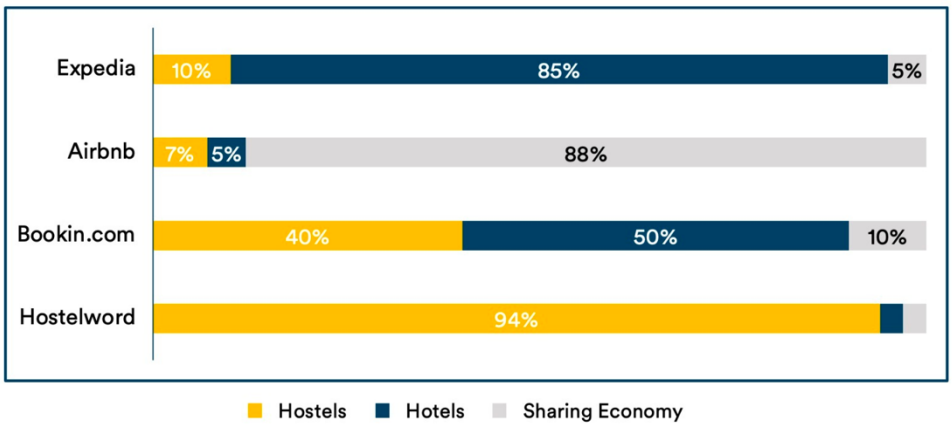
Therefore, a defined and thought strategy settlement is crucial to developing Atlas's distribution channels. This strategy will help ensure the brand is well represented online. Because Yes Theory has powerful knowledge in this matter, we believe that the partnerships could see their expertise benefit the project in this matter.

D. Partner Channels - The OTAs / Online Travel Agencies

In the industry, OTAs fuel online bookings. Indeed, OTAs account for approximately 45% of the total bookings, making it the most prominent channel for guests to book stays.

OTAs are numerous on the market, just as multiple as hostels are across the globe. So naturally, some of them have specialized in niche markets, just like Hostelworld did at the beginning of the Internet.

As observed on the graph below, Hostelworld is the leading OTA for hostel bookings. Also, Booking.com and Expedia still have their share of the market, as they account for some of the biggest OTAs on the market regardless of their niche markets.



The company's strategy is the following: First, the venues will be listed on Hostelworld, the most used hostel booking platform worldwide. It will help the company by reaching audiences unfamiliar with Yes Theory's activities.

Furthermore, Hostelworld has had a rising supply concentration since the "Web Reservations International" (WRI), the parent company of Hostelworld, acquired its main competition, HostelBooker, in May 2013.

Secondly, Atlas will use Booking.com to defy the status quo and prove that hostels' accommodation type no longer rhymes with dirty and cheap places but with viable and fun options.

Up until a few years back, Airbnb was developing and focusing solely on the P2P (Peer to Peer) markets of short-term housing rentals. However, Airbnb is willing to attract new customers by entering new markets. Therefore, they allow for the distribution of hotels and hostel services on the platform. In addition, Airbnb continues to build strong brand affinity with generations Y and Z, translating to growth in the youth travel accommodation market.

Therefore, the company will reinforce its presence by listing the properties on Airbnb. It will secure diversified reservations. Indeed, Airbnb's position on the market offers exposure to users that were potentially not interested at first in Atlas's type of accommodation, but that will maybe reconsider when seeing the listings on the platform.

E. Owned Channel - On-site Booking

On-site booking will be available at Atlas's properties. Commitment to keeping this channel answers the companies' values. Despite having connected venues, the brand values spontaneity. This trait is a crucial pillar in the Yes Theory philosophy. Yes, HQ is ready to embrace it for all the people who will decide at the very last

moment to finally enjoy a night (or several) at the company's venues. The estimated walk-in bookings are 13%, according to WYSE's latest polls.

F. Technical Tools & Software

Now that properties have secured exposure to a maximum of potential guests, tools need to be set up accordingly. Instruments are complex and must coordinate bookings across all the different booking mediums and channels.

Channel managers have emerged over the years, making it super convenient to manage all vending channels. They directly connect with the venue's bedding system. A channel manager is software for managing non-direct bookings across multiple channels like OTAs.

The challenge here is to connect Atlas' own PMS and property management systems to channel managers to coordinate data automatically. Such automation will ensure the full functionality of the bedding systems with the vending channels. For example, GuestCentrix Hospital software, a PMS system, connects with CheapSleep, which allows data transfers between PMS and the online channels. As a result, the PMS will receive bookings from the channel manager and the booking widget and then automatically update the available beds or rooms to the channel manager and the booking widget.

G. Conclusion

Because Atlas plans on making the most of its website, having a selected number of premium channels is the best way to promote the brand. Atlas will additionally benefit from Yes Theory's brand exposure, maximizing reach.

Expanding the online reach is also fundamental to the company's revenue strategy. Increasing distribution partnerships will lead to growing demand, allowing for better yield opportunities.

The healthy balance between owned and partner channels will help reach Atlas's goals in terms of online exposure, ensuring the sustainability of the business on the demand side.

2.9 Cost Structure

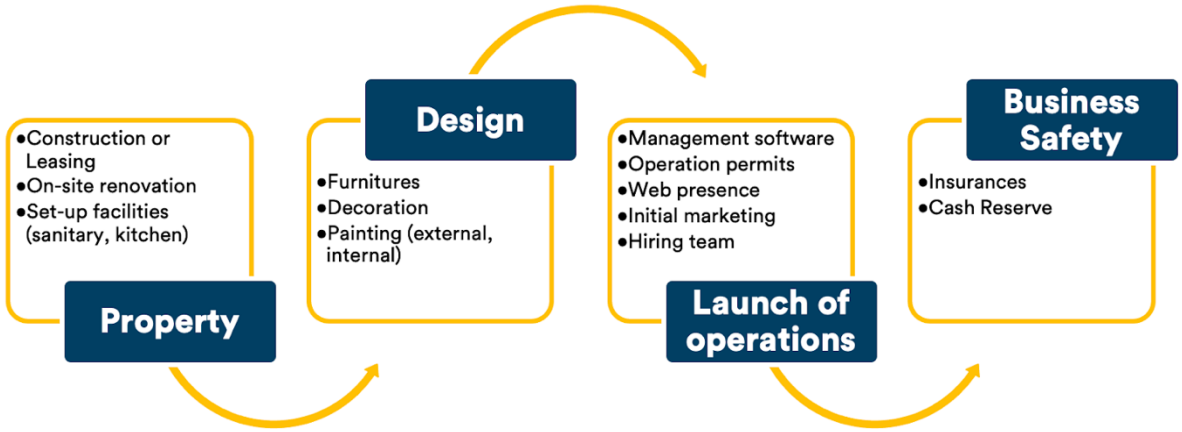
- Initial Investment & Set Up Costs
- Cost Structure

Atlas.

2.9. Cost Structure

This part is an overview of the costs that will occur first to build the project and then operate the first venue.

2.9.1. Initial investment & set up costs



The initial investment is always necessary to launch a new business. It represents the set-up costs, which are the ones only occurring once, for the sole purpose of initiating the business operations.

The first obvious but essential cost that will occur in the initiation phase is property acquisition. It is the most consequent investment of the initial investment. However, buying a property is not the only option there is. To undermine the importance of this investment, one can make use of leasing or renting agreements.

The second part of the initial investment is the construction or renovation of the concerned building. Multiple steps will be necessary to make the hostel ready to operate. Tasks range from electrical circuits, plumbing equipment, kitchen set up, painting processes, and security measures enforcements.

The next step is furnishing the hostel with good furniture and appliances. It is where the design concepts & the strategic organization of the hostels intervene. They have an impact on the brand image and the positioning of the business. For example, a limited budget would lead to strategic decisions. One can wonder what area of the business requires more funds.

Multiple miscellaneous expenses will be necessary to start the business. This can include the purchase of management software licenses or accounting software, exceptional inventories, and supplies. Additionally, some crucial investments like vehicles or benchmarking trips might be essential to the company's daily operations.

Another important cost to keep in mind is the initial marketing and web implementation, with social media's strategy enforcement and the website set up. These expenses are essential in raising awareness and create attraction towards the launch of the project. In the case of Atlas, this might include the organization of a Yes Theory video around the project, for example.

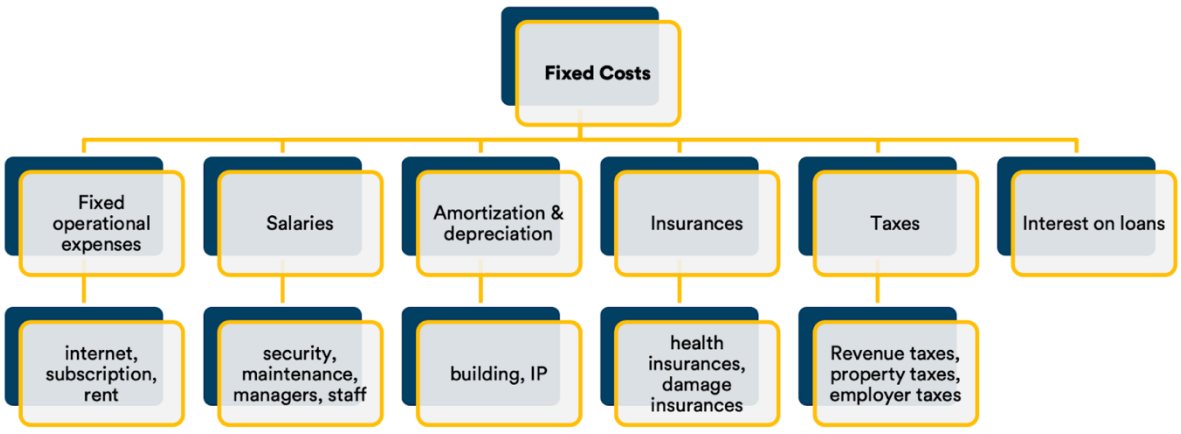
In some cases, it will be required to pay some implementation permits to start a business. For example, it is the case for foreign investments in the United States. Therefore, this type of expense will not be disregarded in the estimations.

The last element of initial investment is the buffer, also called a cash reserve. This money will not be spent on anything but instead kept as a safeguard for the start of the business. It will act as a cushion for the team to feel comfortable running the business through any difficulties. The reserve amount depends on multiple factors but is generally calculated using the total monthly spending of the company. Experts recommend having three months' worth of expenses.

2.9.2. Cost structure

Variable costs and fixed costs are the two types of costs that the company will incur when operating. Variable costs vary with the amount of output produced, and fixed costs remain the same no matter how much the company makes.

A. Fixed Costs



Fixed Operational expenses

Fixed operational costs represent all recurring expenses regardless of the revenues. It includes internet plans, entertainment plans, and management software subscriptions (e.g., Cloudbeds is 236$/month). According to the decision model,

they can also include the rent of the hotel building (if any). This cost is closely related to the chosen location.

Salaries

Wages are an essential part of the fixed expenses. It is particularly true for Atlas, which grants immense importance to staff. The social atmosphere, thus the customer satisfaction, partly depends on them. And, their motivation depends, amongst other factors, on an excellent financial remuneration. These fixed expenses are incurred for all the people and the business's payroll, whether in charge of guests, maintenance, management, or security.

Insurance

Insurances are another crucial monthly-billed expense. They are essential in ensuring the relative safety of the business as a whole. It concerns tangible (property & equipment) or human resources (employees). In both cases, protecting these assets is crucial in creating a healthy and trustworthy environment. Insurance is not a cost to avoid for businesses like Atlas.

Amortization & Depreciation

The cost of business assets like buildings can be expensed each year over the life of the asset. Amortization and depreciation are ways of calculating the value of those business assets. The amounts are subsequently used as a tax deduction reducing the tax liability for the business. Amortization is the practice of spreading an intangible asset's cost (e.g., intellectual property such as a patent) over that asset's useful life. Depreciation is the expense of a fixed tangible asset over its useful life.

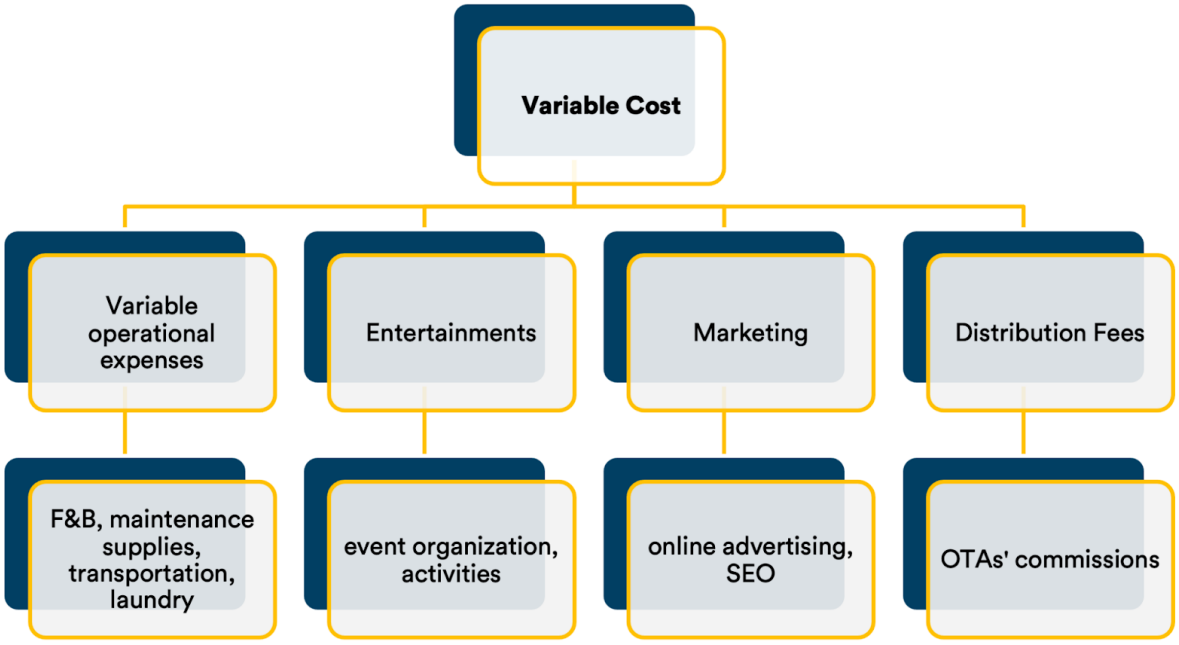
Taxes

Taxes generally represent a fixed cost, especially in the case of property taxes. Therefore, taxes are usually paid by the property operators (corporation or individual) based on the value of the concerned estate. Local governments are generally responsible for setting property tax rates.

Interest on loans

There are multiple types of loans that will be considered into fixed costs. The main types of loans used by businesses are commercial loans, term loans (specific repayment schedule), and acquisition loans (for special equipment).

B. Variable Costs



Variable operational expenses

These expenses are all daily operations-related costs. They include food & beverage expenses to operate the kitchens, cleaning and maintenance costs, and all the more minor expenses one can think of.

Entertainments

The project is centered around social interaction, and because entertainment brings people together, this variable cost might represent one of the most important ones. Organizing events such as inviting a music band to perform at one venue, for example, can be considered variable costs.

Marketing Expenses

Marketing expenses are variable costs the brand will incur. Forms are various depending on the purpose. For example, online advertising will vary according to the monthly planning of the brand. Another type of variable marketing expense can be SEA, search engine advertising. This latter one has become crucial in ensuring exposure during the booking processes.

Distribution fees



These fees are paid to online platforms or partners for each booking. These fees include OTAs' fees and travel agent commissions. As a result, OTAs have the power to outspend just about any independent supplier. Typically, in Europe, OTAs will charge a commission per booking between 10 and 25%. In Spain, for example, Expedia charges 18% per booking and Booking.com 15%.

2.10 Pricing Strategy

- Pricing
- KPIs & Metrics

Atlas.

2.10. Pricing Strategy & KPIs

2.10.1. Pricing strategy

A. Dynamic Pricing according to seasonal demands:

Atlas will implement dynamic pricing strategies on the pricing rate structure. It will create different price levels for each product matching the various demand patterns.

The price matrix will consider timing dimensions to differentiate pricing for weekends, weekdays, events, holidays, etc. Consequently, an extensive demand calendar will be created to identify yield opportunities throughout the year. It will therefore allow a fluctuation of prices according to the booking forecasts.

This pricing method has multiple advantages. It improves the business flexibility, its ability to maximize profits by saving time and costs. However, it also presents some drawbacks with more likely negative consumer sentiments resulting in sales losses and decreasing customer loyalty. In addition, it increases the risk of aggressive price wars with competitors.

B. Category Pricing – Private, Mixed Dorms, Female Dorms

Hostel-like accommodations tend to use a “bottom-up” strategy. As a result, the cheapest dorm rooms sell first, and private rooms come last or go unsold during lower-demand days. This phenomenon can easily be leveraged into profit maximization by boosting yields on cheaper beds during high-demand seasons (Hostel Business Metrics, 2019).

C. Value-based strategy

Atlas’s pricing strategy is the following: higher prices than the average market, justified by the excellent quality of the business’s value proposition, namely the social atmosphere and the experiences.

Even though features like security and cleanliness were the unique deciding factor of pricing for customers, Atlas does not plan to leave them behind. However, the company believes that such parameters are apparent and should only be regarded as standards. Atlas will therefore challenge the market by adding a new dimension, the “social atmosphere”. The goal is to make it the most price-sensitive factor, ultimately leading to an immense comparative advantage for the company.

2.10.2. KPIs & Metrics

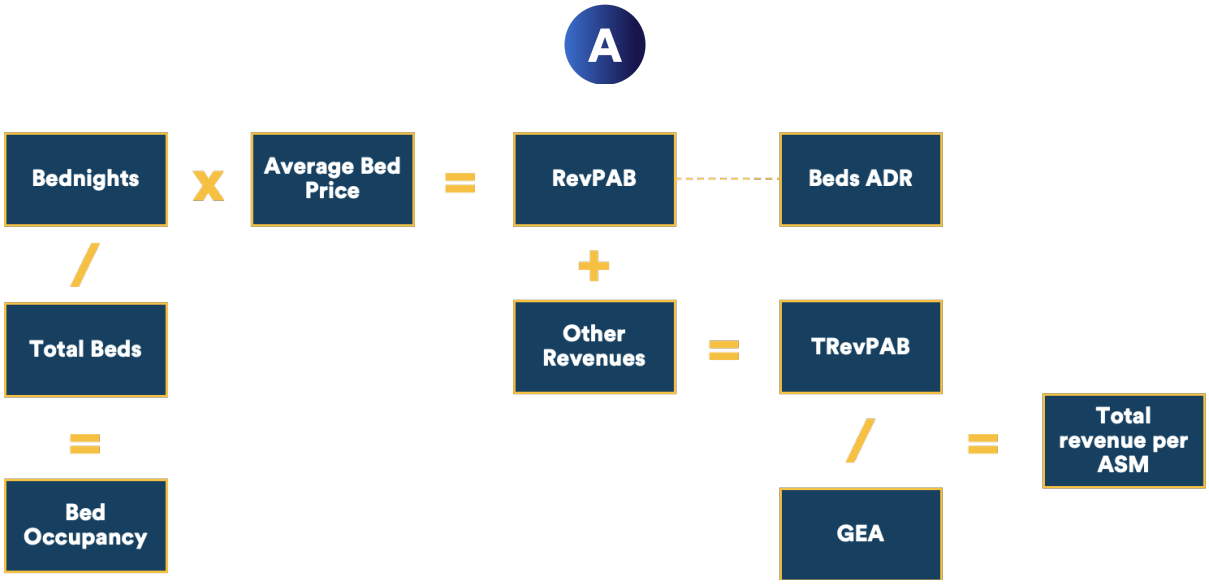
Key performance indicators (KPIs) are essential tools to track a business's performance. They refer to a set of quantifiable measurements used to gauge a company's overall long-term performance. KPIs specifically help determine a company's strategic, financial, and operational achievements, especially compared to those of other businesses within the same sector.

The industry uses four measurements: beds, total rooms, private rooms, and the Gross External Area. GEA is the total floor area of all habitable and non-habitable spaces on a property.

Market benchmarks are performed according to four other measures: beds available, corresponding to the supply, beds sold, corresponding to the demand, beds revenue, including all related fees, and additional revenues from side activities.

Therefore, the industry's KPIs are the following:

1. **Overnight**: Number of people that stayed the night.
2. **Bed night**: Number of beds used during the night.
3. **Bed Occupancy**: Bed sold / bed available
4. **ABP - Average Bed Price**: Average price paid per bed for a specific period
5. **ADR - Average Daily Rate**: Bed revenue / bed sold
6. **RevPAB - Revenue per Available Bed**: Bed revenue / beds available
7. **TrevPAB - Total Revenue per Available Bed**: (Beds revenue + other revenue) / beds available
8. **ASM - Total Revenue per Available Square Meter**: (Beds Revenue + Other Revenue) / (GEA x Days in Month)



To conclude, Hostels can be surprisingly profitable due to their ability to generate high revenue and operating profit per square meter. Typically, hostels have less wasted spaces, leading to higher-margin square meters. Although the rate per bed may not be profitable alone, additional services and revenue streams will drastically improve the revenue per square meter.

3.1 Budgeting Forecasts

- Sales Forecast
- Expense Forecast
- Income Statement

Atlas.

3. Financial Analysis

3.1. Budgeting Forecast

Financial analysis is key when it comes to evaluating a project's viability and likeliness to succeed. It is used to evaluate risk and company's performance over time, as well as measuring progress against predetermined goals, or the overall industry.

This part is meant to give you an understanding of what we will be needed in the foreseeable future. In this part, Atlas has developed four main analyses based on the Madrid case study to better understand how Atlas revenues, cash-flow and profits will evolve in the next five years. The analysis includes a sales forecast to predict core KPIs, revenues from beds and other activities. The expenses budget will give great insights on how the cost will impact Atlas' operational activity. The income statement will showcase the overall financial evolution of Atlas, and profits over time. Finally, Atlas has developed a cash-flow analysis to accurately identify outflows and inflows of cash within the company, in the first five years.

Additionally, a balance sheet has been added, to demonstrate further analysis the company will be creating when the project is moving forward. So, a deeper financial forecast will have to be made as we move forward in the project.

3.1.1. Sales Forecast

In uncertain times like this one, every company is looking for predictable revenues to rely on. Businesses are often relying on their ability to forecast sales, to drive their entire growth strategy and expansion model.

Sales forecast analysis have three main objectives:

- It helps make better business decisions, plan budgeting, and assess risk.
- It supports each company in allocating their resources for future growth and managing its cash flow.
- It assists sales teams to achieve their monthly goals and identify opportunities or roadblocks in their sales pipeline.

Atlas will be using an internal sales forecast to estimate customer growth over the next 3 to 5 years, as well as estimating their monthly revenues. As a first step, Atlas has already developed forecasted analysis for the first opening in Madrid, based on industry average and internal analysis. However, as the first hostel open, it will be necessary to look at past-performance and budgets to accurately predict the future.

Case study Madrid - Healthy and diverse revenues sources

Atlas Madrid will offer a total of 77 beds ranging from dorms of 4, 6 and 10 persons, and private rooms. Atlas rooms will be priced from 27 to 35 euros in normal seasons and will subsequently change according to demand state and dynamic pricing.

According to Atlas' forecast, average revenue per bed is likely to evolve overtime, as the hostel gains traction and market share. It will start with a yearly RevPAB of 24.05 euros and reach an average of 29.48 euros, based on an increase in occupancy rate (from 71% in Year 1, to 82% in Year 5).

Additionally, as explained in Atlas business model, revenues will come from various sources including beds, food & beverages, experiences, and miscellaneous, representing respectively 56.4%, 20.16%, 20%, and 2.6% of Atlas' total revenue.

Overall, Atlas' revenue will steadily increase over the first five years, growing at a 12.1 CAGR. In 2027, Atlas' revenues are expected to reach 1.88 million euros, with an average 5,169 euros revenue per night.

	Forecasted Sales (2023-2027)				
	2023 (€)	2024 (€)	2025 (€)	2026 (€)	2027 (€)
Core Sales					
Overnights	1852	1902	1986	2137	2270
RevPAB	24,05	24,70	25,79	27,75	29,48
Total Revenue from Beds	**675 982**	**694 157**	**724 839**	**779 949**	**828 415**
Additional Sales					
Overnights	88	112	138	157	181
RevPAB from miscellaneous	1,14	1,45	1,79	2,04	2,35
Total revenue from miscellaneous	**32 040**	**40 752**	**50 308**	**57 241**	**65 906**
Overnights	658	837	1034	1176	1354
RevPAB from experiences	8,55	10,88	13,43	15,28	17,59
Total Revenue from experiences	**240 298**	**305 642**	**377 310**	**429 304**	**494 297**
Overnights	680	865	1068	1225	1365
RevPAB from F/B	8,84	11,24	13,87	15,91	17,72
Total Revenue from F/B	**248 308**	**315 830**	**389 887**	**447 153**	**498 067**
TRevBed	**42,58**	**48,26**	**54,88**	**60,97**	**67,13**
Overnights	**3 278**	**3 716**	**4 226**	**4 695**	**5 169**
Total Sales expected for each year	**1196 627**	**1356 381**	**1542 343**	**1713 647**	**1886 686**

3.1.2. Expense Forecast

Budgeting expenses is crucial for the longevity of a company. This analysis helps to understand how much the forecasted sales are going to cost. It is essentially a spending plan for Atlas' money to ensure that it will always have enough cash to run the business. It is simply balancing revenues with expenses to build a sustainable and healthy business.

The expenses budget is often divided into two main areas:

- Fixed expenses: Fixed costs represent all costs recurring monthly no matter the revenues.
- Variable expenses: Costs related to daily operations and that often fluctuates based on sales and number of guests.

This analysis is essential to predict future expenses and build strong financial indicators for Atlas.

Case study Madrid: Expenses likely to keep low as business expands

Atlas will have several core expenses to manage to keep the business operational. It includes fixed expenses such as salaries, insurance, and rent, and variable expenses including utilities, marketing or food & beverage.

As mentioned in Atlas executive summary, Madrid hostel will hire 7 persons, and all members of the staff will be paid with above-average salary to ensure satisfaction, engagement, and professional fulfilment. Salaries will represent a yearly charge of 135k euros, slightly increasing over time due to inflation, benefits and pay raise.

Leasing the property will also represents a major cost in operating Atlas' business. Based on an industry analysis, the required surface to welcome 77 persons is around 800 square meters, including living rooms, bathrooms, and other amenities. Therefore, the cost of renting a place in the center of Madrid would be set at 180,000 euros annually. In addition to a monthly rate, Atlas will invest in renovation before the grand opening, which would cost around 800€/ square meters, as well as furniture such as beds, kitchen, sofa, costing around 120k euros.

Lastly, Atlas Madrid would have to pay taxes and insurance for staff members, guests, and the property. It is estimated at around 100k euros annually.

Variable expenses will represent around 50% of total expenses in Year 1, and slowly increase to represents 62% of Atlas expenses in Year 5. Some variable expenses will range from marketing campaign (around 35k per year), distribution fees (15-18% of bed revenue), and food & beverages inventory (about 30% of total expenses).

Overall, fixed, and variable costs will evolve gradually to remain significantly low and offer good operating margin over time. As Atlas expand its network of hostels, the company will leverage economies of scale to keep prices low and competitive.

	Forecasted Expenses (2023-2027)				
	2023 (€)	2024 (€)	2025 (€)	2026 (€)	2027 (€)
Fixed Expenses					
Salaries and benefits	135 516	142 292	149 406	156 877	164 721
Insurances & Taxes	93 346	96 451	100 871	107 802	114 138
Rent & Mortgages	180 000	180 000	180 000	180 000	180 000
Fixed Operational Expenses	7 200	7 200	7 200	7 200	7 200
Total Fixed Expenses	**416 062**	**425 943**	**437 478**	**451 878**	**466 059**
Variable Expenses					
Operational Services	19 200	19 200	19 200	19 200	19 200
Utilities	10 140	10 412	10 873	11 699	12 426
Experiences and Entertainments	168 208	213 949	264 117	300 513	346 008
Marketing, Advertising & Promotions	33 799	34 708	36 242	38 997	41 421
Distribution fees	60 838	62 474	65 236	70 195	74 557
Food & Beverages Inventory	124 154	157 915	194 943	221 807	255 387
Total Operational Expenses	**416 340**	**498 659**	**590 610**	**662 412**	**748 999**
Total Expenses	**832 402**	**924 602**	**1 028 088**	**1 114 290**	**1 215 058**

3.1.3. Income Statement

Finally, the income statements and projections are simply the additions of both analysis - Sales and Expenses. This analysis is crucial to understand how much money Atlas will generate, and consequently rebalanced its strategy based on past performance.

Linked with the Cash-Flow statement, the Profit and Loss Analysis is probably the most significant information for a business. Indeed, the whole business model and core activities are essentially based on the income generated and the free cash available for use. The income statement is also the best analysis to evaluate a business profitability and likeliness to succeed in the long run.

Case study Madrid: Strong predicted performance with high EBITDA

Atlas offers a very healthy and strong growth in revenues and profits. Atlas' total operating revenue will likely reach 1.87m euros by Year 5, growing at 12% CAGR. In addition, Atlas' gross margin ratio equals 30% in Year 1, and 36% in Year 5. The increase in margin is due to better allocation of resources and economies of scale.

Atlas' EBITDA represents 24.9% of operating revenue in Year 1, or 298.5k euros and expects to grow at a 19.1% CAGR over the next 5 years. In Year 5, the company's EBITDA is likely to represent 31.8% of the operating revenue, reaching a total of 600k euros.

Over the first five years of Atlas Madrid, the company is likely to generate a net profit of 18%, reaching 338.8k euros in 2027.

Forecasted Income Statement (2023-2027)					
	2023 (€)	2024 (€)	2025 (€)	2026 (€)	2027 (€)
Operating Revenue	1196 627	1356 381	1542 343	1713 647	1886 686
Cost of services sold	-832401	-924601	-1028087	-1114290	-1215057
Gross Operating Profits	**364 226**	**431780**	**514 256**	**599 357**	**671 628**
Selling/General Admin Epenses	-65 748	-67 035	-68 387	-69 807	-71297
Research & Development	-	-	-	-	-
EBITDA (Operating Income before depreciation)	**298 478**	**364 744**	**445 868**	**529 551**	**600 331**
Depreciation & Amortization	-54 667	-54 667	-54 667	-54 667	-54 667
EBIT (Total Income before Interest Expenses)	**243 811**	**310 077**	**391202**	**474 884**	**545 665**
Interest Expense	-6 012	-6 012	-6 012	-6 012	-6 012
Income before tax	**237 799**	**304 065**	**385 190**	**468 872**	**539 653**
Corporate Income Taxes	-59 450	-76 016	-96 297	-117 218	-134 913
Net Income from Total Operations	**178 349**	**228 049**	**288 892**	**351654**	**404 739**

3.2 Financial Statements

- Cash Flow Statement
- Balance Sheet

Atlas.

3.2. Financial Statements

3.2.1. Cash Flow Statement

Cash is king. Cash is what drives business operations, activities, financing and eventually, profits. It is the core pillar for a business to have long-term success. The cash-flow statement is essential to maintain a healthy operational system and deliver sustainable value to our customers. Atlas' cash-flow analysis will be used as an ally to grow the business and make it last over time.

The cash flow statement will help understand the movement of money within the company, over time. In other words, it gives a new approach on how to use financial resources of the hostel to finance on-going activities. Additionally, it will support Atlas management strategy and help better understand its financial situation. As audit requires, cash-flow is divided into three main segments - operating, investing and financing.

Cash from operating activities would represent the bed revenue and additional incomes generated by Atlas, but also the cash outflows to pay fixed and variable expenses (e.g wages).

Cash flow from investing activities will help identify investments made by Atlas and potential return on the long-term. This may include investment in property, equipment, and potential acquisitions of existing hostels.

The financing segment represents all activities related to financial resources such as loans, debts, and shares. This portion of the statement helps visualize what enables the raising of more capital and expansion to new destinations, as well as developing the international presence of the vision. For instance, the YES theory community could participate in financing the project by purchasing shares and eventually receive dividends of their investments.

Case Study Madrid: Strong growth in cash enabling rapid expansion

Atlas will open its first hostel in Madrid using both bank loan (500k euros) and private investment from Yes Theory, ourselves and other investors (around 500k euros). This initial amount will allow the team to make strategic decision to acquire furniture, sign multi-year contract with a property owner, and start the renovation of the property to align with Atlas' promises.

Atlas cash flow will increase at a 44.5% CAGR each year, representing a total of 2.2m euros in Year 5.

Over time, Atlas will strategically be using its cash to invest in other properties and open new hostels worldwide. Atlas' investors will therefore receive dividends only after Year 3-5, when Atlas is on track for a healthy success.

Forecasted Cash-Flow Statement (2023-2027)						
		2023 (€)	2024 (€)	2025 (€)	2026 (€)	2027 (€)
	Cash at begining of year	530 000	504 214	942 005	1412 173	1774 446
CF from Operating acitvities						
Cash receipt from						
	Customers	1196 627	1356 381	1542 343	1713 647	1886 686
	Other Operations	0	0	0	0	0
Cash paid for						
	Inventory purchases	143 354	177 115	214 143	241 007	274 587
	General O&A expenses	678 532	605 195	664 538	716 406	775 751
	Wages expenses	135 516	142 292	149 406	156 877	164 721
	Interest	-6 012	-6 012	-6 012	-6 012	-6 012
	Income taxes	59 450	76 016	96 297	117 218	134 913
Net CF from Operations		**233 214**	**437 792**	**520 268**	**605 369**	**677 640**
CF from Investing activities						
Cash paid for						
	Purchases of P&E	760 000	0	0	0	0
Net CF from Investing activities		**-760 000**	**0**	**0**	**0**	**0**
CF from Financing activites						
Cash receipt from						
	Borrowings	501 000	0	0	0	0
Cash paid for						
	Repayment of loans	0	0	50 100	50 100	50 100
	Dividends	0	0	0	115 557	140 662
Net CF from financing activities		**501 000**	**0**	**-50 100**	**-243 096**	**-269 053**
Net increase in Cash		**-25 786**	**437 792**	**470 168**	**362 273**	**408 587**
	Cash at the end of Year	504 214	942 005	1412 173	1774 446	2 183 033

3.2.2. Balance Sheet

Running a business requires a consistent model to visualize current assets, liabilities, and available equity. The balance sheet provides a snapshot of these essential resources and helps business owners to ideally allocate existing assets to provide great value for their customers.

Assets represent tangible and intangible holdings that will create long-term value for the business. They can be converted in cash instantly and often represent the total value of the company. Also, assets are an important factor to raise capital as they are a good illustration of a company's strengths and potential.

Liabilities refer to what the company owes to third-party entities (banks, suppliers, etc...), meaning loans, mortgages or accounts payables. Also, the liability side is essential to understand how the company finances its activities, either by its own funds or borrowed cash.

The equity is referring to the amount of cash invested by shareholders and capital left after all liabilities have been covered.

To conclude, assets always equal liabilities plus equity and define the company's valuation. It is crucial to have the right balance of these three components to ensure the success of the project.

For the accuracy of the model, Atlas has decided to develop a balance sheet only after initial management decisions have been decided. Indeed, the balance sheet is a more elaborate analysis of all the company's resources. Therefore, additional models will be developed to accurately evaluate Atlas' success over time.

BALANCE SHEET				
ASSETS			**LIABILITIES & EQUITY**	
Current Assets:			**Current Liabilities:**	
Cash at Hand		x	Accounts Payable	x
Cash at Bank		x	Sales Taxes Payable	x
Accounts Receivable		x	Payroll Taxes Payable	x
Inventories		x	Income Taxes Payable	x
Prepaid Expenses		x	Accrued Wages Payable	x
Notes Receivable		x	Unearned Revenues	x
		x	Bank Overdraft	x
		x	Short-Term Loan Payable	x
	Total Current Assets	x	**Total Current Liabilities**	x
Fixed Assets:		x	**Long-Term Liabilities:**	x
Vehicles		x	Long-term Bank Loans Payable	x
Furniture and Fixtures		x	Mortgage Payable	x
Equipment		x	**Total Long-Term Liabilities**	x
Buildings		x		
Less:	Accumulated Depreciation	x	Total Liabilities	x
Land		x		
	Total Fixed Assets	x	**Capital & Reserves**	x
			Capital	x
Other Assets:		x	Add: Net Profit	x
Trademarks, IP		x	Less: Drawings & Dividends	x
	Total Other Assets	x	**Net Capital**	x
Total Assets		x	**Total Liabilities and Equity**	x



Definitions

[1] **Seeking discomfort:** Seeking discomfort is all about stepping outside of your comfort zone to accomplish incredible things you would have otherwise chosen not to do.

[2] **Digital nomads:** A person who earns a living working online in various locations of their choosing (rather than a fixed business location).

[3] **Posh packers:** Derived from the concept of an "upscale-backpacker" or as Wikipedia defines it, "Poshpacking: a portmanteau of posh and backpacking, refers to backpacking with more style and money."

[4] **Posh hostels:** Portmanteau combining the words posh and hostel. The term refers to upscale/luxury hostels that deliver the style and comfort of boutique hotels, while staying in the price range of hostels.

[5] **NFC Technology:** Near-Field Communication is a set of communication protocols for communication between two electronic devices over a distance of 4 cm or less. NFC offers a low-speed connection with simple setup that can be used to bootstrap more-capable wireless connections.

[6] **SWOT Analysis:** Strengths, Weaknesses, Opportunities, Threats.

[7] **CAGR**: Compound Annual Growth Rate.

[8] **B-Corp Certification:** Certification for businesses assessing the overall positive impact of the company.

[9] **CCTV:** Closed-circuit television is a TV system in which signals are not publicly distributed but are monitored, primarily for surveillance and security purposes.

[10] **Amortization & Depreciation:** A & D are two methods of calculating the value for business assets over time. Amortization is the practice of spreading an intangible asset's cost over that asset's useful life. Depreciation is the expensing of a fixed asset over its useful life.

[11] **KPIs:** A performance indicator or key performance indicator is a type of performance measurement. KPIs evaluate the success of an organization or of a particular activity in which it engages.

[12] **Posh hostels:** Portmanteau combining the words posh and hostel. The term refers to upscale/luxury hostels that deliver the style and comfort of boutique hotels, while staying in the price range of hostels.

[13] **T&T:** Travel & Tourism.

[14] **FDI:** Foreign Direct Investments are investments made by a firm or individual in one country into business interests located in another country.

[15] **GST:** Goods and Services Tax is an indirect tax used in India on the supply of goods and services.

[16] **EX rates**: Exchange rate is the value of one currency for the purpose of conversion to another.

[17] **Enterprise Resources Planning (ERP):** Enterprise resource planning is the integrated management of main business processes, often in real time and mediated by software and technology.

[18] **Customer Relation Management (CRM):** Customer relationship management is a process in which a business or other organization administers its interactions with customers, typically using data analysis to study large amounts of information.

[19] **Supply Chain Management (SCM):** The management of the flow of goods and services, between businesses and locations, and includes the movement and storage of raw materials, of work-in-process inventory, and of finished goods as well as end to end order fulfilment from point of origin to point of consumption.

[20] **Online Travel Agencies (OTAs):** OTA is a web-based marketplace that allows consumers to research and book travel products and services, including hotels, flights, cars, tours, cruises, activities and more, directly with travel suppliers.

[21] **UNDP :** The United Nations Development Programme is the global development network of the United Nations.

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Appendix 1 – Design Moodboard

