

BUSINESS MODEL & EVIDENCE PLAN / 02

An agency that compounds.

Mustard Studio

A repeatable delivery system for agencies.

The model, the unit economics, and the evidence required before an investor conversation. Prepared by Modern Mustard Seed.

Planning targets are not traction. No paid customer count, audited revenue, or realized margin is claimed in this document.



A second engine for an existing agency.

The initial buyer already sells creative or digital work. Mustard Studio gives that operator a way to organize software and agentic delivery around the same client relationship.

LAYER	THE VALUE	REVENUE BASIS
Workspace	The client brief, work versions, review, and handoff remain together.	A set Studio access package.
Reusable delivery	Proven work becomes the agency's next starting point.	Account expansion based on agreed scope and runtime.
MMS fulfillment	The agency retains the client. MMS builds an agreed deliverable.	A fixed wholesale package.
Owned asset	A complete product is scoped, built, deployed, documented, and transferred.	An existing MMS package or fixed custom quote.

Why the agency remains central

The agency brings distribution, client trust, taste, and accountability for the outcome. The Studio earns its place by reducing lost context and making the delivery record reusable. Model access by itself does not establish this advantage.

The first product test

One agency completes a real client engagement from intake through accepted handoff, then repeats the workflow for a second useful artifact. Measure that loop before claiming a software factory.

A sale is a sequence of receipts.

The commercial loop is attached to the same private client space that holds delivery. Scope, acceptance, payment evidence, kickoff and client review can be reconciled without moving the client into an unrelated legacy office.

RECORD	WHAT IT PROVES	WHAT IT DOES NOT PROVE
Issued fixed proposal	The agency stated the retail scope, price, recurring terms and required initial payment.	A client accepted or paid.
Verified client signature	The assigned client accepted the exact immutable proposal snapshot.	Money was collected or revenue earned.
Agency payment receipt	The agency recorded an amount and provider reference after checking its own payment account.	Automatic provider reconciliation or MMS platform revenue.
Production release	Signature, required initial payment evidence and kickoff inputs are present.	A deliverable is complete.
Released delivery and review	The agency shared approved work and the client recorded its decision.	A published case study without separate client permission.

White-label revenue remains distinct. The agency retail agreement is not the MMS wholesale order. MMS platform and fulfillment revenue must be supported by the separate agency contract and reconciled payment records. Do not count the agency client transaction as MMS revenue.

Current payment integration uses agency-owned HTTPS payment pages and manual receipt verification. A direct agency payment connection is the next integration for automated reconciliation. Email delivery returns provider identifiers; an unknown outcome is not reported as sent.

Fixed packages. Room to grow.

Launch packages set October 5, 2026. The agency pays MMS for access and selected active client runtimes. It sets its own client price. MMS production remains a separate fixed-scope engagement.

PACKAGE / MONTH	PRICE	RUNTIME	DIRECT COST LIMIT
Studio Pro	\$497	\$100	\$198.80
Studio Partner	\$97	\$10	\$38.80
Essential / client	\$49	\$10	\$19.60
Growth / client	\$99	\$25	\$39.60
Scale / client	\$199	\$60	\$79.60

The cost limit is a management target: price divided by 2.5. It includes the runtime allowance plus attributable data, hosting, payment fees and support. Staying within it produces 60% gross margin before shared overhead, acquisition and taxes. Measure actual costs; this is not reported profit.

No platform setup fee. Month to month. The signed agreement names the packages and allowance; MMS activates the budget after payment verification. New paid work pauses at its limit. No automatic overages. Unused allowance resets monthly.

MMS controls Studio AI, provider credentials and runtime from Master Studio. Agencies and clients authorize their own business accounts with sign-in. Advertising, merchant processing, fulfillment and outside subscriptions are named separately in the agreement. Included usage is never charged twice.

Changes to what MMS built are included. New deliverables receive a new fixed-scope engagement. Existing MMS retail prices stay intact.

Profit begins with attribution.

INPUT	DEFINITION	EVIDENCE
N	Active paying agencies.	Subscriptions and payment receipts.
P	Average net recurring revenue per agency.	Collected recurring revenue after credits and refunds, divided by N.
V	Average direct recurring cost per agency.	Provider and direct delivery costs attributed to accounts.
F	Shared monthly operating cost.	Hosting, database, storage, support, staff, and software not already in V.
S and D	One-time revenue earned and its direct cost.	Completed milestones, signed scope, and attributed costs.
A	Acquisition spending.	Sales cost allocation, campaigns, tools, and commissions.

Recurring gross profit = $N \times (P - V)$

Recurring revenue = $N \times P$.

Gross margin = $(P - V) / P$, when P is positive.

Operating contribution = $N \times (P - V) + S - D - F - A$.

Recurring break-even accounts = ceiling($(F + A) / (P - V)$), when P exceeds V. Excluding one-time revenue makes the recurring business carry its own costs.

Setup cash is not recurring revenue. A cost reservation is not settled spend. A proposal is not a sale. Operating contribution is not net profit; reconcile taxes, financing, and all remaining costs. Include the founder's delivery and support work in the internal cost ledger.

Bound the work before it runs.

COST FAMILY	REQUIRED RECORD	CONTROL
Language and images	Usage plus provider receipt, attributed to agency.	Budget reservation before paid execution; bounded tasks.
Virtual computers	Session/task record and provider charge.	Timeout, concurrency limit, stop control.
Voice	Vapi calls, cloned-voice synthesis, and provider invoices.	Package minutes and verified overflow behavior.
Mail and connected apps	Exact external action and provider outcome.	Owner review; no blind retry after an unknown result.
Hosting and storage	Invoices, usage, and retention settings.	Attribution, alerts, and account separation.
Commerce and print	Merchant and fulfillment receipts.	Merchant owns charges unless the signed package includes them.
Delivery and support	Internal cost allocation by account.	Margin review after support and included changes.

The provider bill is measured, not guessed

These categories are not quoted vendor prices. The live provider configuration and invoices determine actual cost. A connected account is not evidence that every requested action is supported.

Stress test before growth

Double model and computer usage. Halve new-account conversion. Include the highest support load seen in a retained account. Keep the signed package price fixed while evaluating the scope and runtime of future offers.

A target, with the math visible.

Illustrative mix: each agency buys the \$497 Studio Pro and ten \$49 Essential client runtimes. Monthly revenue per agency is \$987. At the 60% gross-margin floor, direct costs must stay within \$394.80. These are planning assumptions, not paid-account results.

AGENCIES	RECURRING REVENUE	DIRECT COST CEILING	GROSS PROFIT
10	\$9,870	\$3,948	\$5,922
25	\$24,675	\$9,870	\$14,805
50	\$49,350	\$19,740	\$29,610
100	\$98,700	\$39,480	\$59,220

At 25 agencies in this mix, \$14,805 remains for shared overhead, acquisition and taxes. An agency charging ten clients \$199 retains \$1,003 after the \$497 Studio fee and \$490 runtime bill, before its own delivery and operating costs. The agency chooses its retail price.

Do not guess lifetime value.

- CAC = acquisition spending / new paying agencies.
- Realized payback = CAC / monthly gross profit per agency.
- Gross customer churn = agencies lost / agencies at the start.
- Revenue retention = ending recurring revenue from the starting cohort / that cohort's starting recurring revenue.

Exclude newly acquired accounts from cohort revenue retention. Compare expansion and contraction separately. Payback is meaningful only when monthly account gross profit is positive. Avoid lifetime-value claims until enough retained cohorts exist to support them.

Evidence before acceleration.

GATE	PLANNING TARGET	RELEASE DECISION
Dogfood	One complete MMS engagement, plus a second useful artifact.	Keep artifacts, approvals, costs, and recovery steps.
10 paying agencies	At least 70% approve one useful artifact within 7 days.	Fix recurring onboarding and delivery failures.
25 paying agencies	At least one 90-day cohort; 80% paid retention target.	Prepare a dated investor update if records reconcile.
50 paying agencies	70% recurring gross margin target after direct delivery costs.	Increase acquisition only after support and runtime stay within the model.

Secondary adoption target

At least 60% of activated agencies deliver a second approved artifact within 30 days. Measure distinct approved work, not visits or prompts.

Learning and referral growth

Both plans include 24 lessons, 48 skill-check questions, and practice labs. Eligible new-agency referrals earn a one-time 20% Studio credit on the first full-price subscription after payment verification and a 30-day settlement period. Track the credit as acquisition cost. The referral desk records approval and invoice application.

The first acquisition motion

Research six relevant businesses per week. Qualify the fit from a public primary source, prepare an individual message, and review it before sending. Track source-to-qualified, qualified-to-reply, reply-to-pilot, and pilot-to-paid conversion.

The first eight researched candidates are an evaluation list. They are not customers, warm introductions, endorsements, or evidence of demand. No messages were sent in preparing this plan.

Only what the records can carry.

Proposed distribution gate: 25 paying agencies and at least one 90-day cohort. Passing the gate starts an evidence review; it does not establish fundraising readiness by itself.

INCLUDE	VERIFY AGAINST
Paid accounts and recurring revenue	Payment receipts, subscription ledger, refunds, credits, and cancellations.
Cohort behavior	7-day activation, second-artifact use, 90-day customer and revenue retention.
Economics	Provider, delivery, support, acquisition, and shared operating costs.
Execution quality	Approved artifact count, required human repair, failed task recovery, and incidents.
Risk concentration	Large accounts, fulfillment partners, provider dependencies, and account-isolation evidence.
Three client examples	Written publication permission, original brief, accepted output, and a documented result.

The narrative

Mustard Studio helps an established agency turn its client knowledge and delivery judgment into repeatable software and agentic work. The proof is a second successful delivery, retained accounts, attributable costs, and an agency that can operate the system itself.

Source register

Studio launch packages: lib/studio-control/packages.json, set October 5, 2026. Provider references: platform.claude.com/docs/en/about-claude/pricing and vercel.com/docs/sandbox/pricing, checked October 4. MMS retail sources checked October 3: lib/demo-order.ts, data/demo-agent.ts and data/proposal-menu.ts. The replicated service catalog records the source SHA-256. Research sources and dates are stored with each prospect.

No reconciled paid-account, revenue, or provider-cost dataset was supplied for this document. All gates and margin figures above are management targets. Update the evidence table with measured results before investor distribution.