

Brokerage Firm Scalability & Financial Growth Strategy

A roadmap to \$443M EBITDA through institutional focus and rigorous cost management.



Extreme scalability relies on a 15-month payback period despite high upfront costs.

The brokerage model requires significant upfront capital (\$545k) but achieves profitability by Month 6 through aggressive scaling. Success hinges on two pivots: prioritizing Institutional Funds over retail and managing execution costs.

1,140x

Growth Multiple

Year 1 EBITDA: \$388k to
Year 5: \$443M

15

Months to Payback

Break-even achieved in
Month 6

\$150k

Institutional AOV

Primary Revenue Lever

40%

Clearing House Fees

Of Revenue (Must be
Managed)

Market share capture drives owner income from \$388k to \$443M in five years.

The financial trajectory assumes tight execution on platform stability and regulatory navigation. While Year 1 EBITDA sits at a modest \$388,000, the model demonstrates massive scalability, projecting a jump to \$443 million by Year 5.

Key Drivers

- Platform stability
- Regulatory navigation
- Rapid market share capture



Institutional Funds are the revenue engine, generating 100x the value of retail trades.

Revenue concentration is heavily skewed toward Institutional Funds. While retail investors generate activity, the Institutional segment is the primary lever for capturing platform revenue.

Institutional AOV



\$150,000

Retail AOV



\$1,500

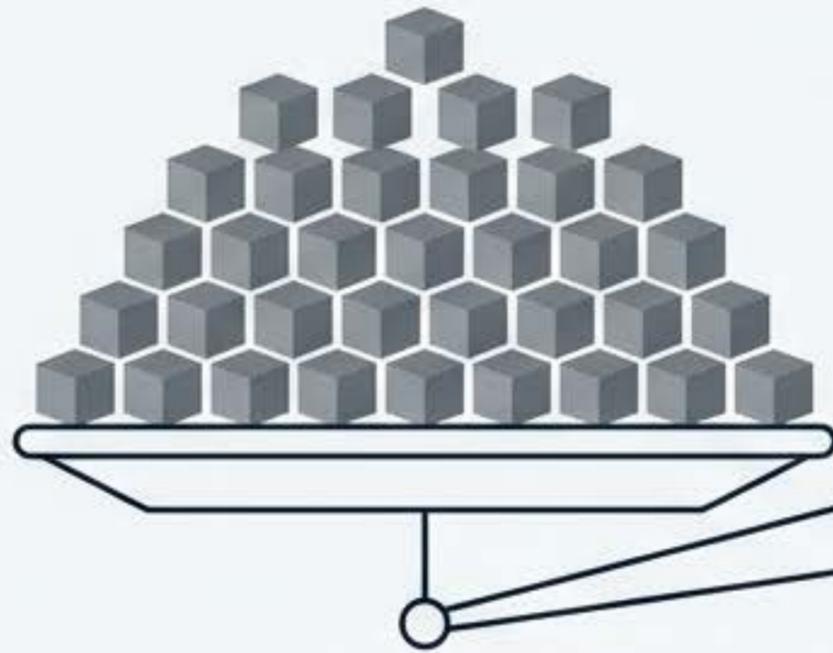
100x Value Multiplier

Strategic Directive: Resources must be focused on onboarding and servicing these large accounts first.

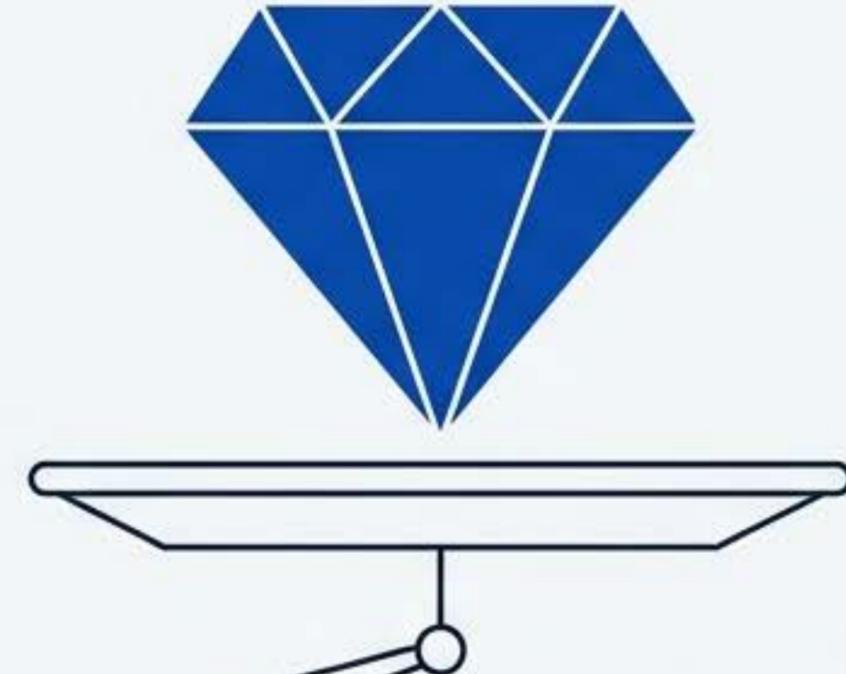
High retail transaction volume must not mask low contribution margins

Retail investors drive the sheer volume of daily transactions, but their per-trade value is substantially lower. High transaction counts can be deceptive; the operational support structure must be scalable and low-touch.

 Operational Noise



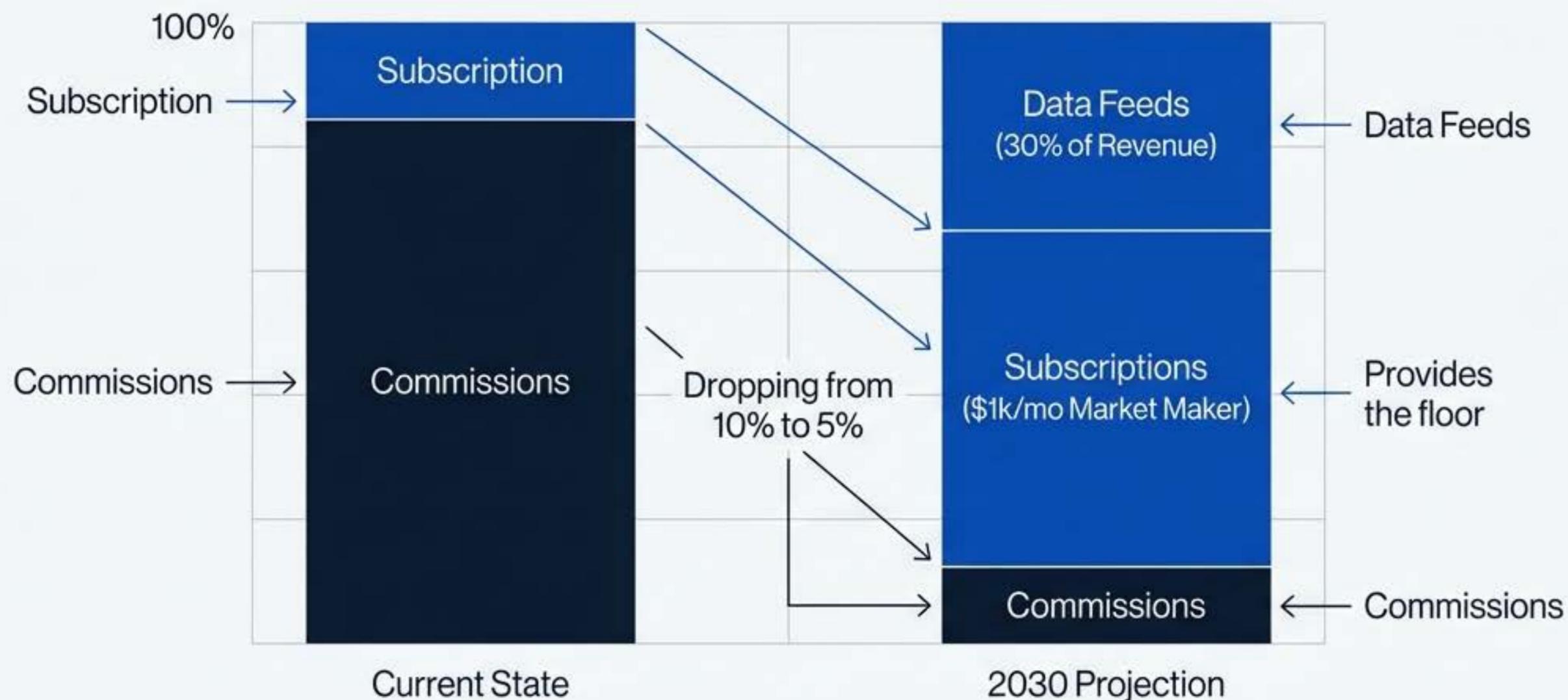
Retail Volume
(High Activity / Low Contribution)



Institutional Volume
(Low Activity / High Contribution)

Recurring subscription revenue stabilizes the business against commission compression

Variable commissions are projected to fall from 10% to 5% by 2030. To counteract this halving of trade revenue, the business must pivot to recurring fees.



Seller acquisition costs are 20x higher than buyers, making retention non-negotiable.

There is a massive gap in acquisition costs. Because the Seller CAC is so high, the model fails if sellers churn before generating significant Lifetime Value (LTV).



Buyer CAC: \$100

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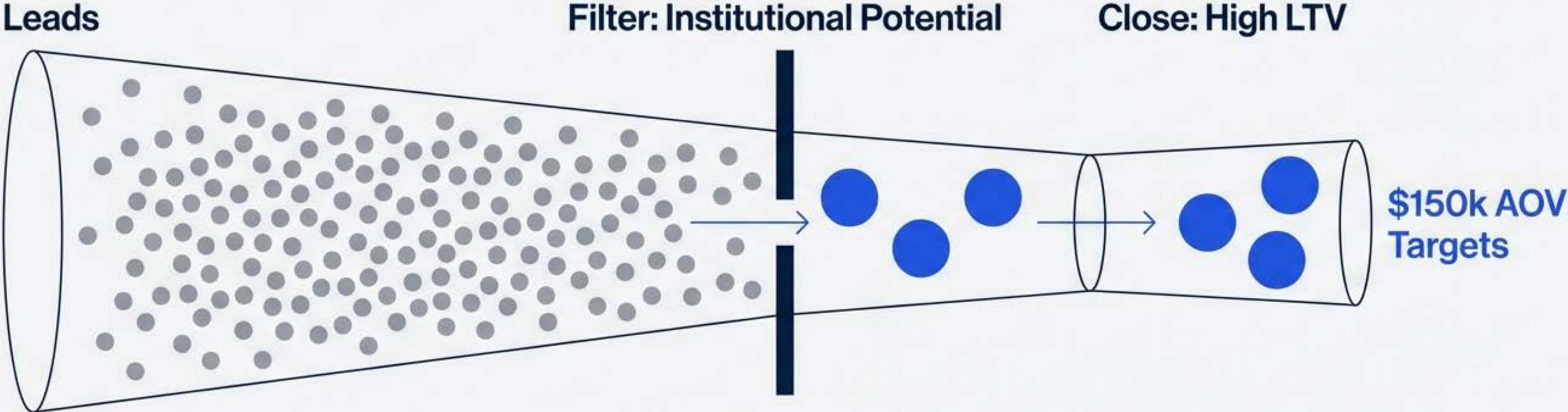
Seller CAC: \$2,000

Fact

Breakeven on Seller CAC requires 2 months of \$1,000/mo subscription fees.

Sales resources must target institutional accounts to offset high acquisition costs

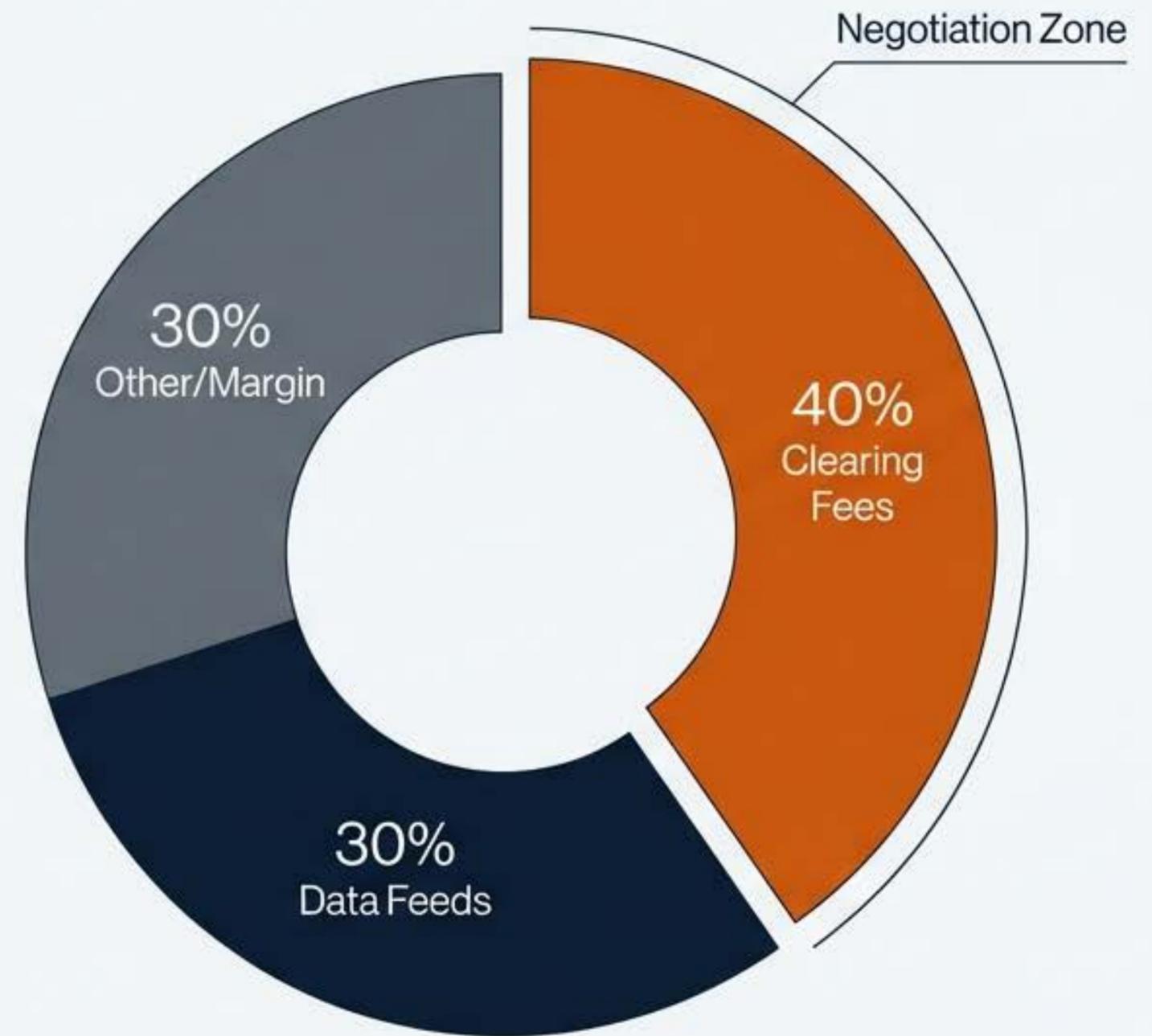
To cover the cost of one high-cost seller acquisition, the firm needs to secure at least one Institutional client every 13 months. Sales teams must deprioritize low-yield retail leads.



Fixed Overhead (\$1M wages) + ⚠ Seller CAC (\$2,000) = Need "Whale" Accounts to Cover Spread

Clearing House Fees consume 40% of revenue and represent the primary margin lever.

70% of variable spend is tied to execution partners. Reducing Clearing House fees by just 5% via tiered volume negotiation creates an immediate 2% lift in gross margin.



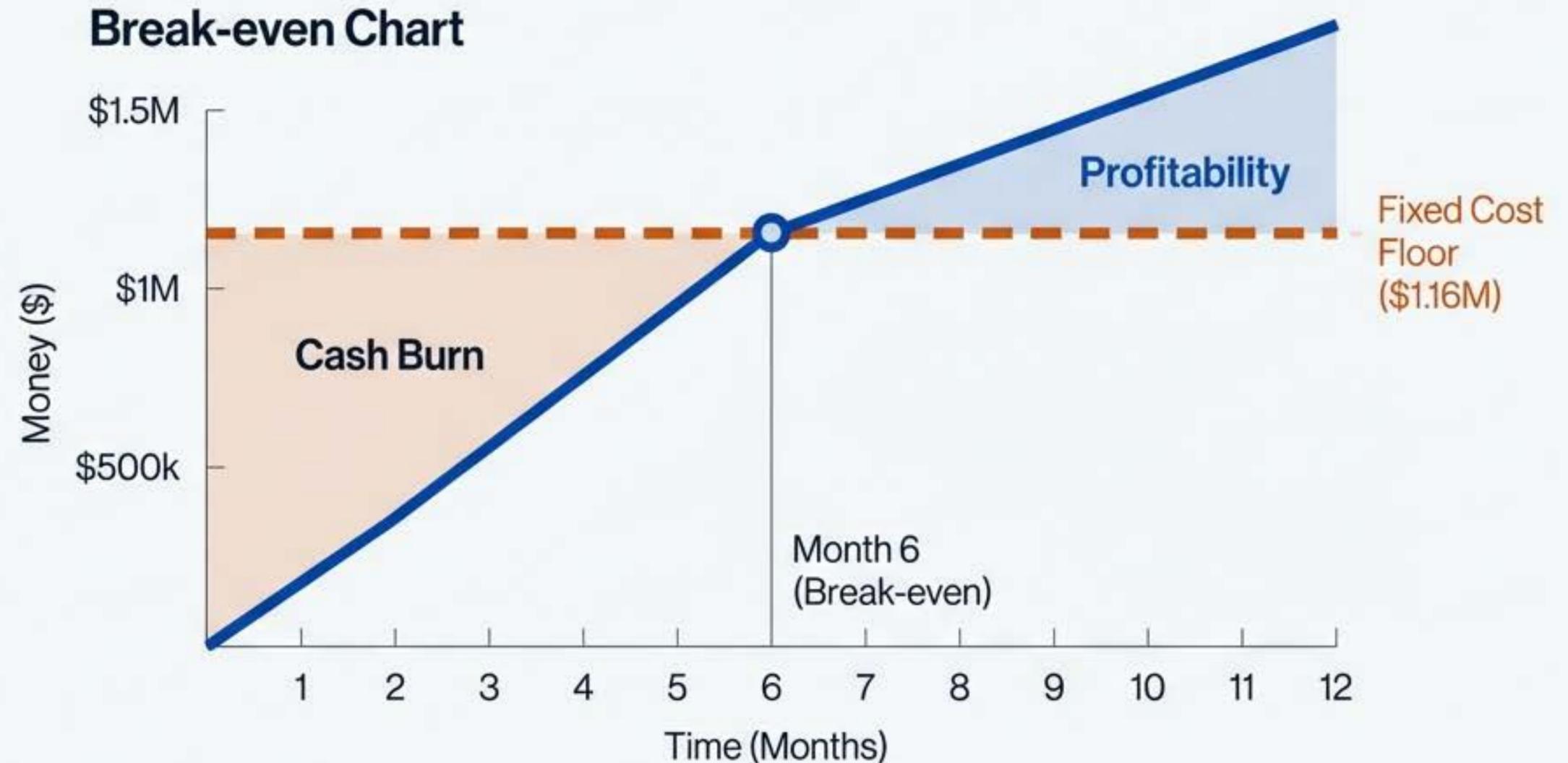
↗ **Action:** Negotiate Volume Tiers.

➔ **Impact:** 5% Fee Reduction = 2% Gross Margin Lift.

High fixed wages demand immediate sales velocity to cover a \$1.16M annual floor

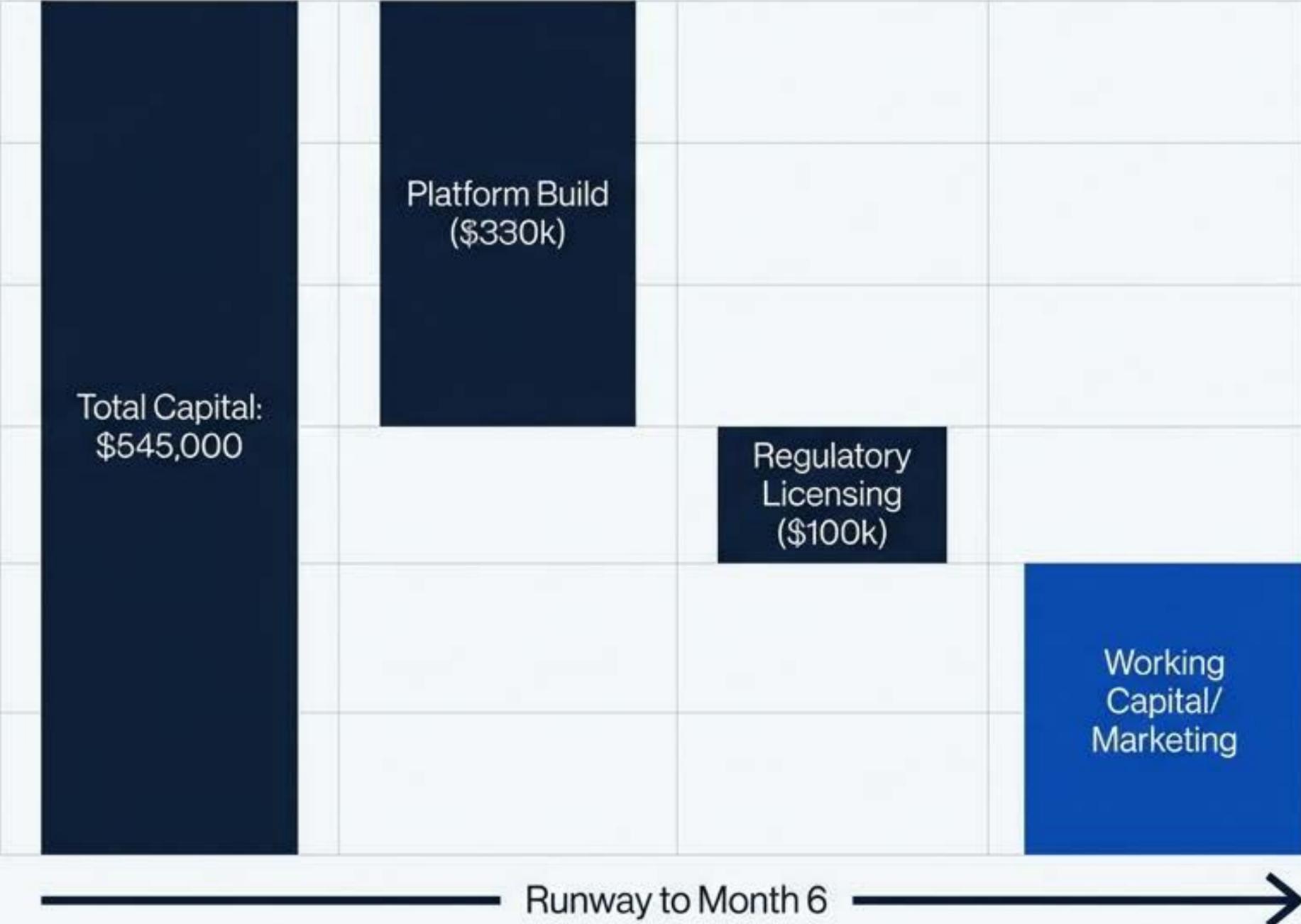
The business incurs \$1,159,600 in Year 1 fixed costs, primarily driven by \$1M in wages. The business burns cash until monthly revenue exceeds ~\$96.5k.

 **Tactic: Delay non-essential Q3 hires if targets missed.**



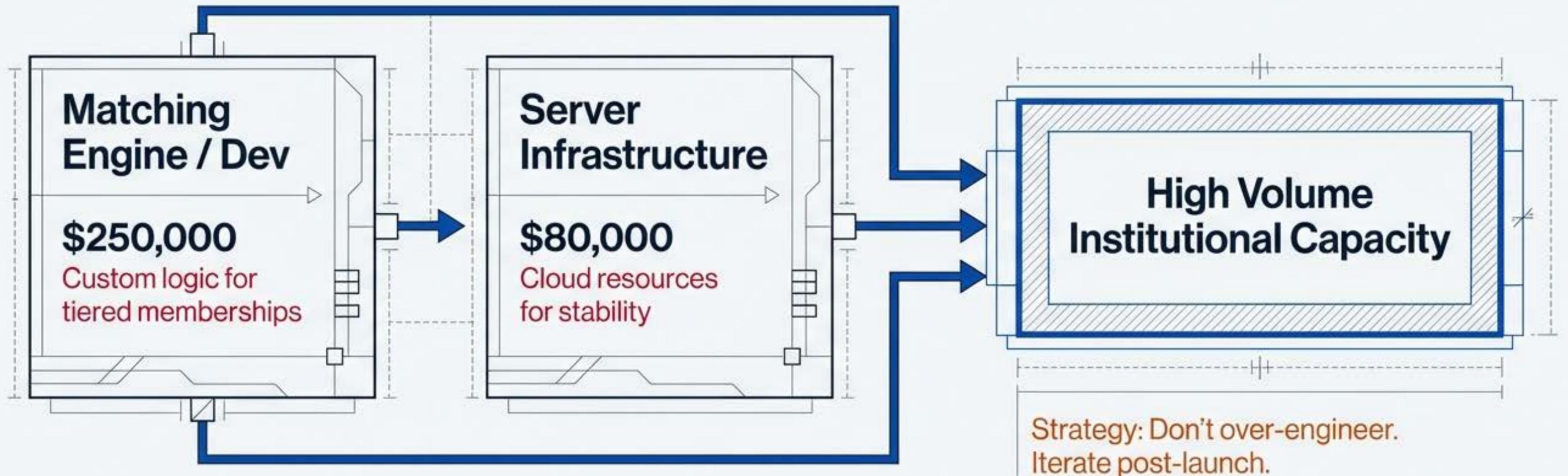
A \$545,000 capital injection bridges the gap to Month 6 profitability

The model projects a rapid timeline to breakeven. The initial capital outlay covers platform build, licensing, and initial marketing until revenue crosses the fixed cost floor.



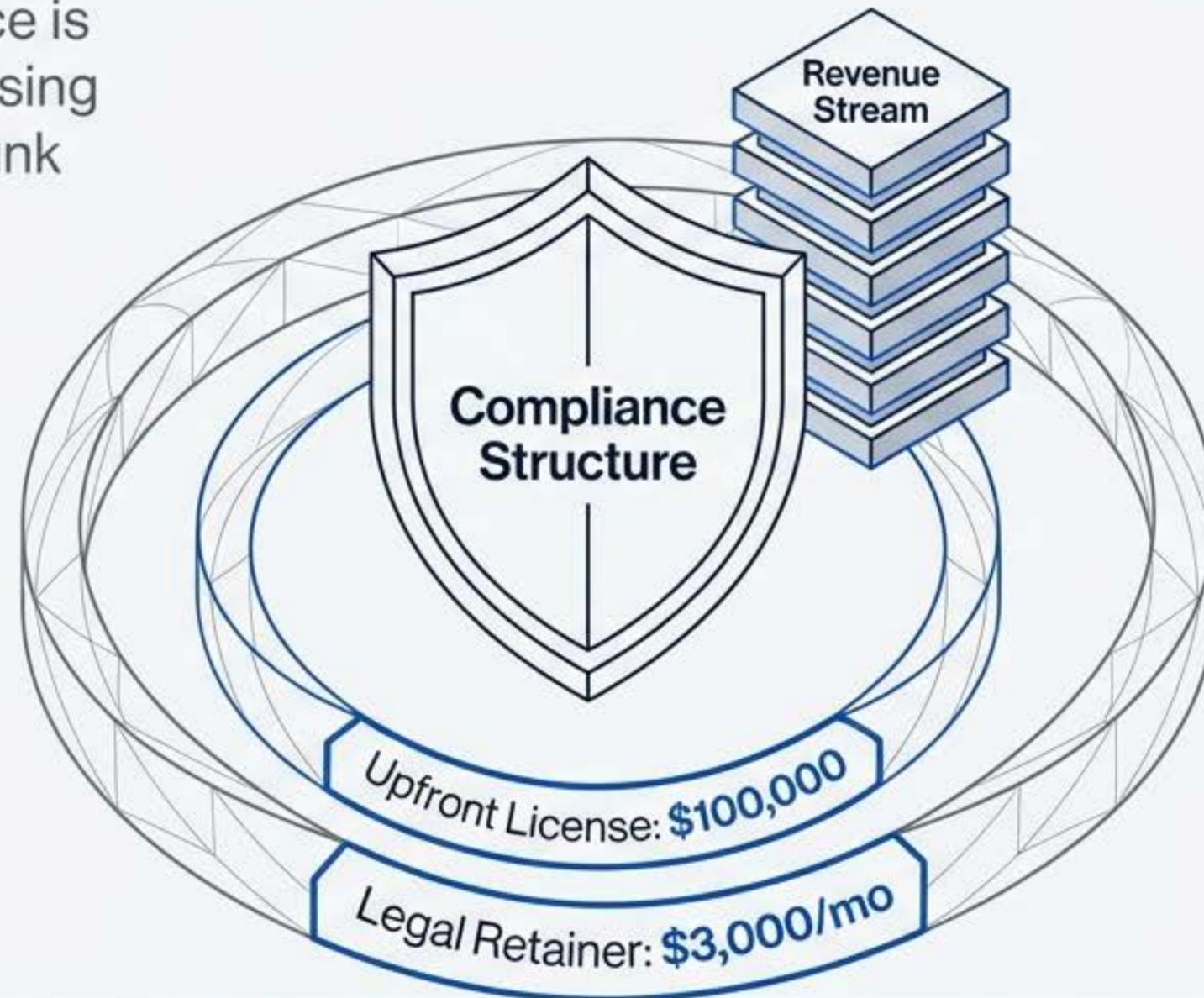
\$330,000 in technical CapEx is required to support high-volume institutional trade.

This investment is not operating cash; it is the foundational asset required to process the volume that drives the exit.



Regulatory compliance is a barrier to entry that protects long-term revenue streams.

Under-resourcing compliance is a fatal risk. The upfront licensing and monthly retainers are sunk costs required to unlock premium fees.



Risk: SEC violations risk shutting down the \$1M/year operation. ⚠️

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A capital-efficient roadmap to \$443M through disciplined cost management

