



DRYCYCLE

Student Company Report

1. TALES OF DRYCYCLE

EXECUTIVE SUMMARY

Mission Statement:

Persuade people to ride their bicycles more. We do that by providing a more comfortable ride with bicycle accessories despite the weather conditions.

Product:

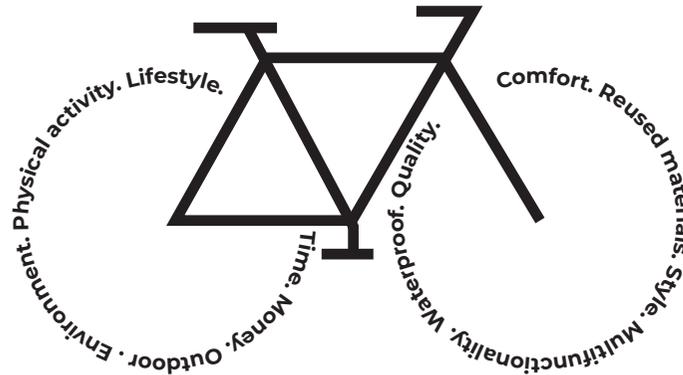
We have designed saddlebags which contain a completely waterproof saddle cover to keep the seat dry even on the rainiest of days. In addition, there is no further need for carrying a backpack thanks to our perfectly sized storage compartment. To stay ecologically friendly all of the materials used in our products are made out of vibrant coloured recycled materials. Our product line-up is still in continuous development according to the needs and feedback of our customers.

Overall performance:

The team behind Drycycle unanimously agrees that starting a Student Company as three aspiring entrepreneurs in a world of Start-Ups has been difficult, but worth every second. We have achieved all our goals: developed an array of environmentally friendly products that make cycling more comfortable, promoted healthy lifestyle and became ambassadors of cycling.

WWW.DRYCYCLE.NET

VALUES OF CYCLING AND DRYCYCLE



Drycycle - The ambassadors of cycling.

Achievements:

- ▲ Finalists in 8 competitions - 2 Grand Prix
- ▲ Founded Drycycle LLC o
- ▲ Developed 5 prototypes of products
- ▲ Promoted cycling

Drycycle in Figures:

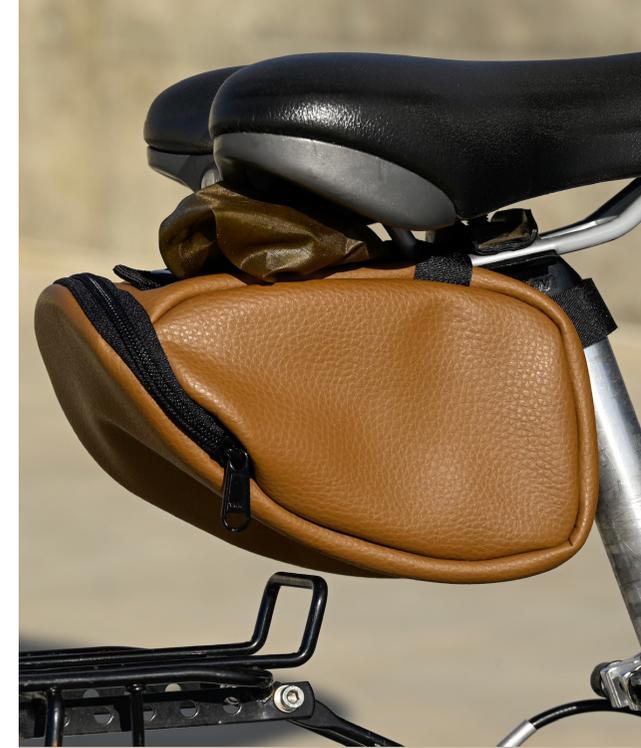


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2. BECOMING THE AMBASSADORS OF CYCLING

THE STORY

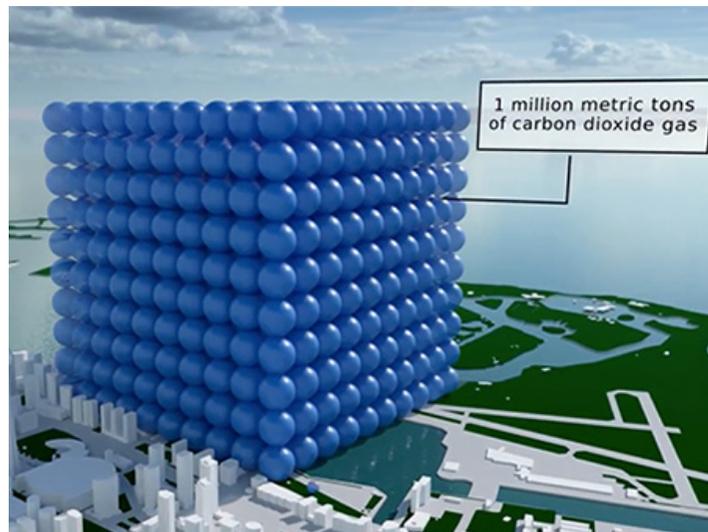
The year was 2019. Rasmus was an exchange student in Denmark – a country with more bicycles than rain. Spoiler alert, there is a ton of rain in Denmark. He left school to cycle home, but his bicycle was thoroughly wet, similar to the past two weeks. Glancing at the bike next to his, it had a plastic shopping bag over the saddle. So he thought – sure, a plastic bag can keep the seat from getting wet, but it does not look a slight bit pleasing or sustainable. Suddenly, a thought came to his mind – “why not make a saddle cover that's stuck to my bicycle at all times?” That way, he would never have to sit on a soaking saddle ever again.

We are three classmates who all enjoy cycling, despite it not being very popular in Estonia due to bad weather conditions. Some days, one can even experience all four seasons in a matter of hours. When Rasmus shared his story from Denmark with others, Henry and Chris added that they had just come across a situation the previous summer where they didn't have any place to store their phone, wallet and keys while riding their bike. At that moment, Drycycle was born.

OUR VALUES

We often wander around the city and think: “Why are the streets filled with cars, whilst the bicycle roads’ traffic is only two electric scoot-

ers per hour?” Hurrying to the first class of the morning and parking our bikes next to the school, there are less than fifteen bicycles for over a thousand students. It hurts to watch students and teachers drive a car to school when most live just a few kilometres away. The traffic, noise and loss of time revealed through this short ride create an unreasonable, easily solvable problem. We got curious - what would the outcome be if our school's students were to ride a bicycle instead of being driven to school in autumn and spring (and why not winter as well?).



Soon, we got to calculating and found ourselves looking at a huge number - a million kilogrammes of carbon dioxide that could be spared from hurting the atmosphere. That was the turning point for us - we had to act immediately.

Ambassadors of Cycling



KEY FACTORS

Drycycle aspires to be the ambassador of cycling in Estonia.

Drycycle is keen on sustainability, the environment, health and cycling.

ENVIRONMENT

1000 people using a bicycle as a mode of transport for at least 50% of their travels would prevent 920,000 kg of CO2 waste.

Many manufacturers throw away their leftover materials - using those materials helps us a) reuse otherwise wasted material; b) keep our production costs down; c) convey our strong belief of staying environmentally friendly.

HEALTH

Cycling as a mode of transport, could burn 1000+ calories per week.

Cycling in fresh air improves cardiovascular health, relieves stress, improves joint mobility.

COST EFFICIENCY

Bicycles are cheaper than cars (maintenance, fuel & price).

3. WHY ALICE LOVES DRYCYCLE

OUR PRODUCT

Since we at Drycycle are also our own clients, we like to look at our activities from the eyes of our customers. Let us introduce you to Alice – until recently, she used her car as her primary mode of transport to get to work. This all changed when she saw constant media uproar on how harmful cars are to our environment. Suddenly, she felt a sense of guilt, because who wants to be responsible for destroying our planet? Still, she wasn't too keen on starting cycling because all inconveniences outweigh the positives. Thankfully, Drycycle was on the news and cycling started to look like a good idea.

But what did Alice find? She loves looking stylish while cycling to go out to meet her friends, but there's no way to do what she



loves functionally – skirts usually don't have pockets, so there's no way for carrying her phone for taking photos. Estonia also has constantly changing weather, meaning that she might get the urge to go cycling with the sunny weather, but it might start raining when she enters the cafe. There is no way Alice would risk leaving her saddle out in the rain for a chance to get her bottom wet later.

This is where Drycycle comes in to save the day. With Drycycle's saddle bag she can wear any dress she likes without worrying about where to put her phone. As a bonus, she can forget worrying about the planet, since Drycycle's products are eco-friendly. The attached saddle cover gives her the chance to enjoy a coffee date with her friends while her saddle is safely covered, eliminating the risk of a wet bottom.

What pushed her to make the final choice to buy the Drycycle accessories set was an addition to carry her saddlebag with a shoulder strap, because the last time her friend left her saddlebag outside, she left the cafe to find her bike without her accessories. Alice's friend got her bland-looking bike accessories from a random store, without thinking about the environmental impact of her products. But Alice found Drycycle's product, with which she can keep her seat dry while carrying a stylish saddlebag along.



FACTS ABOUT DRYCYCLE'S PRODUCT

ABOUT THE PRODUCT

Innovative and never-before-seen combination of a spacious saddlebag with an everlasting saddle cover

Saddle cover can be easily pulled and tightened over the saddle

Theft proof – with a functional shoulder strap

RECYCLED MATERIAL SCRAPS

The Drycycle saddle bag and cover set is professionally hand-made from leather, velvet & embroidered fabric

Drycycle emphasizes design via the option to combine saddle bag and cover sets from a wide-array of colors

SUSTAINABILITY

Surplus tent fabric and sofa materials that last as long as the bike

Locally sourced materials – no added transportation costs

4. SETBACKS GALORE

PRODUCT DEVELOPMENT

Never having produced a physical product before, we had no clear vision of our first steps. All we knew was that we needed materials and a seamstress. We called numerous potential ones, and when one finally agreed to meet, we were over the roof. We explained our idea and showed a few rough sketches to which she changed almost every part of the product to make it easier for her to produce. We were stunned – our idea finally came to life – or well, kind of. Later, we analysed the work and realised that the prototype lacked quality and was uncomfortable to use. Stepping out of the door, the seamstress mentioned that her hourly rate is 30€ per hour, and she'd be able to make one to two products per hour. We turned miserable – our hopes died right at this second because there was no way we'd be able to sell our products at such high manufacturing costs.

After realising our first success was a failure masked behind excitement, we were back in square one. Countless phone calls and emails led us to our next beacon of hope, a seamstress specialising in bags and suitcases. Many back-and-forths resulted in a saddlebag and cover set that finally looked like something we were hoping for. We managed to produce about ten products before 'the Great Disaster' struck. The ideal partner turned out to be a company that only cared about money. In retrospect, the product looked decent, but there was no way any customer would have been satisfied with their



Autumn(2021)



Winter



Spring(2022)



EVOLUTION OF PRODUCTS

purchase. To add more salt to our wounds, the initial production price of 15€ per set gradually increased to 35€. The beacon of hope turned out to be a lightning rod burning down our entire company. The motivation to continue was at an all-time low. We almost shut down Drycycle.

Getting back in the game was difficult, but we're not quitters. One slow Sunday, Rasmus struck gold with a short and promising call with a seamstress. "Yes, of course, come here tomorrow, and we'll figure something out," she said, and so we did. She pointed out a few flaws with the previous product - good news to us – she knew her stuff. We wrote a production contract (which was a first for us), tidied up the design and got to manufacture a new patch of products to sell. We've been with her ever since. The moral of the story – be demanding, not naive. Don't let tiny disasters, which seem massive in the moment, kill your motivation. Instead, consider the troubles as learning curves. Our 'Great Disaster' led us to understand production contracts and optimal production prices better. It made us realise how relentlessly passionate we really are.

VALUES OF DRYCYCLE

- ▲ Three seamstresses resulted in 5 prototypes.
- ▲ A solid contract for production has been vital.
- ▲ Winter's the perfect time for developing new products in this market.
- ▲ Achieved customisable products – match materials and colours.
- ▲ One Drycycle product set saves 0,55m² of material wasted.

5. FAME AND FAILURE

MARKETING

13B

Kilometers
cycled in 2020

42%

Households
own at least
one bicycle

2B

Bikes are being
used around
the world

22M

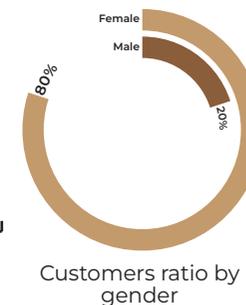
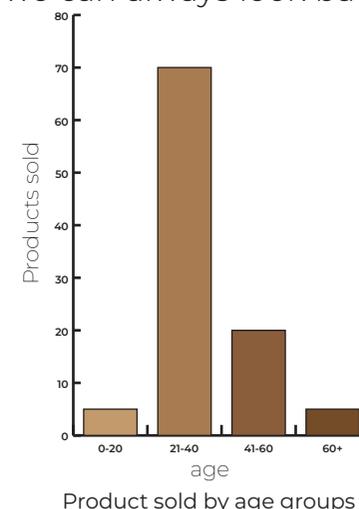
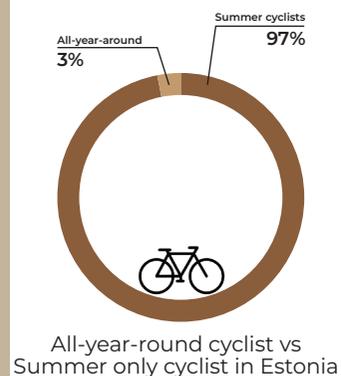
Bicycles were
sold in 2020 in
EU

Looking back, marketing for Drycycle has been an experience unlike any other. We confidently began our presence on every major social media channel since we, teenagers, should know most trends, right? Little did we know what we were in for. Heads up: marketing is unpredictable. You never know what will happen next.

- △ Drycycle is an environmentally friendly company – no pamphlets, flyers or roll-ups.
- △ Reach on FB is 25 000; Instagram 9000; TikTok 92000+.

Our beginning was easy – casual posts on every social media platform possible, a functioning website with information about us and our activities – what more could one want, right? It turns out that slow-paced and informational marketing is helpful but not compelling. Suddenly we found ourselves lost in a new world we thought we knew. So we started with long posts and lengthy Tik-Toks, but to our surprise, none seemed to go viral. We tried and tried, constantly coming up with new ideas to give the viewer as much information as possible in a minimal amount of time. When nothing seemed to work, Rasmus lost hope and decided to try something new – communicate with the reader as if they were your best friend, someone you hang out with casually. He opened up TikTok and recorded everyone looking miserable – what was supposed to be a joke, turned into thousands of views. We realised that people on TikTok don't care for informative and aesthetically pleasing posts as much as they care for fun skits.

The funniest experience so far is the comedic failure of appearing on one of the biggest Estonian pop-news shows, where one of the most prestigious hosts talks about new trends and what's happening in pop culture. Our products were supposed to appear on the show as the product of the newly crowned Estonia's Best Student Company of 2022. We were super excited. We told everyone to tune in and were on cloud nine. The show started as fun as we expected. Everything was going according to plan – we could already imagine new orders. Suddenly the host picked up our product, and disaster struck. The first words to come out of the hosts' mouths were: „I have not ridden my bike in years, literal years. I do not understand why this product is necessary.“ To make matters worse, he did not figure out how our product functions. A clip we could have used everywhere transformed into something completely useless in just a few moments. At the time, we were devastated, angered and even disappointed. Looking back, we keep replaying the clip because it is hilarious. A product we devoted months to resembled nothing worthwhile investigating to a man who was supposed to praise our work. Thankfully, it all worked out. We still received orders, learned that marketing can be uncontrollable, that people relate to the truth, not an informative emotionless post and as the icing on top we got a highly amusing clip of our company that we can always look back at to help lift our moods.



6. STUDENT COMPANY OR A STARTUP?

ACHIEVEMENTS

GOALS AND ACHIEVEMENTS



Hackaton
Best Sales Pitch Award

Green idea contest
Top 10 finalist

Special award by Nordic Council of

Negavatt



20 Under 20 selection
top 5 finalist

Prototyping competition
Top 5



Panel interview
Grand Prix

Pitch
Estonian competition finalist



Biggest Estonian Startup accelerator
Top 20 (ongoing)

Report, panel interview, pitch
Grand Prix



Let us take a quick break from stories and focus on what makes Drycycle Drycycle. Apart from our goals, vision and mission, we believe that what resembles us is our non-stop action. Yes, we are active as a Student Company, but when you look at what we have done on the side, we might start resembling a start-up. These last few months have been hectic. With over five huge competitions behind us, we have learned a ton. Let's delve deeper by discussing one of our competitions, which better represents our Start-Up experience.

Negavatt, is the biggest green-idea competition in Estonia, to which we were given a Top 20 spot to. Yes, we are talking about sustainability again, but this confirms once more that it's in our DNA. As exciting as it may sound, this was the start of something serious - three young aspiring entrepreneurs competing with actual Start-Ups, who were a decade older than us.

A new environment is an understatement. Four months of non-stop working, boot camps, entrepreneurial training, pitching and mentoring followed. Boy, oh boy, was that scary but extremely exciting and eye-opening in retrospect. Negavatt gave us one boot camp, four whole days of lecturing about finances, product design, sustainability and even pitching. Little did we know, all of this was happening in the Start-Up world while we were spending time at fairs? The aforementioned boot camp changed everything for us, however. Suddenly we realised that becoming a start-up is not easy - only the relentlessly passionate companies come out

on top. Thankfully, we weren't the only ones with this mind-blowing realisation. The teams started dropping out of the competition one by one, but this newly found atmosphere only fueled our passion. No lecture was alike. Every single time we left wiser than we were before. Suddenly, in May, we found ourselves competing in seven competitions at once. Yes, seven. As a result, we were finalists in most of them, but these countless hours of workshops did not come without a price. Since we are invested in our Student Company, taking the necessary time from that account was not a solution. Instead, we became part-time students and part-time Start-Up geeks. Even though our parents might not be happy that we chose to focus on competitions instead of school, we found excitement in competing and don't plan on stopping any time soon. Some things you can't learn in school but have to experience first-hand.

PS! Negavatt is just one competition. The amount of boot camps, lectures and pitches we have had to do is seemingly endless!



7. CAN WE RESCHEDULE?

DEVELOPMENT

- ▲ The Drycycle team is always evolving, development is key and roles are everchanging.
- ▲ Every member of Drycycle is passionate about cycling and the environment.
- ▲ Along the way we have taken part in 8 competitions and fairs – each one was a learning experience.

We have developed an immeasurable amount over the previous months, to an extent, where old Drycycle compared to the Drycycle now is unrecognizable. We use the term develop instead of learning since it has been much more than just gaining new information and experiences. We have changed in so many ways due to the Student Company experience. To better explain the contrast let's have a chat with the old Drycycle.



TABLE OF MEMBERS



Vice-Chair of the Tallinn Youth City Council and chairman of its Urban Space Committee, youth representative in the Tallinn Innovation Committee
Rasmus - CEO & CPO



Accepted to the BAFF Leadership Academy in the Innovation session, stipend program in Germany by Goethe Institute, first-hand experience in working in the field of second-hand stores
Henry - CFO



Started his own IT project after completing a 500 hour Java physical course
Chris - CMO & COO

DryCycle

“Do you remember the rocky start and how close we came to quitting right in the beginning? Remember? We are in school explaining our business idea to the class, and in the middle of Rasmus’s speech, a guy from the other side of the auditorium shouts, “**** idea”. We are taken aback. How can someone be so crude? Henry is still a rather shy student who doesn’t share his thoughts confidently and in no way agrees to speak on stage, and Chris has been ill for the last 4 weeks. Nothing is going our way.”



“No, we can barely remember that, so much has happened... What we do remember clearly are the countless next competitions and reasons to present our ideas. And even the time when we stood in front of the best-known Estonian start-up accelerator’s jury. You know what? Now that you mention it, it’s funny what a mess we were before and how much it’s changed. Henry has no stage fright anymore, Chris is doing Drycycle pretty much full-time.”

DryCycle

“That does not sound like us,” replies Oldie, “we feel like we’re running backwards and can’t even seem to find the right business idea for the year.”



“For the year? We are not talking about only a year; we are the aspiring ambassadors of cycling - Estonia and abroad.”

DryCycle

“Ambassadors? We can barely remember what Chris looks like, there’s no way we can have a meeting anytime soon, let alone aspire to be ambassadors...”



“Yeah, it’s all coming back now... Your perspective will change soon, don’t worry. You’ll be completely different people in no time. If you plan on doing anything worth-while you’ll need to find somewhere to steal some extra time from. Especially if you want to be taken serious and persuade people to change their lifestyle. About that, Chris will be back soon and as the cherry on top, he will be even sacrificing more of his time than the rest of you to focus on Drycycle. Oh yeah, tennis is a no-go now. Henry, forget folk-dance rehearsals and Rasmus, we’re sorry, but you will have to uninstall your music production programs. But don’t worry, its for the greater good.”

DryCycle

“Huh? So we will pretty much become completely different humans in less than a year? Okay.. so it will all work out in the end?”

So, to sum it up we have grown as a Company, but most importantly, as individuals. Knowing where to direct our time and energy is crucial. In less than a year, we got to a level where we are ready to step into the real business world. Whether Drycycle exists in 5 years or not, the team of Chris, Rasmus and Henry is not the same it was before Drycycle.

8. BEAUTY OF BALANCE

FINANCES



BALANCE SHEET 12.06.2022

ASSETS		LIABILITIES	
Stock	287.3	Bank Overdraft	0
Debtors	0	Loans	180
Cash in Bank	1294.58	Creditors	0
Cash in Hand	0	Share Capital	150
Fixed Assets	0	Profit	1251.88
TOTAL	1581.88	TOTAL	1581.88

This is not a typical bedtime story about finances but something beautiful – The Beauty of Balance.

Our story began in October 2021 when Drycycle registered as an official Student Company in the JA system. Simultaneously, the table of finances – that we so dearly love – was born. But why do we consider this our most beautiful and essential tool, our partner-in-crime? The reason is simple – we are aware of what's happening at all times, and the general ledger is the foundation of our activities. By keeping an eye on it, we can calculate potential risks and know where our resources are coming in from and where they are leaving. Also to check the overall status of our company. As a reward, we can enjoy the satisfaction of a balanced balance sheet – simple but beautiful, right?

Back in Autumn, when we did our very first market research, the ideal price point of the product came to be around 25€. After calculating the profit margin, we quickly found

that there was no way we could cover our running expenses at that price point. We upped the product's sale price to an average of 42€ (depending on the material). A higher cost helped us cover our expenses and grow our profit significantly. A problem occurred - there were fewer sales than we expected. Understanding that if we want to persuade people to ride their bicycles all year round, we can't keep the price at a premium. We temporarily decreased the cost of the product by 20% and saw a jump in sales in a matter of weeks. That's where we found our sweet spot.

An important factor we had to consider when calculating the product's cost was the percentage of profit we have to put aside required for future developments and event organising. We have carefully figured out that to stay in business, we must sell at least nine products a month. All the extra sales made the same month will go towards pure profit, which we can reinvest.

Of course, good work should be rewarded. Winning the Grand Prix of the International Student Company Festival in Riga, we were slipped an envelope containing a bit of prize money to drive our motivation. The motivation was definitely fueled as a result, but we didn't snatch the money to ourselves and ditch Drycycle. That was an option, but how can we forget about rewarding the company that got us to Latvia in the first place? That is why we halved the prize fund – yes, disappointing, we know, who wants to break their wallet in half – but the rational choice was to invest half into our company. This way, everyone got something: every member and the company itself. As a result, we got a well-deserved vacation, and Drycycle managed to finalise the 5th prototype. How nice!



Production cost vs sale price: fabric



Production cost vs sale price: leather



Average profit margin per product



Amount of waste material that has been given a new life



Amount of CO2 that has been eliminated

PROFIT AND LOSS STATEMENT 14.10.2021 -12.06.2022 (EUR)

1. Income	2848.9	7. Salaries	170	7. Salaries	170
2. Materials (purchases)	182.55	8. Transportation	129.6	8. Transportation	129.6
3. Production Wages	952.8	9. Miscellaneous Expenditure	44.25	9. Miscellaneous Expenditure	44.25
4. Closing Stock	287.3	10. Delivery	40.14	10. Delivery	40.14
5. Cost of Sales	1135.35	11. Registration fee	300	11. Registration fee	300
6. Gross Profit	2000.85	12. Marketing cost	365.88	12. Marketing cost	365.88

9. WHAT'S NEXT?

FUTURE

Our model customer Alice seems genuinely invested in Drycycle lately. Thanks to her, we've got ideas for developing our next prototype. She said that the saddlebag hides her reflector, that's under the saddle. We should attach a nice reflective strip under the zipper of our bag – problem solved!

Everyone wants to spread joy and that's why we've always had the thought to expand to the broader audience of Europe. Our priority is to be the ambassadors of cycling in Estonia, since here in Tallinn, especially, cyclist culture is in diapers. But we love being ambassadors, and since the rest of Europe inspires us, why not share our vision and joy with everyone else across the continent? What confirmed this goal was the International Student Company Fair in Latvia, where we participated to get feedback from other countries on our product: is it a viable idea elsewhere? We realised that this was indeed the case. After lengthy workshops a Company from Amsterdam especially confirmed that ambassadors of cycling are needed all around. Europe is the clear next step!

Though, a couple of important questions arise when we want to expand on a larger scale. First, should we keep the production in the hands of our local seamstresses and, as a bonus, be able to use leftover materials, or should we automate the production process? There are only so many products you can produce daily. On the positive side, we could still stay environmentally friendly and keep the

GOALS AND ACHIEVEMENTS

Production	Produce 100 bags	Ongoing
	Develop a basket cover	Achived
	Develop a handlebar bag	Ongoing
	Finalize 5th prtotype	Achived
Financial	Starting to pay out salary	Ongoing
	Turnover 3000 €	Achived
	Turnover 5000 €	Ongoing
Marketing	Reach 50 000 TikTok views	Achived
	Reach 500 Facebook likes	Ongoing
	Colour pallete rebranding	Ongoing
Misc.	Persuade people to cycle more	Ongoing
	Make cycling more comfortable	Ongoing

FUTURE EXPANSIONS



seamstresses busy with work. Of course, we would also be able to use circular economy extensively and lessen the amount of waste the manufacturers would throw away.

The other option we're not too fond of would be automating the production process. It would mean losing the leftover materials and instead use brand new ones to make our products cheaper and more accessible to the general public. Automating the manufacturing would reduce our colour and textile variety but increase production capacity. So we would enter the bag production market as a whole instead of staying in the world of economically friendly companies.

As a result, we've concluded that it's beneficial to continue being environmentally friendly on a day-to-day basis but also be ready to produce larger quantities using automated production.

However, organising bicycle events and using a helping hand from Alice, is on our to-do list. We would have been running backwards if we didn't persuade people to get their bikes out on a single Sunday.

10. NO MAN IS AN ISLAND

- John Donne

The following might be a cliché way to end this, but we could not have reached the level we did without our partners, supporters, mentors and teachers. First of all, we would like to thank our teachers, Ander Hindremäe and Epp Vodja, who gave us helping hands during difficult situations – they never failed us. Our key mentor, Hendrik Hindov, helped us take the first baby steps and gave concrete instructions on how to move forward from the darkest of days multiple times. A big thanks to all the other mentors as well with whom we had a chance to speak regarding various competitions, boot camps, workshops and more.

And finally - thank you, reader! We hope that reading the Tales of Drycycle has been as exciting for You, as it has been to write for Us. In reality, behind every bullet point and fact is another story left untold. Making the difficult decision on which story to bring to life, has been the most difficult part of arranging this collection of stories.

Thank you from,

Chris-Rico Lang, Rasmus Riim, Henry Kask



**Kersti Kaljulaid,
President of Estonia 2016-2021,
said this about Drycycle:**

In the city, cycling is one of the best and fastest, but not necessarily the safest or the most comfortable way of commuting. Anything that helps alleviate this lack of comfort and adds to the days we cycle, is a win in my book!

Yes, believe it or not, this a real quote. If we were to come up with a quote ourselves from the former President of Estonia, we would have thought of something more exciting.

