


YC APP DRAFT

FOUNDER VIDEO -  Racct YC Founder Video W24

Jack's Founder Profile

Please tell us about the time you, jogle20, most successfully hacked some (non-computer) system to your advantage.

I hacked my way into UChicago with free tuition. I won a full Army ROTC scholarship which gave me an advantage over other applicants. Out of the 34,291 applicants less than 10 applied with ROTC scholarships.

Please tell us in one or two sentences about the most impressive thing other than this startup that you have built or achieved.

I built a Spotify recommendation system that worked so well I used it as my final for a graduate level ML class. I built it to make thousands of AI generated playlists for my friends based on their listing data

(https://firebasestorage.googleapis.com/v0/b/racct-mobile-app.appspot.com/o/ML_and_Metrics_Final-merged.pdf?alt=media&token=21903de3-2d69-4938-bad6-91b8a53ee983&gl=1*hpp68j*_ga*MjExNjQ3MzU4Ny4xNjkzOTIxNDYw*_ga_CW55HF8NVT*MTY5NjlyODAxNy45My4xLjE2OTYyMjkzNzluNDUuMC4w).

Jon's Founder Profile

Please tell us about the time you, jrmerril, most successfully hacked some (non-computer) system to your advantage.

I built my own parking spot that was 10x cheaper than what my apartment charged for parking. The two biggest challenges were calculating the cost of parking tickets and shielding the spot from others. I solved the first by finding out the street cleaning schedule was a good proxy for when police would be checking the street. I solved the second with traffic cones, caution tape, and a fake warning sign from the city.

Please tell us in one or two sentences about the most impressive thing other than this startup that you have built or achieved.

I built an open seat notification company for college registration that grew to 100 free signups in 1 week then to \$1000+ in revenue in the first quarter (classclutch.com) with my current co-founder. I deployed a robust courses web scraper to users fast with Docker and AWS, and it implemented user data instantaneously.

Company Name

Racct

Describe what your company does in 50 characters or less.

Used goods marketplace powered by LLMs.

What is your company going to make? Please describe your product and what it does or will do.

We are building a faster, more convenient FB Marketplace through: LLM powered recommendation systems.

We recommend listings like TikTok recommends videos. To accomplish this we'll deploy LLMs as recommendation systems.

Who writes code, or does other technical work on your product? Was any of it done by a non-founder? Please explain.

Jon and Jack write the code. No.

Are you looking for a cofounder?

No.

How far along are you?

We launched a SF Auctions FB group in August and grew that to 115 users in 2 days (<https://www.facebook.com/groups/sanfranauction>). Then we launched and grew our iOS app revenue from \$0 to \$20 from the first to second week. Then \$20 to \$132 from the second to the third week. To ensure we have enough supply, we're scraping thousands of listings per day from FB Marketplace across Mountain View, Palo Alto, and Sunnyvale.

How long have each of you been working on this? How much of that has been full-time? Please explain.

We've been working full time on Racct since we moved out to Mountain View on July 2nd, 2023.

How many active users or customers do you have? How many are paying? Who is paying you the most, and how much do they pay you?

We have 15 active users. 2 are paying. One user has spent \$132 on three different auctions and has bid on an item everyday since downloading the app.

Where does your revenue come from? If your revenue comes from multiple sources (ex. multiple products, multiple companies or a mix of consulting and this product), please break down how much is coming from each source.

If you are applying with the same idea as a previous batch, did anything change? If you applied with a different idea, why did you pivot and what did you learn from the last idea?

Our last idea classclutch.com notified students when spots in full classes opened up. We grew to 100 free signups in 1 week. Then to \$1000+ in revenue in the first quarter. But after our personal experience using current marketplaces, talking to buyers and sellers on these marketplaces, and the growth of the FB SF Auctions group, we decided to pivot into something bigger than notifications.

If you have already participated or committed to participate in an incubator, "accelerator" or "pre-accelerator" program, please tell us about it.

No.

Why did you pick this idea to work on? Do you have domain expertise in this area? How do you know people need what you're making?

Moving out of Chicago, we couldn't sell our items fast enough. Moving into Mountain View, we had trouble buying what we wanted. After interviewing 17 sellers and 20 buyers, we discovered about 70% of users had developed bug workarounds. For example, sellers will ask for a deposit before committing to a meet up time to ensure that the buyer was serious.

Who are your competitors? What do you understand about your business that they don't?

FB Marketplace, OfferUp, and Craigslist have outdated recommendation systems that optimize for the wrong thing (ad rev); we'll win because now we can use LLMs to quickly prototype recommendation systems based on what users want (sales). Not only do ads make for a bad UX, it means that our competitors make more money if users have to dig for the items they want. This compounds and turns users into browsers not buyers.

It's now easier than ever to prototype recommendation systems with LLMs. They converge faster than traditional ML models with less user data. Through rapid iteration and optimizing for sales instead of ad revenue a user on Racct will find what they want faster than on any other platform.

How do or will you make money? How much could you make? (We realize you can't know precisely, but give your best estimate.)

Our current profit is the difference between what we pay for the item from the seller and the final sale price of the auction. We scrape all of the listings from FB Marketplace sellers across Mountain View, Sunnyvale and Palo Alto and list them on our platform. When a buyer wins an auction we get the item from the FB seller and give it to the buyer.

As other sellers join and we have a completed payment integration, we'll take 3-5% of the final auction price.

If we capture just 0.01% of the international \$405.5 billion used goods market in the first year, our estimated transaction volume would be \$40.5 million. At a 3% commission, our revenue would be \$1.215 million in year 1. This will be a \$100+ million company in 5 years.

How do users find your product? How did you get the users you have now? If you run paid ads, what is your cost of acquisition?

We run paid ads from FB marketplace as well as hand recruiting super sellers by reaching out to them via FB Messenger. Our CAC is \$0.5/customer.

If you track metrics around user engagement and retention, what are they?

MAU: 15 users.

Please list all legal entities you have and in what state or country each was formed (e.g. Delaware C Corp, Mexican SAPI, Singapore Pvt Ltd, etc.).

This might include subsidiary companies, legal entities you formed in other markets to do business, entities you created before a pivot, or legal entities you set up to employ developers or other service providers.

Racct, Inc. is incorporated as a Delaware C Corp.

Please describe the breakdown of the equity ownership in percentages among the founders, employees and any other stockholders. If there are multiple founders, be sure to give the equity ownership of each founder and founder title (e.g. CEO).

Jack Ogle, CEO has 50% equity.
Jonathan Merril, CTO has 50% equity.

Have you taken any investment yet?

No.

Are you currently fundraising?

No.

If you had any other ideas you considered applying with, please list them. One may be something we've been waiting for. Often when we fund people it's to do something they list here and not in the main application.

- Text your emails. Receive all your communications in one place. Easily send short texts and our AI will turn it into emails that match the tone and professionalism of the sender. Also AI on the other end that translates poorly written long emails into concise easy to digest information.
- Stripe for Signup flow.

- Upscale 2 Good 2 Go. Get the leftover food or ingredients from Michelin star restaurants and refurbish them into excellent dishes at a fraction of the original cost.
- AWS for LLMs
- Solving the recommendation system cold start problem for businesses online storefronts
- App which recommends 1 person a day to be friends with near you (with their contact info) based on all your friends across social media

What convinced you to apply to Y Combinator? Did someone encourage you to apply? Have you been to any YC events?

Family and friends encouraged us to apply.

How did you hear about Y Combinator?

Jack watched PG's lecture Before the Startup when he was a sophomore in college and was hooked. Jack showed Jon.