

Q & A

MAGIC AI CEO, VARUN BHANOT

MAGIC



As MAGIC AI, a UK-based personal trainer business that uses artificial intelligence to best provide personalised fitness routines, gears up for a second funding round, Sofia Karadima interviews CEO, Varun Bhanot, who explains the company's strategic roadmap and value creation plan.

Having been previously backed by Fasanara Capital, SFC Capital, and business angels, Magic AI is now seeking to attract new investors and advisors as it aims to raise £3m to expand, offer new services, put in place operational enhancements, and strengthen its team.

What is Magic AI and its revenue model?

Established in 2021 by myself and Sunil Jindal, MAGIC AI is all about using state-of-the-art technology to make personal training accessible to everyone, right at home.

Our system integrates computer vision, connected weights, and 3D cameras for athlete-grade training at home. Powered by an intelligent hologram mirror and custom computer vision software, we offer real-time form correction, repetition tracking, and live feedback, ensuring a tailored workout experience.

Our pricing model includes a one-time equipment fee of £999 or 0% financing at £27/month for 36 months. A forthcoming subscription service will grant access to exclusive content and features at a reasonable rate, including new exercises, AI advancements, and personalised tracking.

Since launching MAGIC AI in July 2023, revenue reached £3m by December 2023 and £3.5m by March 2024.

As you embark on your second funding round, where do you plan to allocate this capital in terms of value creation?

We aim to raise £3m by attracting new investors, both domestic and international, including venture capital funds or private equity groups, alongside our existing investors.

We seek partners with expertise in AI, technology, and the consumer market, particularly those familiar with connected health and fitness.

The capital raised will primarily support our engineering team, scale up marketing efforts, and improve logistics and operations. We plan to expand our team from seven to approximately 25 members after this funding round, with eight additions to engineering and seven to marketing and operations.

Remaining lean is a priority for us, as we've achieved significant technological advancements and traction with a small team. Given the current market emphasis on sustainability and profitability, maintaining a lean structure is crucial.

How has the £1.9m raised from the first funding round accelerated MAGIC AI's growth journey?

MAGIC AI secured an initial funding of £1.9m, led by Fasanara Capital, SFC Capital, and business angels.

The initial year post-funding was dedicated to R&D to develop Reflect AI, an AI dataset for automated exercise tracking using computer vision technology.

Our technology includes a camera embedded in a mirror, which provides real-time feedback to users, ensuring they perform exercises accurately. Utilising the mirror, Reflect AI can track hundreds of exercises previously requiring human intervention.

The first funding round concluded two years ago but was publicly announced last summer to coincide with the UK product launch.

Are mergers or acquisitions part of your growth plan?

In terms of our growth plans, we are considering two primary strategies: deepening our current product offerings and expanding into new territories.

We consider broadening our market beyond the UK, exploring possibilities in Europe or the US, while continuing to assess which option makes more sense for establishing operations.

Though we're not actively seeking acquisitions presently, we remain open to merging with a larger firm, particularly to facilitate entry into the US market.

We see merging as a potential avenue to gain access to necessary resources and an established customer base in the US, acknowledging the significant capital required to succeed in that market as a British company.

We view a merger as a means to dominate the US market effectively. Thus, we are open to strategic partnerships that can expedite our expansion goals.

How do you plan to expand MAGIC AI's offerings and keep users engaged?

Our core objective is to deepen our expertise in areas where we already focus, with a special focus on strength training.

We look into advancing our product's functionality, aiming to make it more effective by broadening the range of exercises it supports.

We're eager to explore new fitness disciplines such as yoga, boxing, and Pilates, recognising the substantial market potential, particularly in the UK where yoga and Pilates represent a market worth approximately £900m.

Venturing into these areas allows us to not only diversify our offerings but also to widen our product's appeal to a more extensive audience. Through the continuous improvement of our content and the integration of AI technology, we strive to maintain user engagement and motivation at the highest levels.

Is MAGIC AI seeking collaboration with new advisors, and if so, in which domains?

Our advisors, which provide strategic guidance as we navigate our growth phase, include the two funds that have invested in our company, complemented by a group of angel investors. This group consists of CEOs and co-founders of highly successful startups, all of whom are part of Ventures Together—a syndicate comprising over 100 operators who also invest in ventures.

However, as our company transitions from a startup to a scale-up phase, we are open to expanding our advisory board to include more formal advisors, such as non-executive directors. We have established a share option pool to offer equity to potential advisors we may onboard.

We are interested in advisors which can contribute to our business strategy, particularly those with experience in international expansion, possibly through retail channels, which could provide a pathway into new markets and customer segments.

Advisors with a deep understanding of consumer-focused businesses, and how to scale them sustainably, would be highly valued. Additionally, expertise in technology, including AI or computer vision, would be also of interest.

Are you considering an exit strategy?

A three-to-five year timeframe would be the optimal period for considering an exit strategy. Of course, this is contingent on market conditions and if we can price the business appropriately at that time.

As for the exit, we are open to both an M&A and IPO as potential pathways.

Nevertheless, we are prepared to commit to this venture for the long term, even if it extends to another decade. Expanding the business remains a priority for us.

How does MAGIC AI champion social impact, particularly in terms of health and accessibility?

Our core mission is to make personalised fitness training accessible to everyone, promoting healthier lifestyles on a mass scale.

By offering affordable solutions that deliver gym-quality experiences at home, we contribute to improving overall health and well-being, addressing social concerns related to fitness accessibility and affordability.

How does MAGIC AI plan to handle regulatory changes or compliance requirements?

Though our sector isn't heavily regulated, we prioritise GDPR compliance and user data protection. We've established strict internal protocols to maintain privacy and operational transparency.

What are the key market trends affecting your business?

One key trend is the rapid advancement of AI, with our team focusing on developing computer vision technology similar to that used in self-driving vehicles. This technology has been adapted for detecting human movement and exercise.

Another rising trend is personalised health monitoring, where there's growing interest in tracking health through wearable devices or continuous monitors. Our products are central to this data-driven health movement, a sector that's set to grow as more companies venture into these areas. These technological advancements are expected to become increasingly significant, evolving, and expanding further.

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