

# Paths not Taken, for Good Reasons

The rise of AI Robots is inevitable. And CollectedAI has a clear path ahead.

## 1. Executive summary

Our journey of CollectedAI started in 2024 and as we continue to challenge our own assumptions and planning, we have a good understanding of why we have such a powerful vision that maintains realism. This goal is explored within our [Roadmap and Vision](#).

CollectedAI and its advisors have spent substantial time debating, researching and comparing all potential pathways. We evaluated each potential product direction from purely data collection to selling the finalized products to customers. The analysis points away from a pure software model and toward CollectedAI-operated production, because the strongest near-term opportunity is not selling tools to low-margin factories. It is using proprietary robotics software and human production data to build a cost-competitive manufacturing platform that brands can buy from directly.

The first commercial direction is U.S.-based robotic garment manufacturing for established brands. This path has the clearest buyer urgency, the most measurable ROI, and the strongest deployment control. U.S. brands already face tariff pressure, long offshore lead times, supply-chain risk, and pressure to diversify sourcing. The larger vision is full vertical ownership, but through sequencing rather than overreach, maintaining maximum expansion potential.

This will be followed up by our vision of owning the full vertical with our own brand as the most attractive later market. We will build through sequencing rather than overreach, maintaining maximum expansion potential.

For those who want to know why certain directions were not taken, we have this document which gives an overview of our reasons.

## 2. Document Structure

- Evaluation criteria
- Pathway map
- Direction specific analysis
- The clear path ahead for CollectedAI

Using as a starting point the combined strengths of Alexander Khazatsky's work on AI driven robotics and Maxwell Nusbaum's fashion roots we went through we uncovered 8 different directions CollectedAI could have taken. We will first elaborate on the criteria we evaluated each

direction on. This is followed up by a pathway map which briefly explains the main directional choices we were presented with. After setting the stage we move to the core of this document in which we evaluate each direction and its sub-directions individually. The results of the evaluation are then presented in a scoring matrix. Finally the winning direction is highlighted shortly (and more deeply presented in our Roadmap & Vision document).

### 3. Evaluation Criteria

For each of our potential directions we will answer the following questions.

| Criteria                     |                                                                                                                                                         |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Pain intensity</b>        | Is the directional solution to the existing problem a real operational headache? Or are incumbents, integrators, or manual labor already “good enough”? |
| <b>Technical feasibility</b> | Does CollectedAI have it in its power to solve the task at hand?                                                                                        |
| <b>Deployment friction</b>   | How much factory disruption, integration, training, maintenance, and customization is needed?                                                           |
| <b>Buyer Potential</b>       | Is there a serious target market?                                                                                                                       |
| <b>ROI visibility</b>        | Can the customer calculate payback from labor savings, throughput, or efficiency?                                                                       |
| <b>Expansion potential</b>   | Does this direction lead to adjacent processes, customers, factories, or product lines?                                                                 |

## 4. Pathway Map

CollectedAI evaluated its possible company directions as a sequence of strategic filters. The goal is to identify the most commercially rational starting point. A starting point that balances technical feasibility, buyer urgency, uniqueness, and expansion potential. The pathway map below summarizes the main directions available, the reasons each was rejected, reserved, or chosen, and the logic behind the final decision. Further on in this document we will go deeper in each direction and their sub-directions.

| Direction                                                            | Use Case                                                         | Buyer                                   | Current Workaround                            | Decision                                                                                                                                                                   |
|----------------------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Human Data Collection &amp; Sales</b>                             | Collect human motion data from garment operations; sell datasets | Large tech / robotics /                 | In-house data collection; third-party brokers | BACKUP ONLY - Viable floor. Large companies pay millions for quality datasets; low strategic differentiation, but always available since we own the data                   |
| <b>AI Robotics Software Licensing</b>                                | Sell software stack to existing garment factories                | Asian / African garment manufacturers   | Manual labor; legacy automation               | REJECT - No real customer base: thin margins, minimal R&D budgets, zero urgency to adopt; may become viable if labor costs rise sharply                                    |
| <b>Garment Manufacturing &amp; U.S. Factory (Established Brands)</b> | AI-driven robotic production; sell finished goods to U.S. brands | U.S. brand sourcing / procurement teams | Offshore manual manufacturing (Asia / Africa) | FIRST DIRECTION - Strongest combo of buyer urgency, measurable ROI (import tax + supply chain savings), technical feasibility, deployment control, and expansion potential |
| <b>Garment Manufacturing &amp; Full Vertical (Own Brand)</b>         | Same production capability + sell under CollectedAI's own brand  | Retail                                  | Existing brands; offshore production          | LATER EXPANSION - Highest long-term upside; brand-building requires preparation and execution. This is the destination after the beachhead is established                  |

This option map points toward a clear, disciplined starting path:

CollectedAI should operate the technology directly first, because the near-term software-licensing customer base is weak and deployment into third-party factories would create heavy implementation friction. Controlled production gives CollectedAI the faster learning loop, stronger data feedback, and greater value capture.

U.S.-based robotic garment manufacturing for established brands creates the clearest customer ROI through lower landed cost, tariff avoidance, shorter lead times, better reliability, and reduced offshore exposure. From that foundation, CollectedAI can expand into full vertical ownership. The long-term model is not own-brand-only, but one manufacturing platform with two demand channels: B2B production for utilization and credibility, and an owned brand for consumer upside, with the potential of branching out to other products and categories as well. Licensing would only be worth monitoring again if labor costs across the world rise substantially, and the data sales option stays available as a reliable backup to secure profitability for our investors regardless.

## 5. Direction Specific Analysis

When tackling AI driven robotics, the sector and its potential use cases is vast. We at CollectedAI had to ask ourselves some questions. Throughout this section we will go through each decision point and evaluate the given choices.

Click any decision point below to jump directly to that section.

[Decision Point 1 - Business Model: Software vs. Production: Become a software provider or operate our own production?](#)

[Decision Point 2 - Production Geography: Where should robotic garment production happen commercially?](#)

[Decision Point 3 - Factory Scale Model: What factory model to pursue?](#)

[Decision Point 4 - Vertical Integration: Should we eventually own the full vertical?](#)

[Decision Point 5 - Customer Target: Manufacture for whom first?](#)

[Decision Point 6 - Dual-track Production: Manufacture only for our future brand or also for other brands?](#)

[Decision Point 7 - Brand Differentiation: What makes a future CollectedAI brand unique?](#)

[Decision Point 8- Brand Roll-out: How should the future owned brand be rolled out: online, retail stores, flagship stores, or a hybrid model?](#)

## Decision Point 1 - Business Model: Software vs. Production

*Become a software provider or operate our own production?*

Because AI-driven robotic garment manufacturing requires software, CollectedAI evaluated whether to license the software to existing garment factories directly instead of operating production directly.

There is a lot of talk around SaaS/Software being 'dead' since the advent of AI LLMs. While CollectedAI believes that our software has a moat due to its complexity and the training on real human data, we do believe that simply selling our data or software harnessed by data would be a waste of opportunity.

### Pain Intensity

*Is selling software a large enough market or is there a larger 'pain point' to solve?*

Pure software licensing is often seen as attractive by Venture Capitalists because it is capital-light. But not all software use cases are comparable, as not all have a similar target market.

When looking at potential garment factories that would be able to buy software, we see foresee weak near-term buyer urgency outside potentially a handful of large Chinese conglomerates. Demand for current manual labor strategies exists and upstart costs to modernise would defer most of the current manufacturing base.

Brand clients however are having a constant struggle to maintain supply line reliability and are looking for [geographical diversification](#) both for industrial and political hazards. Although the world is relying on the Asian garment factories and workers, and their skill is renowned, the flipside does include sub-optimal business practices, less than perfect reliability and more. Automating this industry with robots would take away a lot of uncertainty.

Garment factories are located in industrial zones in low-cost countries. The rise of fast fashion has exacerbated the price competition, as companies like H&M, Zara, and Shein are able to leverage economies of scale, high turnover, and rapid production cycles to remain profitable in a market where margins are thin. These brands often push their suppliers to cut costs even further, which places pressure on manufacturers to deliver products quickly and at the lowest possible cost. Garment factories must maintain high standards of quality to meet both consumer expectations and the demands of brands. Even minor defects in finished products can lead to costly returns, damage to brand reputation, and loss of customer trust. As a result, manufacturers are [increasingly investing in quality assurance systems](#) to ensure that products meet the required standards.

This shows a need for cheap, yet qualitative alternatives. Something CollectedAI is perfectly positioned for.

## Technical Feasibility

*Can our AI driven robotics software solve it reliably enough?*

Selling software only would require our potential factory customer companies to go through the journey of procuring capital for the robot factories running on our software. Not only is the chance of existing factories having that type of R&D budget level very low, it also introduces us to a new risk. It would mean CollectedAI needs to wait until customers have gone through all the hoops to be ready to pay us. Although creating software is a 'short' path to revenue, in reality the duration won't be short at all. It could take years before clients are ready, and the chance that they along the way all come up with different solutions is likely, meaning we would have to create software for all these different robot setups.

The CollectedAI software is technically more viable when built for CollectedAI's own specialized production environment. Internal deployment lets CollectedAI standardize robot hardware, workcells, garments, task sequencing, maintenance, and data feedback. Building a generalized software product for many third-party factories would require supporting different layouts, robot models, fabrics, operators, workflows, and maintenance standards before the core system has proven itself.

Entering the manufacturing market itself as a robotised factory player would bring a completely new dimension to this low margin industry. Whereas competing manual labor factories have wage costs and can only be operable during 'work hours', a robot factory would be capable of running 24/7/365. There are some other financial upsides besides wage (Import costs, tax and grant incentives, efficiency) more on these will be discussed in the following Decision Points.

## Deployment Friction

*How much factory disruption, integration, training, maintenance, and customization is needed?*

Third-party software deployment would create heavy implementation complexity: integration support, factory downtime risk, customization, operator training, calibration, hardware variation, data access problems, maintenance burden, and customer success overhead. Those costs would fall on CollectedAI before the product has enough market proof.

Taking the manufacturing route opens up the road to a way larger company, but also comes with the deployment friction of building, maintaining and scaling a manufacturing business. Maxwell Nusbaum has been able to find opportunities for acquiring factories to start human data collection and has started partner conversations around factory space at the final destination. More on both in our next decision point. Suffice to say for now that both these endeavours have shown to be highly affordable due to locations chosen and extensive due diligence.

## Buyer Potential

*Is there a serious target market?*

Garment manufacturing is characterised by relatively low profit margins compared to other industries ([Wanjie Textile](#)). Profitability is often squeezed by intense market competition, fluctuations in raw material costs, and the pressure to maintain low prices. On average, garment

manufacturers operate with profit margins ranging from 5% to 10%, though this can vary depending on the type of garment and the level of value-added production.

The global garment manufacturing market itself is large, with estimates around \$452 billion in 2025 and projected growth to more than \$542 billion by 2035 ([Global Growth Insights](#)), but most manufacturers operate in a mature, low-margin environment. That makes them poor early buyers for experimental robotic software with a need for upfront capex costs. This leads to a low amount of potential buyers for software only.

As touched upon during the Technical Feasibility section, CollectedAI will be able to offer high quality fabrics at a substantially lower price, giving us a great bargaining position towards brand clients and customers in general. Selling software to some advanced factories is a small target group, becoming a manufacturer opens up the opportunity of delivering a highly competitive alternative for all brands and consumers.

## ROI Visibility

*Can software buyers or brand clients calculate payback from labor savings, throughput, or efficiency?*

Existing offshore manufacturers may not see immediate ROI because their current labor costs are still low, while the cost and risk of robotics adoption are high. CollectedAI sees a stronger ROI path by using robotics to make U.S. production viable (more on that in the next Decision Point), where the value comes from shorter supply lines, import-cost avoidance, faster replenishment, and lower geopolitical exposure. This means we are able to show ROI towards established brands instead of Asian garment factories.

The ROI on software might sound clean and direct, but in our case, it would result in us forgetting the true ROI here. Namely the integrated opportunity of creating high quality, yet affordable garments, within the U.S., thereby avoiding import tariffs and long supply lines. Software is not a fast track, since the robot factories do not yet exist. And building them will be done quicker and more efficiently by us than anyone else. If we are the innovators with the human data collection moat, why leave the profit of this efficiency up to other companies?

## Expansion Potential

*Does this direction lead to adjacent processes, customers, factories, or product lines?*

Software licensing could at some point become attractive if global labor costs rise sharply, if CollectedAI's system becomes proven enough to deploy externally, or if selected factories become strategic partners. In the near term, operating internally provides better learning, tighter control, and greater value capture. What we foresee is that when the global market does have a need for our software due to rising labor costs elsewhere, CollectedAI already has established itself as the go-to alternative.

## Evaluation Summary

Software licensing is the easier-looking path, but it is the weaker business model. The target market for robotic sewing software is weak due to limited R&D budgets, and incumbents face little urgency to adopt robotics when manual labor remains cost-effective. Internal deployment of the same software gives CollectedAI full control over hardware, workcell design, data feedback, and deployment quality, while opening a much larger commercial opportunity.

Owning production is more demanding, but it is where the real value sits. Leveraging robotic arms with our proprietary software is our competitive edge. It is capable of outworking humans due to its 24/7 robotic nature. It is more scalable, factories can be built more efficiently. Taking out the human hiring cost makes traditionally expensive areas suddenly viable again for manufacturing. These factories do not yet exist, CollectedAI will be the first of its kind.

| Options Considered                                                                                         | Main Trade-Off                                                                                                                                                                                                   | Decision                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| License robotic software to garment manufacturers; use the software inside CollectedAI-operated production | Software licensing can be attractive because it is capital-light. However garment manufacturers have tight margins, limited R&D budgets, slow adoption cycles, and low willingness to take early technical risk. | Do not start as a pure software licensor. Operate the proprietary technology directly to capture more value and control deployment quality. |

## Decision Point 2 - Production Geography

*Where should robotic garment production happen commercially?*

CollectedAI separated the question of where to collect human data from the question of where to manufacture commercially. The production location should be based on customer value, economics, and strategic positioning.

### Pain Intensity

*Is the directional solution of manufacturing at a factory in Asia a real operational headache? Or are incumbents, integrators and manual labor already "good enough"?*

Continuing with Asian manufacturing would not create the strategic break CollectedAI is seeking. Asia remains the dominant production base, so competing there would mostly mean competing against low-cost manual labor, mature supply chains, and existing factory relationships. The pain for U.S. brands is not simply that they need another Asian supplier (although [diversification of suppliers](#) is an outspoken priority); it is that offshore production exposes them to long lead times, shipping volatility, tariffs, geopolitical risk, inventory risk, and limited flexibility.

Europe is the largest apparel-consumption market ([Dr. Sheng Lu, 2025](#)), and therefore at a glance presents an attractive location to deploy. Firstly there is the direct distinction of not going through a tariff war, and therefore having a less clear cost reduction and no 'bring back home manufacturing' as a European movement. Further analysis of the European garment industry also uncovers a high concentration towards low-output luxury brands and a growing and restrictive regulation environment ([McKinsey EU regulatory analysis](#)).

The stronger commercial thesis is to bring production closer to the U.S. customer. North America is one of the largest apparel-consumption markets, accounting for roughly [25% to 28%](#) of global clothing demand, while most production remains offshore. That gap creates the opening for domestic robotic manufacturing if labor dependence can be reduced enough to make local production cost-competitive.

Bringing home garment manufacturing fits right into the economic interests of the U.S. textile and apparel industry. USMCA nearshore production partners has reached its capacity. Although its expansion has stalled, these closer to home partners already present between an estimated [9.3](#) and 17% of its garment imports and is mentioned to be among the top priorities since 2016 ([McKinsey 2023](#)), signaling high interest ([Garment Manufacturing Market 2026-2035 report](#)) in closer supply lines and the reduction of import costs. Enabling production within the U.S. itself through robotization can fill the gap and help decrease relying on overseas factories.

## Technical Feasibility

*Does CollectedAI have it in its power to solve the task at hand?*

The U.S. already supports highly automated domestic manufacturing in sectors such as automotive, electronics, warehousing, aerospace, defense, and advanced textiles. One star example of being able to operate a manufactory within the U.S. is [Milliken](#), one of the largest privately held manufacturers in the world. Milliken combines a deep manufacturing history (founded 1865) with a massive research division specialising in protective fabrics, military uniforms, and commercial floor coverings. Showcasing how modernised factories can thrive on U.S. soil.

Robotisation does not need to make every garment process fully autonomous on day one; it needs to reduce the labor share enough that domestic production becomes competitive once shorter lead times, lower shipping exposure, lower import friction, faster replenishment, quality control, and customer proximity are included.

Within the U.S. multiple states have textile infrastructure. Texas and Georgia were both researched, and California has a clear large industry as well. However, for a scaled robotic factory, the cost structures in California are hard to justify unless the product requires luxury/local-fashion proximity or the company needs immediate access to LA/NY fashion ecosystems. Based on analysis comparisons that fit non-human labor and robotisation, North Carolina allows for a good breeding ground.

The NC Commerce ([link](#)) calls North Carolina the largest textile mill industry in the U.S. with 42,000+ skilled professionals (numbers vary based on terminology used). The state still has one of the strongest textile ecosystems in the U.S., including a large textile workforce, existing mills, nonwovens and advanced textile companies ([EDPNC](#)), training infrastructure, and NC State's Wilson College of Textiles. This helps us as a robotic factory still needs textile knowledge, maintenance staff, operators, process engineers, suppliers, prototyping support, and manufacturing talent.

## Deployment Friction

*How much factory development, integration, training, maintenance, and customization is needed?*

Domestic deployment creates advantages in customer proximity, shorter shipping lanes, easier buyer visits, faster iteration, reduced import exposure, and a stronger "made closer to market" narrative. The trade-off is higher upfront capex, U.S. operating cost, and the need for a serious funding round before commercial scale. Robotics is what makes the U.S. location worth considering. Without our competitive advantage of labor automation, the domestic cost base would be too high for most garment categories.

Where the U.S. deployment means capex costs, it also provides direct financial support opportunities. Bringing home manufacturing is an endeavour that is being encouraged. Initial

research gives us reason to believe CollectedAI could receive government grants or be eligible for tax incentives on the state and federal level. Businesses can now fully and immediately deduct the cost of building new qualified manufacturing facilities ([White House OBBB](#)). The [Made in America Manufacturing Initiative](#), launched by the SBA in early 2025, pledges to cut \$100 billion in regulatory burdens and expand loan access for manufacturers.

On state level, New Jersey, the location of CollectedAI's lab, has the [Next NJ Manufacturing Program](#) which is a landmark initiative offering up to \$150 million in tax credits per project, with a total allocation of \$500 million. Tax incentives are also possible through [research and development \(R&D\) tax credit](#), "one of the most significant domestic tax credits remaining under current tax law". North Carolina specifically has [grants and incentives](#) available as well. North Carolina offers targeted, performance-based incentives and promotes having the lowest corporate tax rate in the U.S ([EDPNC](#)).

## Buyer Potential

*Is there a serious target market?*

As before mentioned, the U.S. is the second largest garment buyer base in the world (behind Europe). The U.S. Clothing Manufacturing industry as of June 2026 is [valued at approximately \\$7.8 billion](#), while the U.S. apparel retail market is over \$400 billion ([FRED/BEA data](#)). Meaning the domestic production covers only a low single-digit percentage of consumption.

The potential customer universe of our factory includes established brands, retailers, sourcing teams, procurement leaders, and strategic partners that value price reduction, speed, reliability, lower import exposure, and reduced dependence on Asia. [33% of US companies planned to nearshore in 2025](#), and brands are "establishing regional manufacturing hubs" to meet consumer demand for faster deliveries.

## ROI Visibility

*Can the customer calculate payback from labor savings, throughput, or efficiency?*

For the buyer, ROI is best calculated on total landed cost plus working capital efficiency, not on ex-factory price alone. The largest component is avoided duties. With apparel tariff rates [exceeding 35 percent](#) on many Asian imports, domestic production eliminates a cost that now exceeds the profit margin on a typical garment.

Shorter supply lines remove ocean freight and the volatility that comes with it. Compressed lead times reduce the capital tied up in inventory and the forecast error that leads to markdowns. Robotics-driven throughput offsets the U.S. labor penalty. And American-made production carries its own pricing and positioning value with brands and consumers alike.

## Expansion Potential

*Does this direction lead to adjacent processes, customers, factories, or product lines?*  
U.S.-based production opens the first and most commercially relevant market (due to tariffs, and other before mentioned reasons). Once the model works domestically, CollectedAI can expand to additional U.S. sites, more garment categories, North American co-production partnerships, and eventually other regions such as Europe.

## Evaluation Summary

Asia preserves the supply chain problems that make offshore sourcing painful, and Europe lacks a clear cost advantage while carrying restrictive regulations. The United States offers the strongest thesis: a massive consumption market, a documented appetite for nearshoring, and a tariff structure that makes domestic production financially compelling when robotics reduces the labor share. North Carolina emerged as the most practical starting location due to its existing textile workforce, mill infrastructure, and university research support. The trade-off is higher upfront capital against a superior landed-cost and working-capital case that offshore manufacturing cannot match under the current trade regime.

| Options Considered                                                                                          | Main Trade-Off                                                                                                                                                                                                                                                                   | Decision                                                                      |
|-------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| Continue production in Asia; start in other continents; build robot-enabled production in the United States | Asia remains cost-competitive because of existing labor and infrastructure. If robotics materially reduces labor dependence, US production becomes attractive through shorter supply chains, reduced import friction, faster turnaround, and stronger appeal to American brands. | Make US-based robotic garment manufacturing the primary commercial direction. |

## Decision Point 3 - Factory Scale Model

*What factory model to pursue?*

After choosing US-based robotic garment manufacturing, CollectedAI needs to decide whether the long-term factory model should be giga centralized factories or multiple smaller and medium-sized facilities in large campuses.

### Pain Intensity

*Which of the given factory models supports our need for efficient and attractive manufacturing the best?*

We require a factory model that must solve two different pains at once: brands want scale, reliability, compliance, and predictable cost, but they also dislike single-point-of-failure risk. Large apparel manufacturers already operate at massive scale ([Global Growth Insights](#)), but with multi-factory organizations or industrial clusters rather than one isolated giant factory. Even when looking at PVH in Hawassa ([WorldBank](#)), which is the closest real-world analogue to “giga factory,” it was not one factory. It was a cluster/campus/industrial-park model with anchor buyers and suppliers.

During the last 5 years the idea of decentralized microfactories gathered attention ([WeForum](#)). Hyperscalers have shown us the path of gigafactories. Although due to its robotic nature, CollectedAI is capable of operating at a different scale than current nearshore factories, research does not indicate that this is what clients look for. Brands are used to 10–20 factory partners per country for replenishment orders, not one massive facility. Multiple factories, potentially within 1 campus, align better with how brands structure nearshore relationships: smaller, specialized, flexible facilities fulfilling shorter-run and replenishment orders.

### Technical Feasibility

*Can our AI driven robotics software solve it reliably enough?*

Robotics benefits from standardization, shared maintenance, common workcell design, and tight data feedback loops. That favors a concentrated initial site rather than many independent micro-sites. However, robotics also allows modular replication once a workcell is stable. The technical path is therefore: centralize early learning, then distribute only after the production system is repeatable. As clients are looking to diversify their manufacturing partner network, it is workable to start with a first factory and create more over time to take away the centralised-point-of-failure fear of brand clients.

### Deployment Friction

*How much factory disruption, integration, training, maintenance, and customization is needed?*

A few large or medium-sized sites are easier to maintain than many small sites because robotics requires trained technicians, uptime management, spare parts, calibration discipline, and consistent data collection. A single huge facility has upfront complexity and utilization risk;

too many small facilities create coordination and quality-control burden. The best initial design is a modular medium to large factory/campus with centralized engineering and multiple production cells that can be scaled or replicated.

Above research already touched upon the strategy of factory parks instead of singular gigafactories. Microfactories, although [a hype not too long ago](#), have proven to be unsustainable. Arrival [went from a 13B valuation down under](#) due to complexity involved and not having the capacity to deliver with micro size.

Questions hang over the scalability and viability of the microfactory business model, with government subsidies in locations that champion the idea (as in Portugal, [The Interline](#)), tax exemptions, and other incentives potentially being necessary to prop up the idea while brands adjust to higher unit costs that are offset by better margins and greater agility.

Bigger factories perform better on audit/compliance economics ([Compliance in Global Value Chains](#)), something that matters for global brands. When going too big, the risk arises of becoming a chaos amplifier due to the nature of brands requesting the change of specs, sizes, SKUs and timing. Larger export-oriented factories tend to be more productive, and spatial concentration/location is of the essence. Scale helps, but only when paired with process discipline, infrastructure, and input availability ([ILO](#)).

## Buyer Potential

*Is there a serious target market?*

As we have touched upon earlier, the demand for diversifying manufacturing partners is a high priority for brands within the U.S. Building factory parks to help reduce the risks of offshore supply lines, we foresee a real demand. For CollectedAI, the customer-facing message should be a platform with centralized quality, compliance, planning, EDI, traceability, and buyer interface, but multiple production units and flexible routing.

## ROI Visibility

*Can we calculate payback from labor savings, throughput, or efficiency?*

Gigafactories maximize fixed-cost absorption and unit economics through standardized processes, bulk purchasing, and simplified logistics, creating a defensible per-unit cost advantage at scale. Distributed facilities enable incremental capex and geographic risk mitigation but fragment support staffing and increase supply chain complexity. Centralization optimizes utilization rates and quality control early on, which is critical before validating the technology in multiple locations.

A larger initial site improves fixed-cost absorption, quality control, raw-material purchasing, support staffing, and investor legibility. Smaller sites reduce upfront capex and single-site risk, and can be placed closer to customer clusters later. ILO and Better Work evidence supports the value of larger export-oriented factories and larger-factory compliance economics, while microfactory research warns that small facilities may be agile but hard to scale into meaningful

production volume. The optimal decision is therefore not to go for a gigafactory but to scale in standardized modules.

### Expansion Potential

*Does this direction lead to adjacent processes, customers, factories, or product lines?*  
Factory scale should evolve with demand. The first site will prove the robotic production model, provide enough volume to expand, and remain modular enough to add cells. Later sites can support regional expansion, customer-specific programs, redundancy, and faster delivery.

### Evaluation Summary

The research points away from both extremes. One single gigafactory would maximize standardization but scares customers as it concentrates operational, geographic, and capacity risk. Many scattered microfactories would improve flexibility but may struggle with unit economics, maintenance consistency, and real production scale. The stronger model is a controlled, modular manufacturing platform: start with one flagship U.S. campus with multiple medium to large factory units, then replicate standardized cells or medium-sized facilities as demand proves itself.

| Options Considered                                                       | Main Trade-Off                                                                                                                                                                                                                                                                                                                           | Decision                                                                  |
|--------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| Large centralized factories; multiple smaller or medium-sized facilities | Large factories may offer scale, standardization, purchasing power, and stronger data feedback loops. Smaller facilities may reduce execution risk, improve regional flexibility, and make customer-specific production easier. This decision depends on logistics, capex, customer concentration, reliability, and supply-chain design. | Keep open for deeper analysis before committing to a final factory model. |

## Decision Point 4 - Vertical Integration

*Should we eventually own the full vertical?*

Although manufacturing for established brands is an obvious direction, CollectedAI also evaluated whether the largest long-term opportunity is to own the full vertical through its own brand.

### Pain Intensity

*Is owning the full vertical allowing us to meet a demand that is not being served? Or are incumbents already "good enough"?*

Throughout our market analysis, the potential payoff due to retail pricing is clearly the angle where CollectedAI can alleviate end-customer pain. However, the analysis also shows that owning the full vertical is not a standard, and is not required for success of either the brand or manufacturing side.

Most brands rely on third parties for their manufacturing, and most manufacturers do not own brands. Some examples to highlight this landscape are Shein, Louis Vuitton and Zara.

- Shein, the rising star which relies heavily on technology for its success, uses a large third-party supplier network, mostly in China, plus growing production in places like Brazil and Turkey. Reuters reported it sources most products from about [7,000 suppliers in China](#).
- LVMH, the richest clothing company in the world, owns several of its own [production facilities](#) in France and Italy. But for entry-level luxury items or regional production, they often rely on elite OEMs. These are manufacturers with certified ethical practices, advanced materials handling, and strict QC systems.
- Inditex/Zara is often called "vertically integrated," but that mostly means design-to-retail speed and logistics control, not full ownership of garment factories and textile mills. Inditex's own [supplier documentation](#) talks about suppliers designating participating factories, and suppliers being responsible for those factories.

As CollectedAI will own the software and the production, we see owning the brand as a way to capture more of the value created by robotic manufacturing. As the highest upside (gross margins of 40-70%) is taken by the brands, we see the real opportunity in combining the AI data driven robots with the fashion roots of Maxwell and Jan Nusbaum.

It is not uncommon for a leather bag that costs \$200 to make to be sold to retail for over \$2,000. Not only does owning the full vertical allow CollectedAI to keep its profit margins, it is able to undercut the competition substantially and still be profitable, thereby offering the American public high quality products at an affordable price.

### Technical Feasibility

*Can CollectedAI solve it reliably enough?*

Operating both manufacturing and a brand is feasible, but the current evidence shows it works best in specific categories and usually through staged execution. Manufacturer-owned brands exist: [Gildan](#)/HanesBrands, Los Angeles Apparel, Raymond Lifestyle, and the historical American Apparel model all show that production-led apparel companies can own brands.

The successful examples are mostly basics, underwear, socks, fleece, blanks, uniforms, basic activewear, denim, suiting, or shirts. A broad creative fashion brand is harder because of SKU volatility, seasonal risk, merchandising complexity, and demand uncertainty.

There are also successful examples that are more complex, such as Louis Vuitton, [Hermès](#), and Chanel which all own significant portions of their supply chain (tanneries, fabric mills, ateliers) and their own retail. These are fully vertically integrated in a luxury context, but the economics are completely different (high margin, low volume, artisanal) and not comparable to robotic garment manufacturing for mass production.

The largest global leader in garment manufacturing, [Shenzhou International](#), has grown precisely due to its vertical integration, managing the full supply chain in-house. They operate more than 10 production bases across China, Cambodia, and Vietnam. With over 80,000 employees, the company ships hundreds of millions of units per year. Their investment in automation, sustainability, and R&D has also set them apart from smaller factories that rely solely on low labor costs. Validating the upside CollectedAI presents.

Jan Nusbaum's experience as SVP at Tommy Hilfiger and President of Nanette Lepore strengthens the brand-side feasibility because CollectedAI is not approaching fashion only as a robotics company. The team has access to domain insight, brand relationships, product judgment, and supply-chain knowledge that can help avoid a purely technical view of apparel.

We have identified a strong market in producing scrubs, where technical feasibility will be sufficient in our earlier years, and where based on cost analysis, we are well positioned to be 30-40% below production costs of even the more budget competitors ([Mandala](#)). As we progress in letting our robot arms perform more complex tasks (time line as of now, 7-2026, is in 3 years), we can move up to more complex garments and fashion such as dresses and loungewear.

## Deployment Friction

*How much friction would owning our own brand introduce?*

The added complexity is substantial. Brand ownership means design, merchandising, assortment planning, pricing, inventory risk, DTC systems, wholesale relationships, retail strategy, customer service, returns, marketing, and brand storytelling. This is why the full vertical should not be the first step. It should be built after the manufacturing engine creates credibility and operating stability.

However it also comes with positive factors. Process efficiency has grown to be the top priority of chief procurement officers ([McKinsey](#)). Owning our own vertical means better integration, more control and quicker adaptation towards customer needs.

## Buyer Potential

*Is there a serious target market?*

The two target markets to be compared can be characterised as the market of manufacturing garments and imported garments to the U.S. This being the buyer if CollectedAI chooses to simply manufacture for established brands. The second buyer market would be the end customer market buying clothes. In both cases it would be unreasonable to assume any manufacturer or clothing brand can achieve full domination, however the market sizes are serious business and worth exploring.

The U.S. is the largest single-country apparel importer in the world. [USITC reported](#) U.S. apparel imports of \$79.3B in 2023. Research also shows that U.S. import value and volume declined under tariff pressure in 2025, while Asia still accounted for roughly [73% of U.S. apparel imports](#). The import market is restructuring as brands are reducing China exposure rapidly. China's share fell from 24.6% of U.S. apparel imports in July 2024 to 15.6% in July 2025. By October 2025, it dropped further to just 11.3%. Vietnam has overtaken China as the largest supplier at 22.1% market share ([Dr Sheng Lu](#)). The data is showing real consumer demand that can be reallocated to the more cost effective and credible alternative CollectAI has to offer.

The other buyer market is the potential of catering to all clothing buyers with our own exclusive brand. [Grand View Research](#) valued the global apparel market at \$1.8 trillion in 2025, projecting growth to \$2.5 trillion by 2033 at a CAGR of 4.1%. This market is many times larger in spending than simply chasing the manufacturing profits which, due to tariffs and closer supply chains, is a profitable lane, but misses out on the true profit taken by brands.

Since CollectedAI will revolutionise the way manufacturing will occur, our market analysis was expanded beyond just the garment industry. Good examples of the viability of owning the full vertical are found within eyewear, watches and beauty products.

EssilorLuxottica is the strongest cross-industry example. Eyewear is partly fashion, partly technical product, partly retail experience. [It owns or controls major parts of the stack](#): lenses, frames, eyewear brands, manufacturing, wholesale channels, and retail chains. It owns brands like Ray-Ban, Oakley, Persol, and also operates retail banners such as LensCrafters and Sunglass Hut.

[Swatch Group](#) is another useful analogue in watches. It owns a portfolio of watch brands and is active in design, manufacturing, sale of finished watches, movements, and components. Its own site says it produces nearly all components needed for watches sold under its 16 watch brands and also supplies the wider Swiss watch industry.

L'Oréal [its operations](#) support the group's 40 brands and its global footprint lets it design, procure, manufacture, and distribute close to consumers by category.

Exploring the opportunity of disrupting the clothing market while we have production and the expertise in-house has massive potential.

## ROI Visibility

*How does this strategy provide the maximised ROI for CollectedAI?*

Vertical integration can capture more margin and the customer relationship, but the ROI is less predictable than B2B manufacturing. Gildan shows how manufacturing control can work in repeatable basics. Shenzhou shows the power of vertical manufacturing as a strategic supplier. Hermès shows full vertical craft at luxury margins. Shein and Inditex show that speed and operating systems matter even without owning every factory. CollectedAI is positioned to benefit from each of these efficiencies. Thereby compounding the cost reductions and profit margins.

## Expansion Potential

*Does this direction lead to adjacent processes, customers, factories, or product lines?*

Owning the brand creates the highest upside because it lets CollectedAI turn manufacturing speed, lower cost, and production control into consumer products rather than only supplier margin. It also creates a testing ground for faster design-to-production loops and future product categories. This will pave the way to expanding into more brands, more products and over time branching out further upstream the supply chain as well. Initial talks around acquiring fabric mills have shown signs of potential.

## Evaluation Summary

Retail margin is where the largest profit pool sits, and the cross-industry examples demonstrate that owning both production and the consumer relationship is viable when the economic and operational fundamentals are right. Robotic manufacturing is the wedge that makes this possible in apparel in a way that previous attempts could not sustain. Legacy companies like American Apparel failed because human labor at U.S. wages could not compete with Asian production costs. AI-driven robotics alters this equation by making U.S. manufacturing cost-competitive without tariffs and with faster turnaround. This shift validates the full vertical model as viable in a way that has never been possible before.

| Options Considered                                       | Main Trade-Off                                                                                                                                                          | Decision                                                |
|----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| Remain a manufacturing platform;<br>build an owned brand | Manufacturing for others can create earlier revenue and proof of capability. Owning the brand can capture more upside, but requires substantially different groundwork. | Full vertical ownership is the later-stage opportunity. |

## Decision Point 5 - Customer Target

*Manufacture for whom first?*

CollectedAI evaluated whether the company should first manufacture for established brands or immediately launch its own consumer brand.

### Pain Intensity

*Does CollectedAI “need” initial existing brand clients, or should it exclusively produce for its own brand?*

Established brands already have sourcing, cost, speed, and supply-chain problems that CollectedAI solves.

The upsides for established brands are clear. One of the most significant challenges ([Wanjie Analysis of the low stream market](#)) facing the garment manufacturing industry is its dependence on low-cost labour. The traditional large garment factory operates on an assembly line model where each worker specializes in a specific task to improve efficiency, and the sewing stage is highly labor-intensive. The cost reductions we believe are possible will be discussed during the ROI section.

A new owned brand would need to create consumer demand from scratch. Fashion demand is endless, but what will help CollectedAI stand out is being able to significantly lower the costs for consumers while maintaining quality and providing a more sustainable, closer to home, supply chain. The pain intensity is more clearly visible on a shorter timeframe for the established brands.

### Technical Feasibility

*Can CollectedAI solve it reliably enough?*

Manufacturing for established brands lets CollectedAI focus first on production quality, reliability, and cost structure. Launching a brand adds design, merchandising, marketing, distribution, and support as required areas of focus.

The Nusbaum fashion and supply-chain strengths can be leveraged to secure brand customers and product credibility before CollectedAI carries the full burden of launching a consumer brand. Manufacturing for established brands lets the company prove production reliability while using the team’s industry relationships, design understanding, and sourcing knowledge to win trust.

### Deployment Friction

*How much factory disruption, integration, training, maintenance, and customization is needed?*

Onboarding brand customers requires sampling, qualification, compliance, vendor setup, quality standards, production planning, and account management. But it avoids the larger burden of consumer brand launch: brand positioning, customer acquisition, returns, fulfillment,

merchandising, inventory risk, and retail distribution. This makes established brands a good starting customer.

Serving existing brands requires sales and production qualification, but avoids the full burden of consumer brand launch before the manufacturing system is proven.

## Buyer Potential

*Is there a serious target market?*

The decision to manufacture for established brands first does not lock CollectedAI out of owning a brand later. It simply sequences the two revenue streams in the correct order: prove the manufacturing engine first, then layer the owned brand on top once the factory is reliable and the customer relationships are established.

There is also clear precedent that a manufacturer can serve outside brands while developing its own. [Lu Thai](#) supplies Burberry, Calvin Klein, Zara, and Armani while operating its own brand portfolio (more on Lu Thai and its learnings in the next Decision Point). The future is safe either way. If CollectedAI proves its manufacturing capability with established brands, it builds the credibility, cash flow, and operating data needed to launch an owned brand later. If the owned brand never launches, the B2B manufacturing business stands on its own. The important thing is to start with the market that has the clearest demand and the shortest path to revenue, and that market is established brands.

## ROI Visibility

*Can the customer calculate payback from labor savings, throughput, or efficiency?*

The ROI case for established brands is clearer than for a new owned brand and provides a simple and attractive offer. Average U.S. apparel tariffs rose sharply through 2025 ([Global Textile](#)), reaching [35.1%](#) by December, while U.S. fashion companies paid \$11.9 billion in apparel tariffs in 2024. Brand examples show the pressure directly: [Gap](#), [Levi Strauss](#), [Nike](#), and [Lululemon](#) all reported tariff-related cost or margin impact. If CollectedAI can bypass part of that import-cost stack while reducing lead times and supply-chain uncertainty, the buyer can calculate the benefit. Our internal calculations predict up to a 30% uplift (also echoed by [WeForum](#)). Giving CollectedAI a great starting position for negotiations.

For an owned brand, CollectedAI is capable to capitalise completely on the reduction in costs, and offer the end customer clothing at substantially lower prices while maintaining quality. Customers do need to be educated on the reason for the cost reduction, as to not get the idea of getting 'cheap imported clothes with a large environmental footprint', but as CollectedAI will use its story to sell the brand vision, the price advantage should work in our favor.

## Expansion Potential

*Does this direction lead to adjacent processes, customers, factories, or product lines?*

Serving established brands first builds credibility for the owned brand later. It validates product quality, cost structure, delivery reliability, and buyer trust. It also produces cash flow and operating data that can de-risk a future consumer brand launch. As CollectedAI starts out with established brands, it will be able to expand its manufacturing capabilities into more complex garments, paving the way for its own creative brand(s).

## Evaluation Summary

Manufacturing for established brands addresses a clear and urgent market need: brands face rising tariff costs, supply chain pressure, and a restructuring import landscape that creates immediate demand for a cost-competitive domestic alternative. Launching an owned brand from the start would add design, marketing, and consumer acquisition burdens before the manufacturing system is proven, while also requiring consumer education on the value proposition.

Serving established brands first builds production credibility, operating cash flow, and manufacturing capability, creating a foundation from which an owned brand can later be launched with lower risk. The economics of operating both a factory and a consumer brand are fundamentally different, and the added complexity of design, merchandising, inventory risk, and retail execution should not be taken on before the manufacturing system is proven. The careful path is to treat the owned brand as a later-stage opportunity, not the first step.

| Options Considered                                                         | Main Trade-Off                                                                                                                                                                                                              | Decision                                       |
|----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| Established brands; immediate launch of a CollectedAI-owned consumer brand | Established brands already have demand, distribution, trust, and product-market access. Launching an owned brand may offer more upside later, but adds brand-building risk before the manufacturing system has been proven. | Start by manufacturing for established brands. |

## Decision Point 6 - Dual-track Production

*Manufacture only for our future brand or also for other brands?*

If CollectedAI eventually builds its own brand, it still needs to decide whether that brand should be exclusive or whether the company should continue manufacturing for other brands as well.

### Pain Intensity

*Will brands accept CollectedAI owning its own brand and co-producing garments alongside that of its outside clients?*

The fashion industry is not winner-take-all. Massive global retailers, independent DTC brands, specialty labels, luxury houses, and B2B manufacturers coexist because consumer taste, channel strategy, price point, product category, and geography fragment demand. Brands are cautious in making joint investments due to the highly competitive nature of the apparel market. However, as McKinsey highlights in its [report](#), conventional methods are approaching their limits. Effective supplier collaboration calls for brands to forge active relationships with suppliers and both parties to shift their mindset toward sustained value creation.

### Technical Feasibility

*Can CollectedAI solve it reliably enough?*

In earlier sections we have already highlighted multiple examples of companies going for the hybrid strategy of owning part of their vertical and collaborating on certain steps of the supply chain. It is clearly possible to connect with multiple brands simultaneously and build out our own offerings.

[Lu Thai](#) is an important precedent and use case to learn from. It supplies premium international brands such as Burberry, Calvin Klein, Zara, and Armani. As a company it combines upstream fabric capability, garment production, global B2B customers, owned brand channels, domestic retail/custom offerings, and multi-region capacity. Its own brands do not appear to prevent B2B customer relationships. The caveat is that Lu Thai is positioned in a non-threatening, conservative businesswear niche. Our brand vision does require creative production (something we will scale up to as we offer manufacturing towards established brands) but also maintains a strong direction (opposed to producing general apparel). More on the vision in our next Decision Point.

Dual-track production itself is feasible if the owned brand is designed around the factory rather than fighting it. The safest model is to use external brand clients for utilization and reliability while the owned brand runs controlled, repeatable product lines that fit the same production logic. The risk is that volatile client work and the owned brand's creative calendar pull the factory in different directions. That requires capacity allocation, dedicated lines or cells, and clear rules about which product types the factory will and will not serve.

CollectedAI's positioning therefore will be: one manufacturing platform, two demand channels. For established brands, the promise is domestic, robotic, cost-competitive, traceable production. For the owned brand, the promise is high-quality American-made design that uses the same manufacturing advantage to offer interesting products at lower prices and faster replenishment. A hybrid model requires the production system to handle both external brand requirements and internal product lines. This creates complexity but can improve utilization.

## Deployment Friction

*How much factory disruption, integration, maintenance, and customization is needed?*

Operating both an owned brand and external brand clients adds substantial complexity. Managing confidentiality, brand separation, quality control, and production planning requires strict scheduling discipline. Conflict management becomes critical when multiple clients compete for capacity and resources. [Shenzhou's model](#) offers a useful blueprint here: large manufacturers tend to diversify within a concentrated client base rather than depend on one client or serve hundreds of small ones. The target should be a handful of anchor clients, not an uncontrolled customer mix. This approach balances utilization with operational control, reducing friction while maintaining brand separation and delivery reliability.

## Buyer Potential

*Is there a serious target market?*

It is common practice for brands to work together with multiple factories, and for factories to have multiple “anchor customers”. Presented research proves that brands are willing to work together with factories that produce their own brands alongside. The hybrid model creates two buyer groups: established brands and end consumers. It broadens monetization but requires more organizational focus.

## ROI Visibility

*How does this strategy provide the maximised ROI for CollectedAI?*

Revenue diversification is the core reason to keep both tracks. Third-party manufacturing provides steadier utilization, cash flow, and buyer validation. The owned brand can capture more margin and generate consumer data, but early revenue will be less predictable because it depends on customer acquisition, assortment strength, inventory risk, and repeat purchase. The factory should not depend on the owned brand until that brand has proven demand.

## Expansion Potential

*Does this direction lead to adjacent processes, customers, factories, or product lines?*

A hybrid model maximizes reach without overexposing the company to one demand source. External brands create scale and credibility; the owned brand creates upside, market feedback, and a showcase for the manufacturing system. Over time, the model can expand into additional anchor clients, more product categories, and multiple owned or acquired brands.

## Evaluation Summary

The optimal decision is to manufacture for other brands while developing and growing the owned brand. The market is not winner-take-all, and the strongest precedent supports a dual model: B2B production for utilization and credibility, owned brand for margin and strategic expansion.

| Options Considered                                           | Main Trade-Off                                                                                                                                                | Decision                                                                                           |
|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| Own brand only; third-party manufacturing only; hybrid model | An own-brand-only model can capture more margin but narrows revenue and increases brand execution risk. Third-party manufacturing gives broader monetization. | Pursue a hybrid long-term model: manufacture for established brands while building an owned brand. |

## Decision Point 7 - Brand Differentiation

*What makes a future CollectedAI brand unique?*

With our goal of owning our full vertical, including a brand, down the line. What direction do we want to pursue?

### Pain Intensity

*Is the directional solution of launching a new brand something people are looking for? Or are incumbents already "good enough"?*

The consumer pain point is not that there are no clothes available. We are aware that fashion is a highly competitive market with numerous established brands. We do see opportunities that we can execute on.

Tariffs and inflation make life expensive for most people. The consumer market for clothing however is a growing market. Much of the current market splits into unattractive extremes such as cheap fast fashion that feels generic (Shein and Temu, [McKinsey](#)) and expensive premium brands that are not accessible ([LVMH and such](#)). Through our competitive advantage, CollectiveAI is able to position itself as an affordable yet high quality alternative. Capturing both the fast iteration speed, cheap pricing and the otherwise not included high quality standards of a U.S. based brand and factory.

As [mentioned earlier](#), our first garments will be focused on scrubs for nurses. Scrubs are a fairly high priced outfit, easily put together and have high gross margins. FIGS is the dominant player, but nurses are looking for other options ([NurseMoneyTalk](#)). We do see scrubs as a step towards eventual fashion, which is a much larger market. For that reason we will focus on the goal of fashion in this chapter.

Our first brand direction that we have chosen is to mass-produce beautiful "thrift-store diamond" designs from the 60s and 70s. As true thrift/vintage shopping is time-consuming, size-limited, and condition-dependent. A customer may love the idea of finding a rare 60s blouse, 70s jacket, perfect flare, knit polo, jumpsuit, or dress, but the actual thrift experience rarely provides that item in the right size, condition, color, and price. CollectedAI can solve this by turning the "lucky find" into a repeatable product promise. Creating the feeling of discovering a rare old design, without the randomness and scarcity of actual vintage shopping.

### Technical Feasibility

*Is CollectedAI capable of this endeavour?*

Creating high quality creative clothing through robotisation is a challenge that we will not understate. As part of our decision path it is the choice to progressively grow our capacity and complexity of garment styles. Starting off first with established brands and over time launching our own brand.

Urban Outfitters sells original vintage and vintage that has been [redesigned/reworked](#) into modern silhouettes. It says it has recirculated over 7M garments. Giving strong proof that big

retailers can systematize vintage/remade products. However, at Urban Outfitters this was still partly one-of-one / remade, not pure mass reproduction.

The technical distinction is the combination of archival taste, modern fit development, automated or semi-automated production, rapid testing, and fast replenishment. The most realistic product wedge within our brand direction is repeatable but expressive silhouettes such as shirts, blouses, flares, knit polos, jackets, dresses, and jumpsuits, where automation and standardized production can reduce cost while preserving design character.

## Deployment Friction

*How much company expansion, training, and customization is needed?*

Brand launch logistics are separate from manufacturing. The company would need a rigorous process for identifying old designs worth reviving, checking legal and IP risk, modernizing fit, selecting fabrics, grading sizes, testing demand, and deciding which designs deserve replenishment. The first product line should therefore be narrow and repeatable rather than broad and chaotic.

CollectedAI would need creative direction, merchandising, photography, content, pricing, fulfillment, returns, customer service, inventory planning, and wholesale or retail account management. These should be built only after the manufacturing platform can support the product promise. These are all extensive disciplines that require preparation and attention, and are part of the experienced skillset brought towards CollectedAI through Jan Nusbaum.

## Buyer Potential

*Is there a serious target market?*

Besides the clear advantage of high quality clothing for affordable prices in a world of inflation ([State of the Fashion](#) shows 73% of GenZ is changing their spending habits due to rising prices) and an overload of cheap fashion we believe the creative direction has a credible market signal. Consumers have already shown strong interest in vintage ([Pinterest Trend Report](#)), resale (ThredUp's [Resale Report](#)), archive fashion, and nostalgia-driven collections. The growth of secondhand apparel shows that younger consumers value older aesthetics ([2026 Fashion Trends Report](#)), discovery, uniqueness, and price.

Large brands have proven that old designs can be commercially valuable: Levi's Vintage Clothing, Gap Archive Reissue, Banana Republic archive collections, and other heritage reissues show that consumers respond to revived silhouettes and historic references. Smaller brands such as [Unique Vintage](#) and [The Hippie Shake](#) show that vintage-inspired fashion can support a consumer audience. The open opportunity is to industrialize this direction with a scalable brand that makes the best old designs accessible again.

## ROI Visibility

*Can the customer calculate payback from labor savings, throughput, or efficiency?*

The ROI case is stronger than a normal new fashion brand as CollectedAI can combine design distinctiveness with lower production cost. The brand can price meaningfully below premium retro and boutique vintage-inspired labels while still offering more interesting designs than generic mass fashion. Smaller initial drops allow us to reduce inventory risk, while rapid replenishment lets CollectedAI scale only the designs that show demand.

If robotic production reduces labor cost and shortens the supply chain, the company can choose between two advantages: higher gross margin at normal prices, or aggressive consumer pricing that makes the brand feel unusually good-value. The second option is strategically stronger early on because it turns the manufacturing advantage into an obvious consumer benefit. While still making a profit. Truly showcasing the power of CollectedAI manufacturing.

## Expansion Potential

*Does this direction lead to adjacent processes, customers, factories, or product lines?*

A successful owned brand creates a platform for future product categories. It can expand from a narrow set of repeatable vintage-inspired silhouettes into adjacent apparel categories, more decades, collaborations, licensing, retail experiences, and potentially multiple brands. It also becomes a live testing ground for rapid product development and demand-responsive manufacturing. Over time, this could also support acquiring or licensing an existing heritage-compatible brand if that gives the concept more authenticity and archive depth.

There is no reason to limit CollectedAI to just one brand either. With robot units created to scale, the potential for other brands, other product lines, different sectors besides garments are all on the table. One such direction that is fairly straightforward is automating the manufacturing of closely related items such as gun holsters, belts, sheets, and medical products. North Carolina already has a reputation for these items and our automation will deliver direct competitive benefits.

## Evaluation Summary

Consumers do not buy a garment because a robot made it; they buy it because it looks good, fits well, is affordable, and gives them a reason to choose it over existing brands. The strongest current brand concept is therefore not generic sustainability, not generic domestic production, and not generic AI fashion.

The concept that our Nusbaum dual team will pursue is mass-producing beautiful “thrift-store diamond”-inspired designs from the 60s and 70s. Garments with the emotional appeal of rare vintage finds, but made available in modern sizing, consistent quality, and at substantially lower prices than boutique vintage-inspired brands. The concept has precedent in vintage-inspired

brands and archive reissues, but the larger opportunity is to combine that aesthetic with a manufacturing system that can make rare-looking designs scalable.

| Options Considered                                                                         | Main Trade-Off                                                                                                                                                                                                                 | Decision                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Domestic production; speed-to-market; generic sustainable apparel; thrift-inspired fashion | Domestic production and AI are not enough as consumer propositions. The strongest consumer-facing concept is the one that combines emotional design appeal with a real manufacturing-enabled price and availability advantage. | Develop the owned brand around mass-produced 60s/70s thrift-store-diamond designs, but only after the manufacturing platform is proven through established-brand production. |

## Decision Point 8 - Brand Roll-out

*How should the future owned brand be rolled out: online, retail stores, flagship stores, or a hybrid model?*

With a unique brand direction in mind, what do we envision as the direction to sell our brand? As our decision path has made a strong case for incremental growth, the brand roll-out is realistically years ahead of us. The market can drastically change, but with the knowledge of today and looking at current trends, we evaluated our options and vision.

The following is specifically focused on where we sell our brand and in what manner we will do so.

### Pain Intensity

*What distribution problem does the rollout strategy need to solve?*

The distribution problem is that online and physical retail solve different parts of the apparel buying journey.

Online is strong for discovery, storytelling, social content, drops, waitlists, and data collection. But online apparel has a well documented fit and returns problem ([NRF Retail Returns 2025](#)), especially when the silhouettes are less familiar. A 70s-inspired blouse, flare, jacket, jumpsuit, or dress may need to be tried on before the customer fully commits.

Physical retail helps with fit, styling, brand world-building, and consumer trust. 27% of consumers say retail stores are where their shopping journey begins ([Ecommerce Fashion in 2026 Trends](#)). However it creates major fixed costs and inventory complexity.

### Technical Feasibility

*Is CollectedAI capable of this endeavour?*

Online fits CollectedAI as it allows drop testing, waitlists, styling content, customer data, rapid feedback, and demand-driven replenishment. All well suited to be integrated into the full vertical model.

The operation of flagship stores or permanent stores would introduce capital and a new set of infra and management requirements. CollectedAI does have this skill set in its team but recognizes that fashion strategy trends are highly fluctuating and research and preparation would need to be revisited at a later stage.

## Deployment Friction

*What are the operational costs and risks of each rollout path?*

An online launch has lower fixed cost than stores, but it is not frictionless. It requires content, paid and organic acquisition, fulfillment, returns handling, customer support, sizing tools, photography, and strong merchandising.

Retail stores add leases, staff, buildout, inventory allocation, visual merchandising, local operations, and higher execution risk. Pop-ups and temporary showrooms are the better intermediate step because they provide fit data, customer feedback, local demand testing, content creation, and brand credibility without committing to permanent retail. Flagship stores could follow at a later stage to establish a higher degree of brand awareness.

The rollout should therefore avoid both extremes. Not online-only forever, and not permanent stores too early.

## Buyer Potential

*Is there a serious market for this rollout model?*

Yes. The market evidence supports a hybrid path. E-commerce is large and still growing ([Census Bureau](#)), but it remains a minority of total retail sales ([Statista](#)), which means physical retail is a market that cannot be ignored. Even with the rise of DTC and marketplaces, retailer-controlled channels (department stores, specialty retailers, etc.) are growing to an estimated \$369 billion in 2026 ([State of Apparel 2026](#)). This means wholesale distribution to established retailers remains the single largest revenue pool in U.S. apparel, and avoiding major retailers is often a costly mistake for brands seeking scale.

Our market analysis shows consumers are merging their online behaviour together with in real life experiences. [McKinsey/BoF's State of Fashion 2026](#) says retail experiences are evolving from mobile-first to connected stores to AI discovery, but that people, stores, frontline staff, and human interactions remain central to brand experience. [8 in 10](#) American shoppers prefer a combination of online and in-store shopping.

The report also says U.S. luxury retail square footage rose 65% in H1 2025, reflecting renewed investment in physical brand experience. This is in stark contrast with [JLL's report](#) saying U.S. retail market entered Q1 2026 with negative net absorption of -4.4M sq ft. But that vacancy was still low at 4.4%. This hints towards the rise of flagship experiences over a general retail store strategy. Something that appeals to our creative direction as well.

DTC fashion can scale: Reformation reached more than \$500 million in 2025 revenue with around 90% of sales through DTC channels.. At the same time, pure DTC has become harder

because customer acquisition, returns, and channel saturation can eat margin. Large brands such as Nike still rely heavily on wholesale, while digitally native brands such as Warby Parker show that physical stores can become powerful customer-acquisition and trust-building assets once the model is proven.

Inditex (Zara) is the obvious scaled example of integrated online plus stores. [In FY2025](#), Inditex had €39.864B in sales, operated 5,460 stores, opened stores in 41 markets, and generated €10.7B in online sales.

When wellness brand Rituals launched its new service-led concept (Mind Oasis) it did so in its Amsterdam flagship. Lacoste's brand shift started with a Paris flagship. And every time Sephora opens a new flagship, all eyes are on the brand to see what's new. The flagship store has become a place for brands to test new ideas and technology and reposition themselves ([Insider Trends](#)).

Several global luxury brands have redefined retail by turning flagship stores into immersive brand universes. Louis Vuitton's museum-like experience at the Paris Champs-Élysées, the Gucci Garden with its restaurant in Florence or the Tiffany & Co. Landmark including art galleries in NYC. This direction is something our brand vision of 60s and 70s fashion would be perfectly suited for.

If a brand or store gets one thing right and offers a positive experience, the customer is more likely to think positively about the brand as a whole. This means that memorable retail spaces help to develop positive associations in consumers. CollectedAI should launch online first, then expand into physical touchpoints to expand its brand-consumer connection.

## ROI Visibility

*How can CollectedAI measure whether the rollout works?*

From the given directions, the online-first model gives the clearest early ROI signals. CollectedAI can measure waitlist conversion, drop sell-through, return rate, repeat purchase, customer acquisition cost, gross margin, product-level demand, size-level demand, and replenishment success. Pop-ups can be measured by sales, customer acquisition, fit feedback, local demand, content reach, and post-event online conversion. Permanent flagship stores should only be justified if a city has proven demand density, strong repeat customers, enough product range, and clear evidence that the store improves the brand's economics beyond its cost. Due to changing trends in the fashion industry, our market analysis points towards renewed market research closer to the brand launch, opposed to deciding at this early stage

## Expansion Potential

*Does this rollout lead to future channels, product categories, or markets?*

A staged rollout creates optionality. Online drops can validate products nationally before committing to inventory-heavy expansion. Pop-ups can identify which cities deserve deeper investment. Selective wholesale can place the brand in taste-making retailers without giving up

the main customer relationship. Flagship stores can eventually become brand worlds: archive rooms, styling studios, launch venues, fit labs, and content engines.

## Evaluation Summary

CollectedAI should not launch the future brand as a traditional retail-first fashion company. The strongest rollout is DTC-first, but not DTC-only. Online should be the commercial core because it allows demand testing, waitlists, controlled drops, customer data collection, and fast feedback into the manufacturing system. Physical retail should come later, first through temporary pop-ups or fit showrooms, then through selective wholesale or flagship stores only once demand is proven. This creates a staged rollout that matches CollectedAI's advantage: test demand quickly, produce efficiently, replenish winners, and avoid locking the brand into expensive fixed retail before product-market fit is clear.

| Options Considered                                                    | Main Trade-Off                                                                                                                                            | Decision                                                                                                                                                    |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Online-only; retail-store-first; wholesale-first; DTC-led omnichannel | Online gives data and lower launch cost but creates return and fit risk. Retail builds trust but is expensive. Wholesale gives reach but reduces control. | Launch the owned brand DTC-first through online drops, then add pop-ups/showrooms, selective wholesale, and eventually flagship stores after proven demand. |

## 6. The Clear Path Ahead For CollectedAI

The analysis points to a clear path: CollectedAI should start by building AI-driven robotic garment manufacturing for established brands. This direction has the strongest combination of technical feasibility, buyer urgency, measurable ROI, and strategic expansion potential. It chooses the long term potential over the weak near-term economics of software licensing to low-cost offshore factories.

The first phase is to use real garment-production data to train robotic workflows, then deploy that capability inside CollectedAI-operated production. Vietnam provides the right early environment for human production data, while the United States provides the strongest commercial opportunity because brands face tariffs, long offshore lead times, supply-chain risk, and pressure to diversify sourcing. A U.S.-based robotic factory can offer a fundamentally different value proposition: domestic production with competitive cost, faster turnaround, reduced import exposure, and stronger quality control.

The long-term opportunity is full vertical ownership, but through a staged and hybrid model. Established brands should remain the first customer base because they provide revenue, utilization, credibility, and measurable production proof. Over time, CollectedAI can add its own consumer brand as a higher-margin layer built on the same manufacturing advantage. Our brand direction is not generic AI fashion, but mass-produced 60s/70s “thrift-store diamonds” designs. Rare-feeling garments made available with modern sizing, consistent quality, repeatable supply, and lower prices.

The end state is one manufacturing platform with two demand channels: B2B production for established brands and a CollectedAI-owned brand for consumer upside. The brand rollout should be DTC-led, using online drops, demand testing, and rapid replenishment first, with pop-ups, selective wholesale, and flagship retail added as the brand earns those channels. This gives CollectedAI a disciplined path from data, to robotics, to U.S. manufacturing, to full vertical consumer value capture. Expansion towards owning more of the vertical upstream, launching more brands and manufacturing different products, plus capturing the European market can follow afterwards.