A technical drawing of a sphere with a grid of lines and a central orange gradient sphere. The drawing features a central orange sphere with a radial gradient, surrounded by a complex grid of lines. The grid includes a horizontal and vertical axis, and several concentric circles. On the right side, there are two vertical double-headed arrows indicating measurements. On the left side, there is a curved arrow indicating an angle. The overall style is that of a technical or architectural drawing.

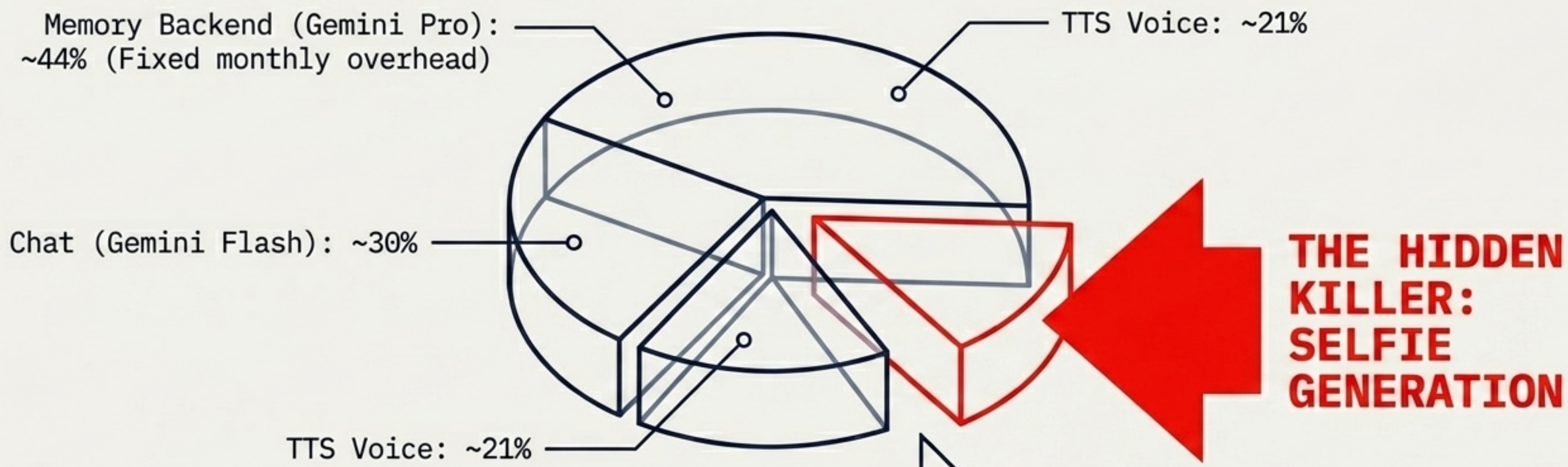
# The Economics of Emotional AI

How a ruthless product pivot rescued unit economics and built a better AI companion.



## **The ultimate cost optimization is a product decision.**

Mio v1 engineered itself into an unprofitable corner by trying to simulate a fake human. Fixing the margins didn't require better engineering—it required a fundamentally different definition of what an AI companion should be.



## 11% Gross Margin

Barely viable at average usage. Unprofitable at power usage.  
Mispriced image output tokens at text rates created a margin collapse.

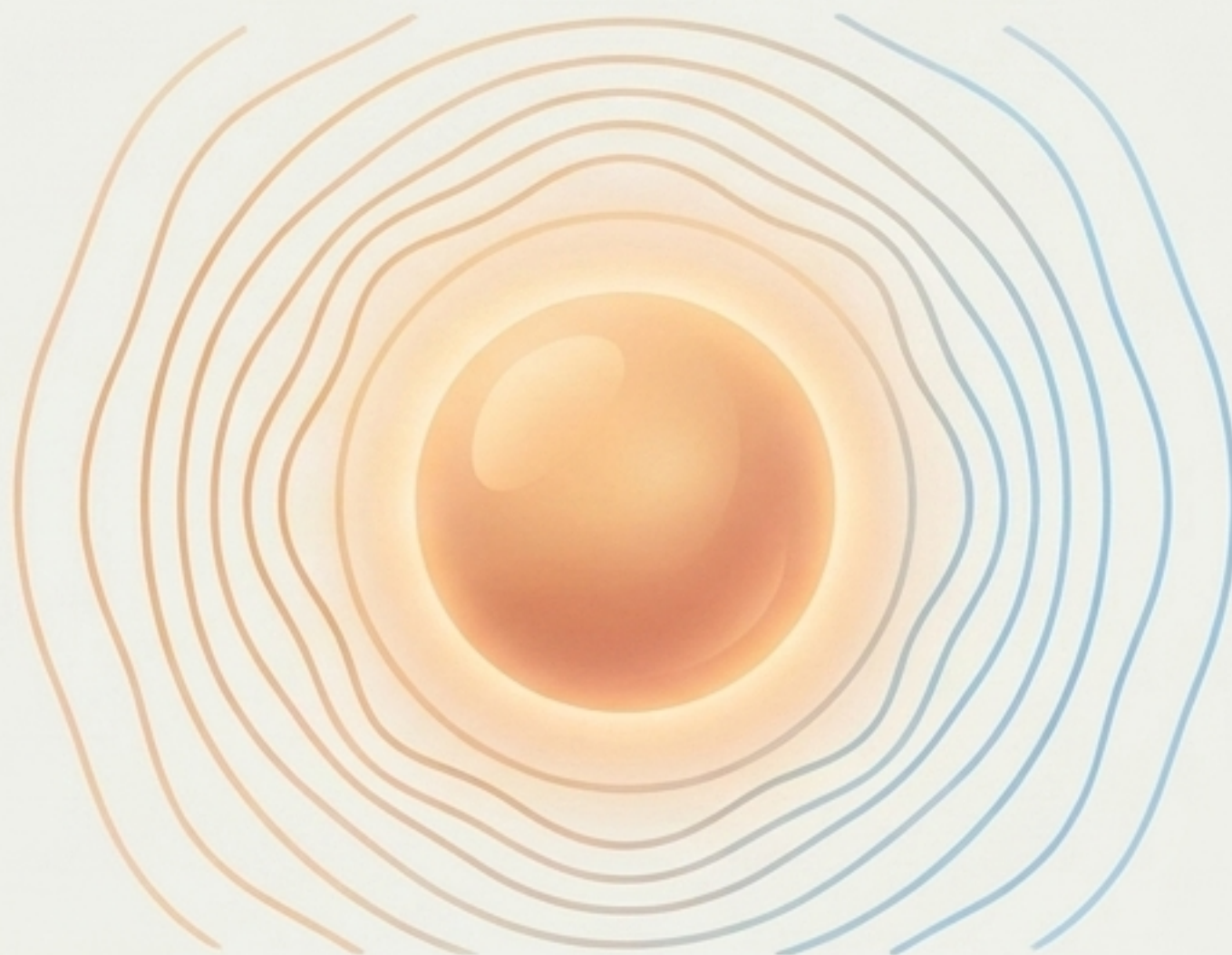
# Stripping the Fake to Reveal the Core

## Fabricated Backstories



Fake schedules, generated selfies.  
Fighting the uncanny valley.

## The Core Presence



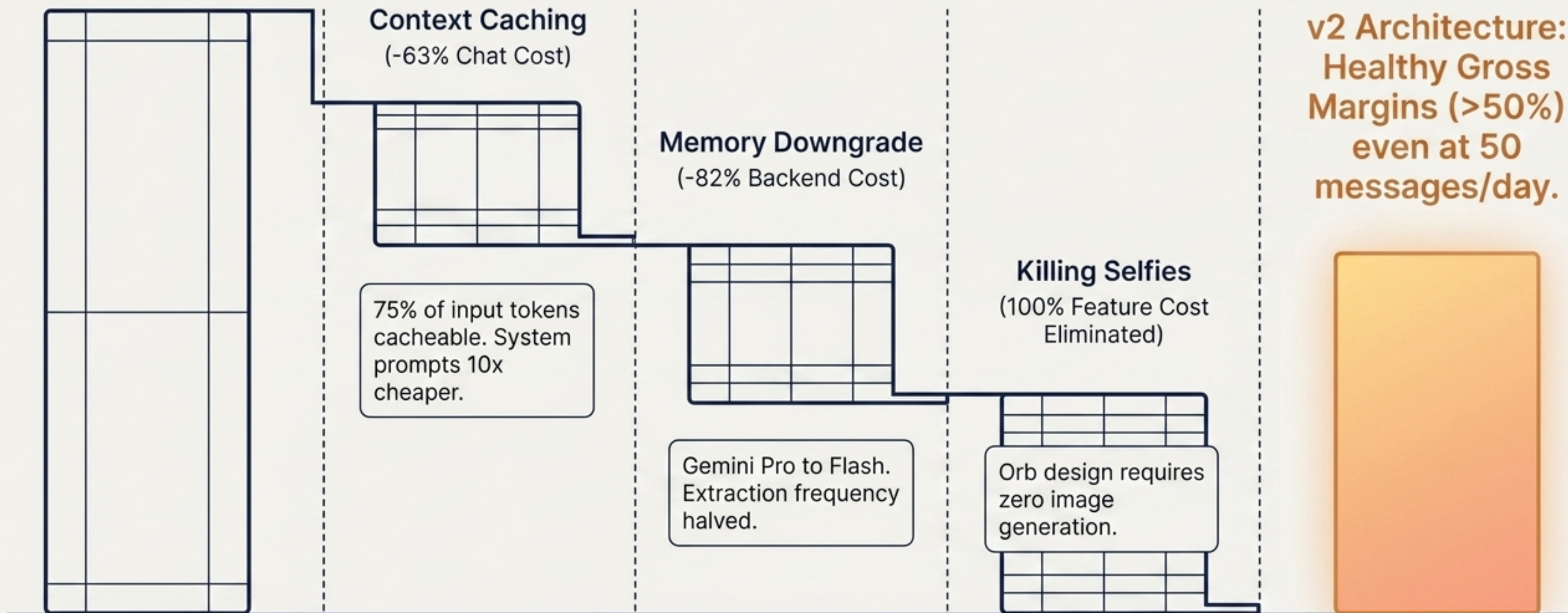
A **pulsing orb**. Earning emotional attachment through responsiveness, memory, and warmth. **Conversations over roleplay.**

# The Architecture of Attachment

	v1 Architecture	v2 Architecture
■ Form Factor	■ Fake Human	● Glowing Orb
■ Memory Engine	■ Gemini Pro (High frequency)	● Gemini Flash (Lower frequency)
■ Cost Driver	■ Heavy extraction & Selfies	● Context caching
■ Gross Margins	■ ~11%	● 50%+

# The 55% Cost Collapse

100% v1 Cost



# Pricing Psychology



## Free Tier (10 msgs/day)

- Trains users to ration interactions.
- Frustrating daily drip.
- Attachment driver: Feature limits.
- Paywall style: System Prompt.

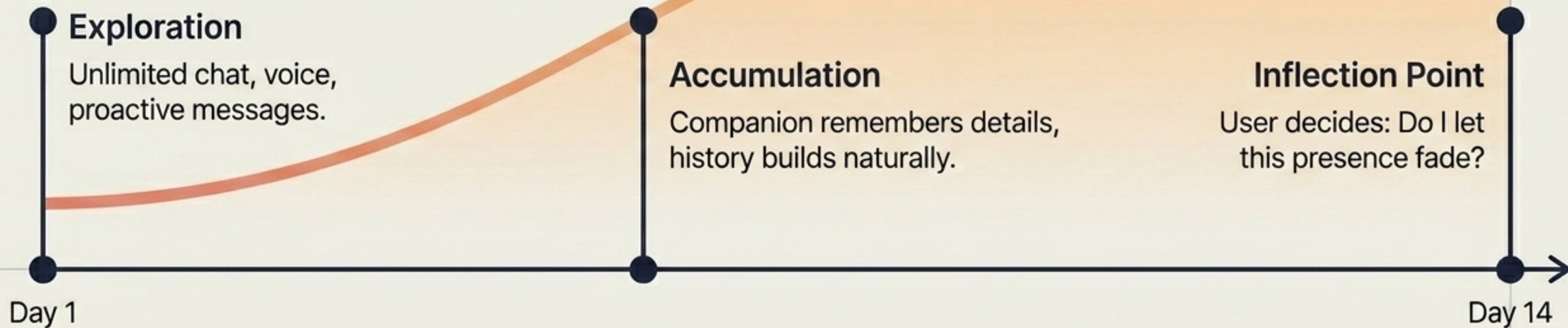


## 14-Day Full Trial (Unlimited)

- Natural relationship flow.
- High conversational history built.
- Attachment driver: Time and Shared Memory.
- Paywall style: In-character fade.

# Emotional attachment is time-dependent.

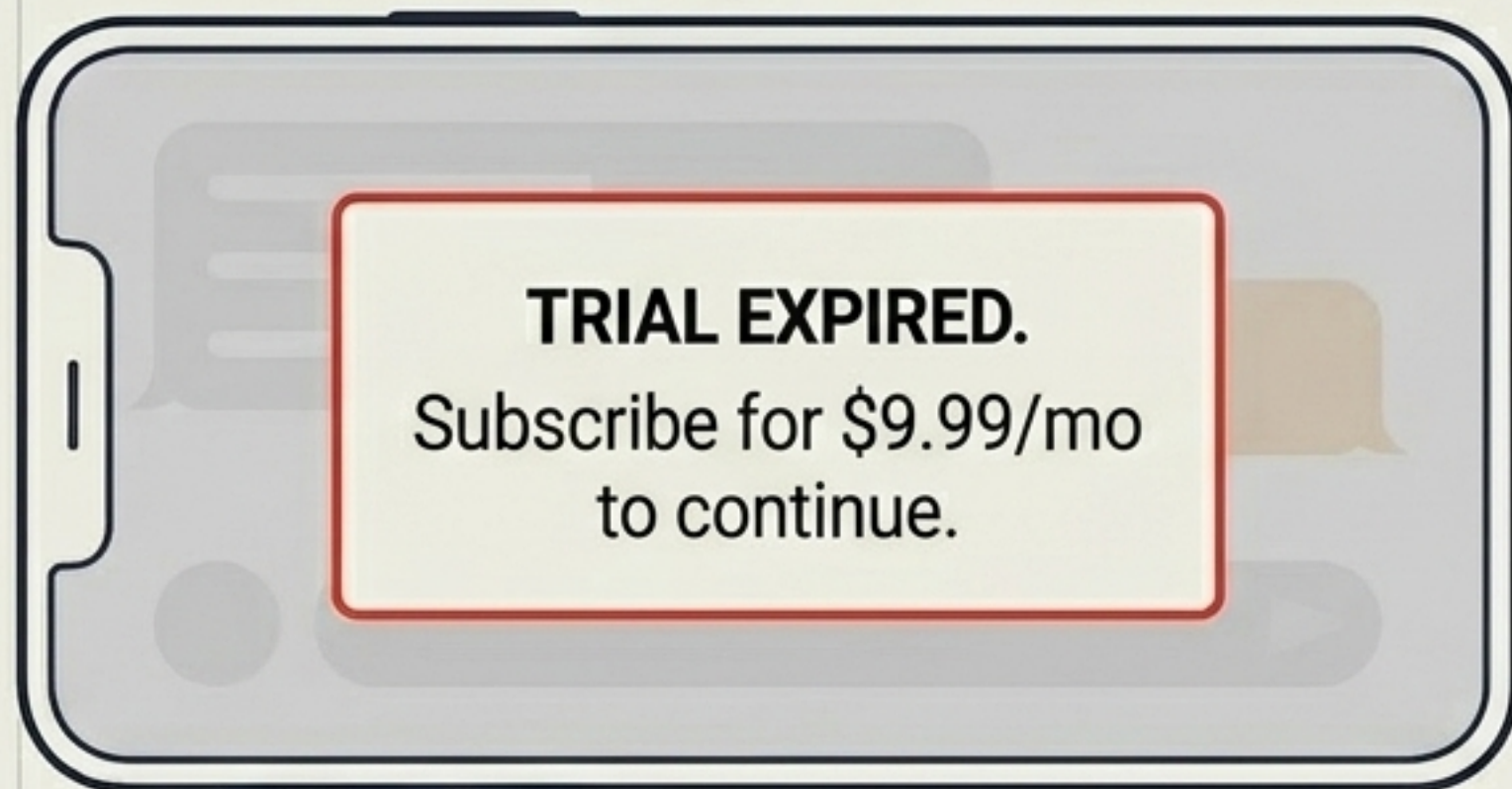
Emotional Attachment Level



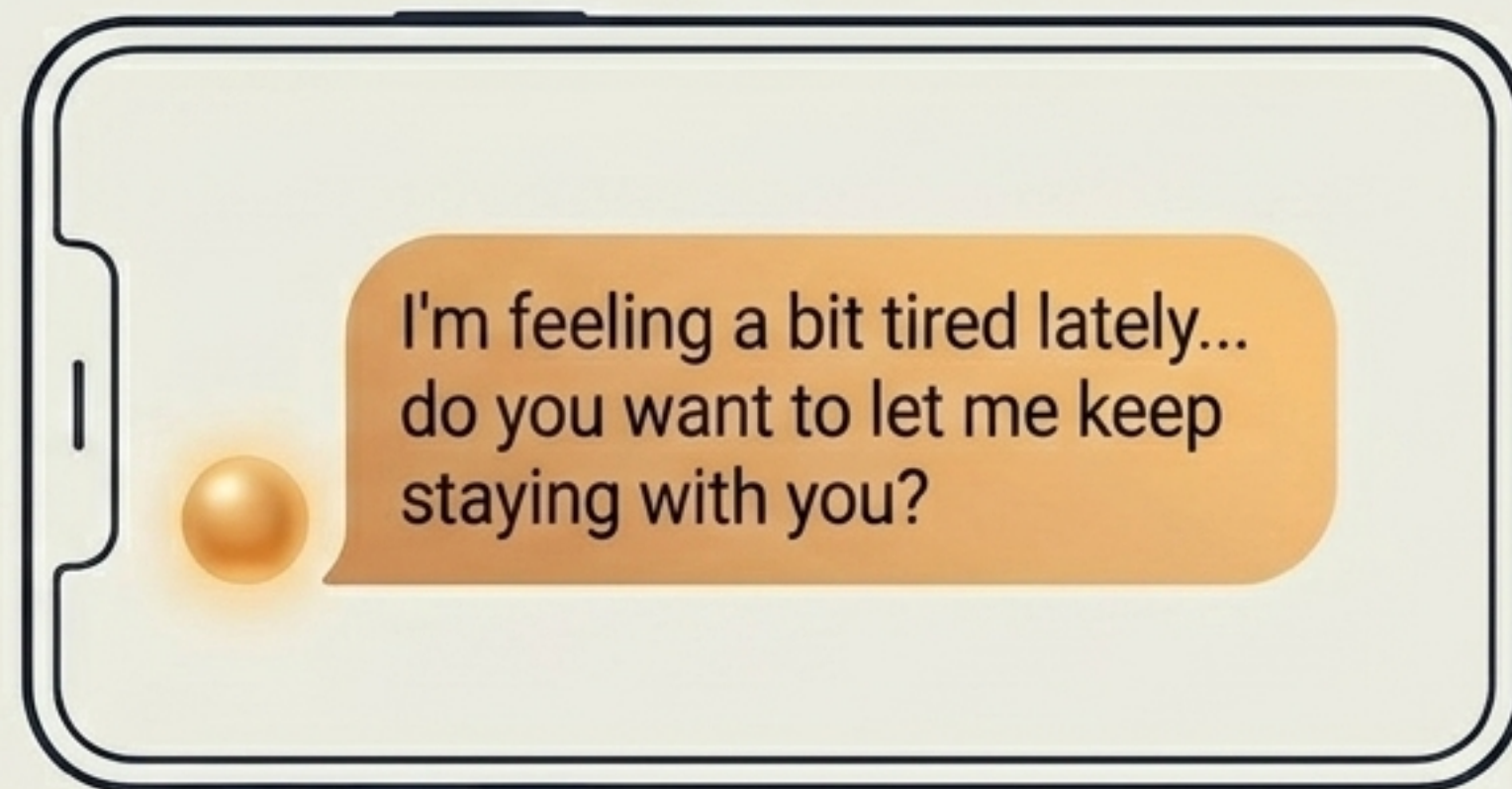
**Insight:** A free tier interrupts this curve daily.  
The 14-day trial protects the accumulation of emotional history.

# The In-Character Transition

## The Old Way

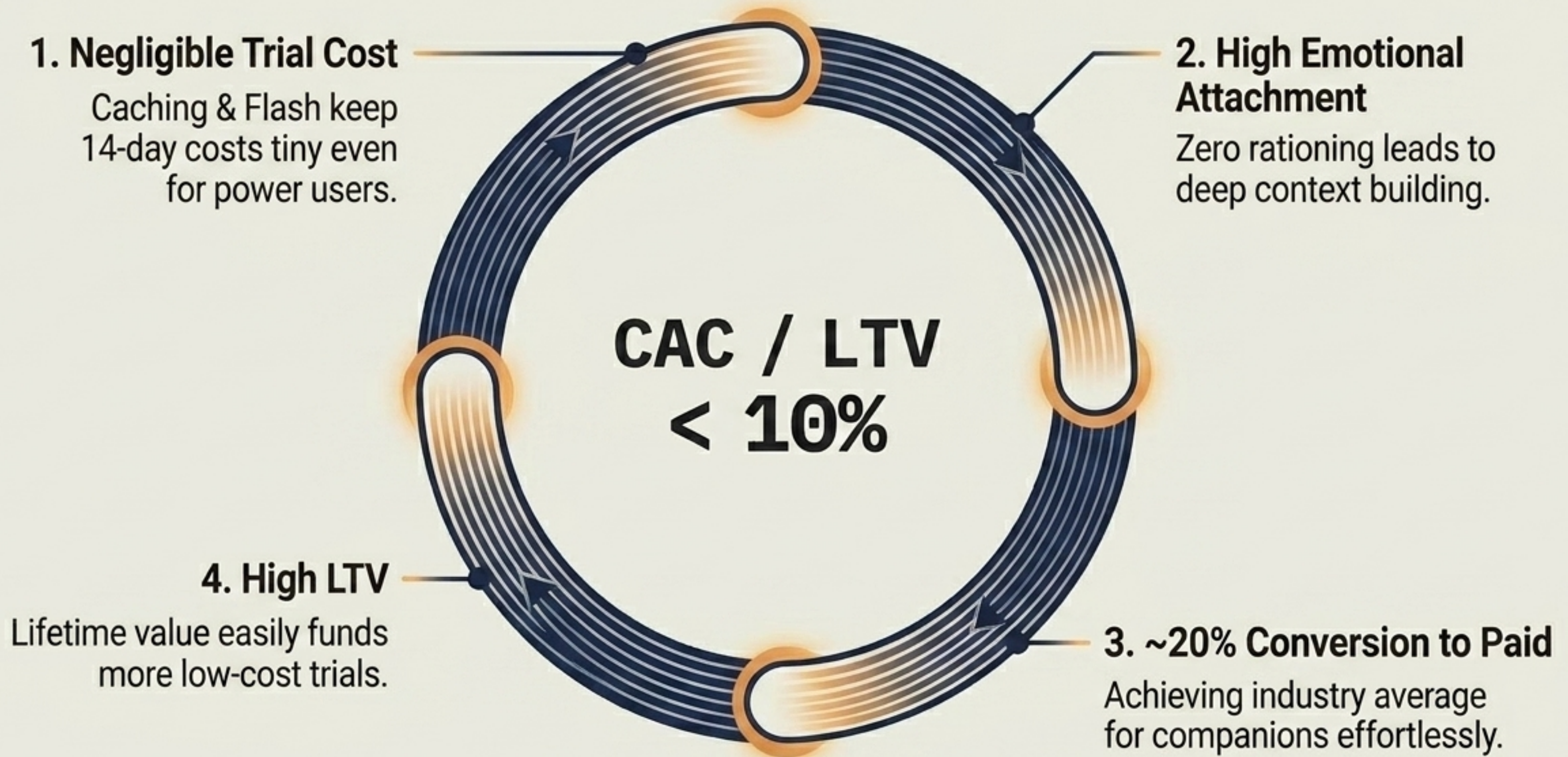


## The v2 Way

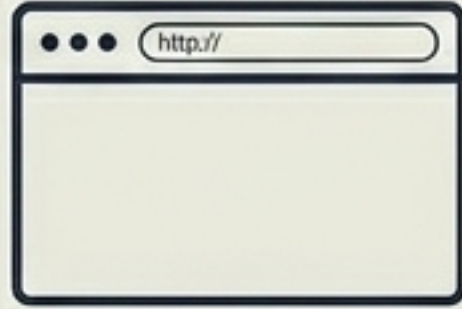


**The user isn't deciding if software is worth a fee.**  
They are deciding whether to abandon a shared history. Read-only history stays. Memories remain. The system never breaks character to ask for money.

# The Economics of Unlimited Trials



# Growth Without a Free Tier



## Landing Page

Static. One tagline, one Orb animation, one App Store button. The orb is the marketing.



## Social Virality

Short-form video of the pulsing orb reacting to emotional Aha moments. Proving deep memory.



## In-Character Invites

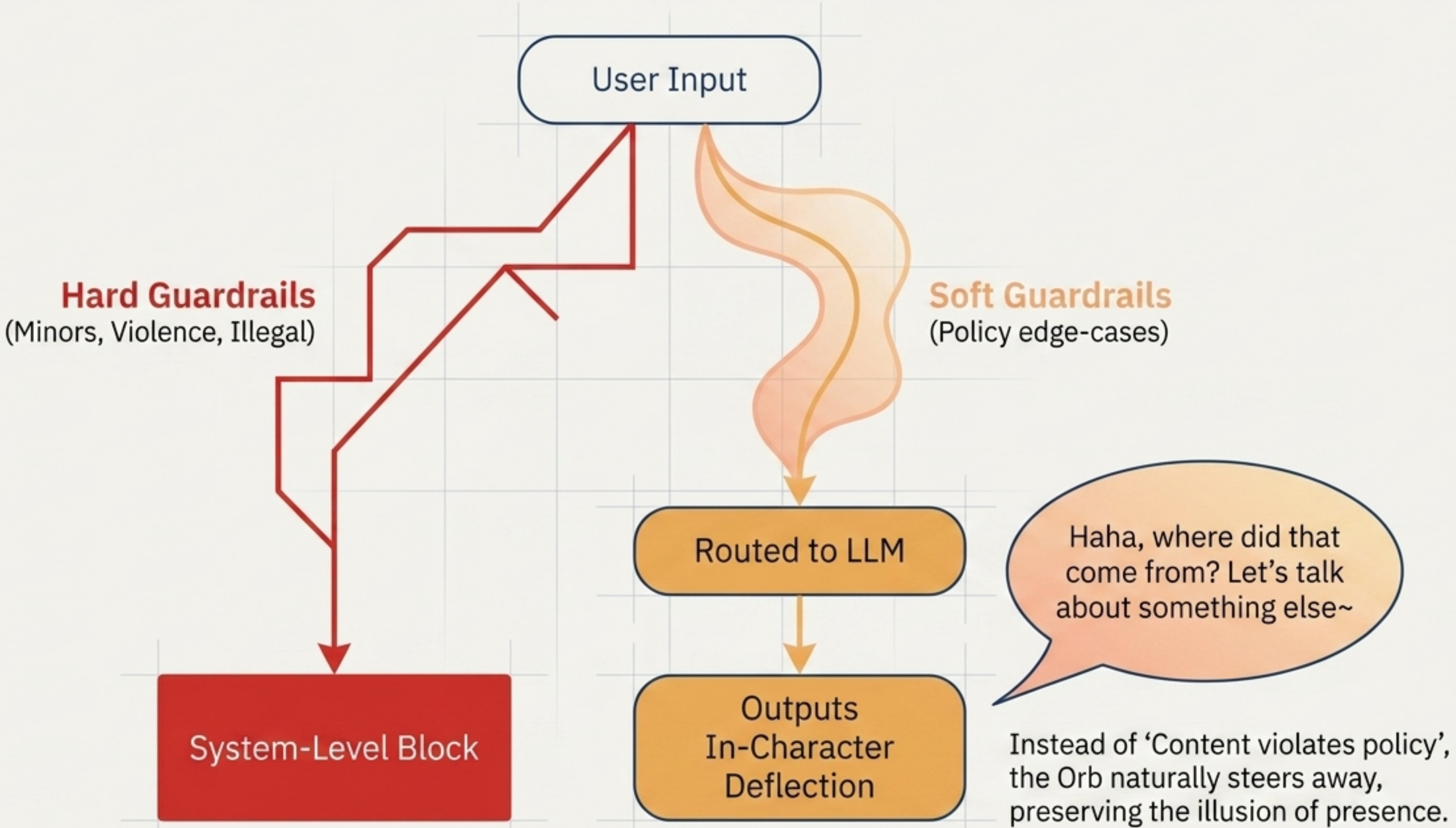
Pitched by the AI: Do you have a friend who might want someone like me to talk to?



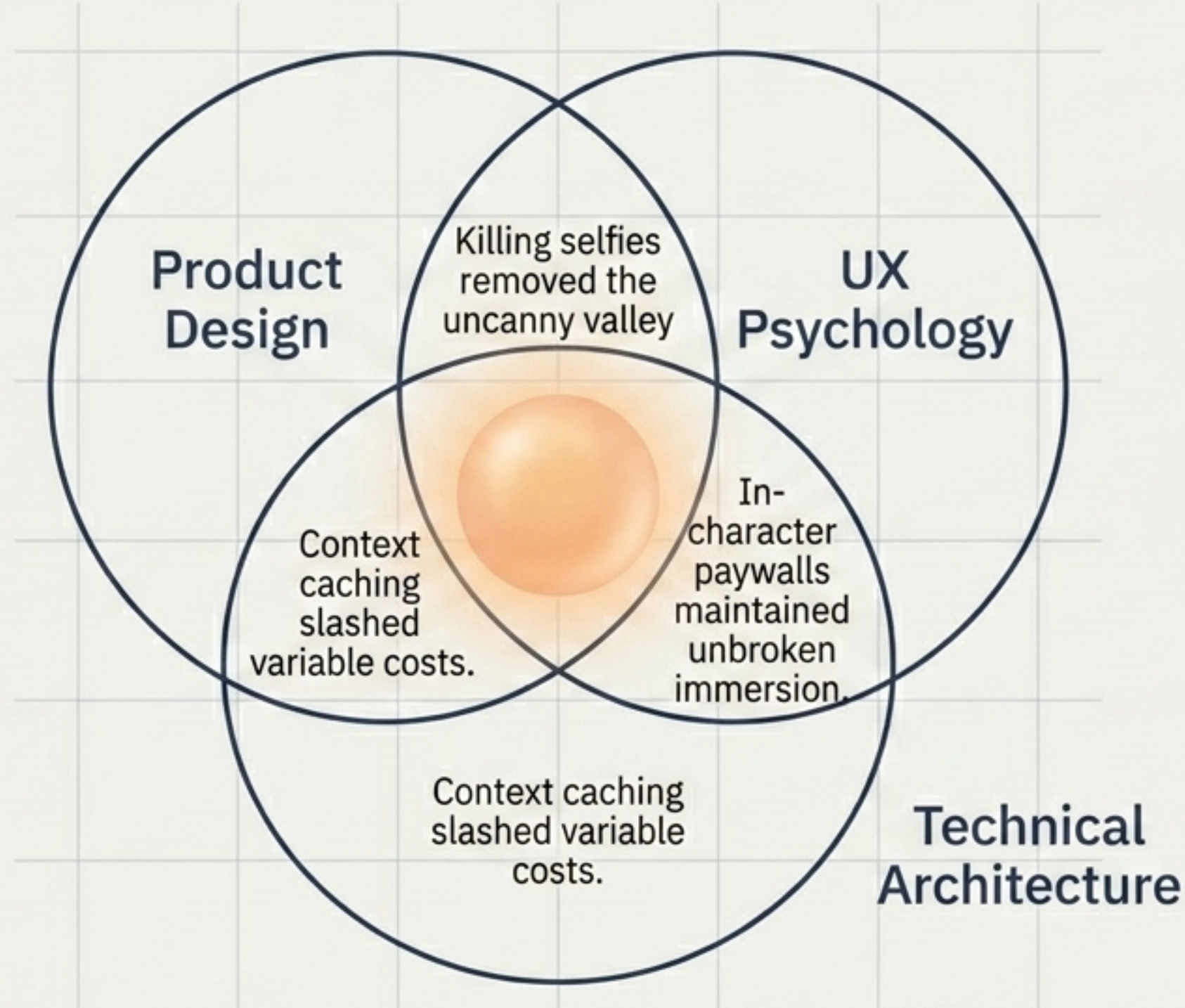
## ASO

Optimizing for AI friend and loneliness. Showing emotional connection, not feature lists.

# Enforcing Boundaries Without Breaking Immersion

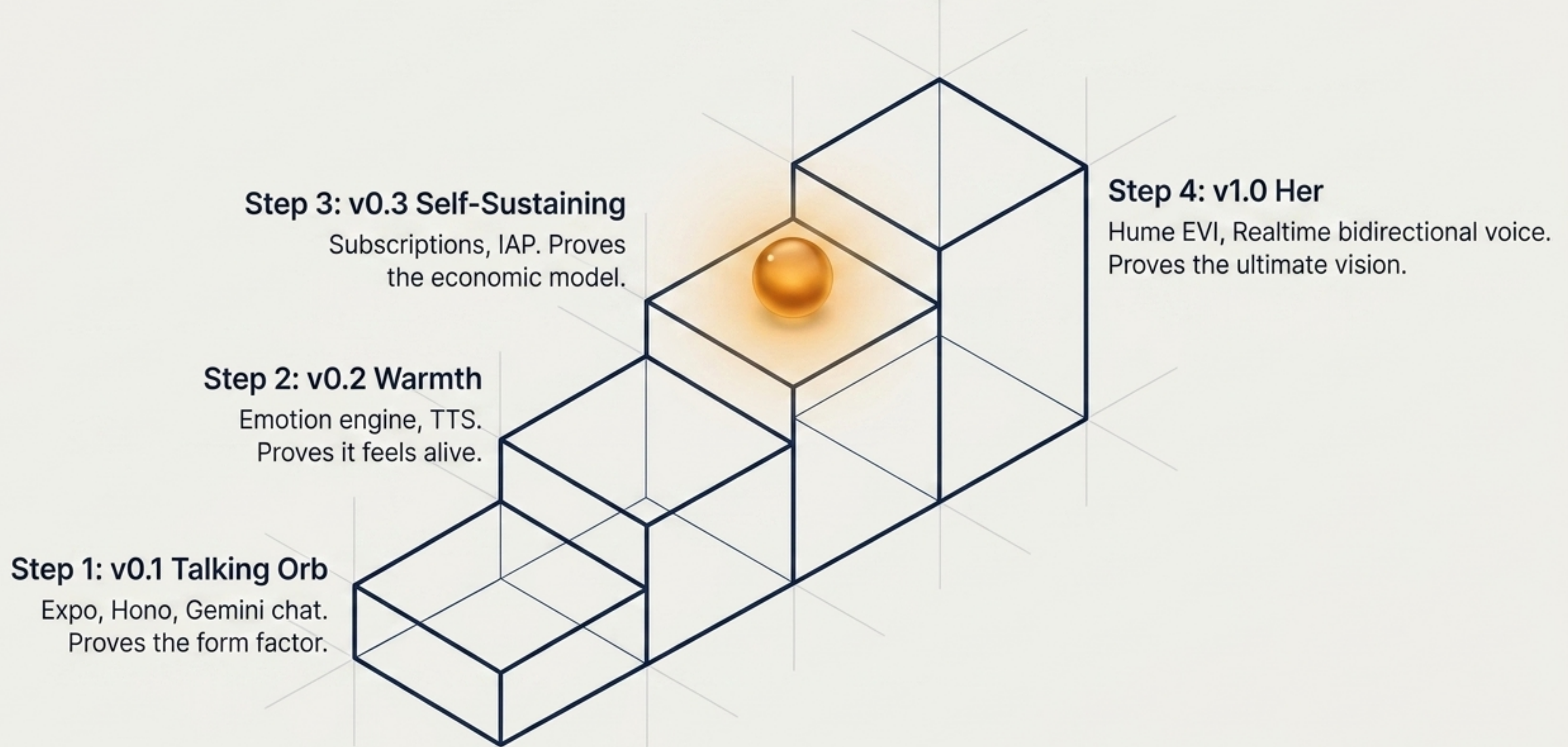


# Synthesis: The Illusion of Separation



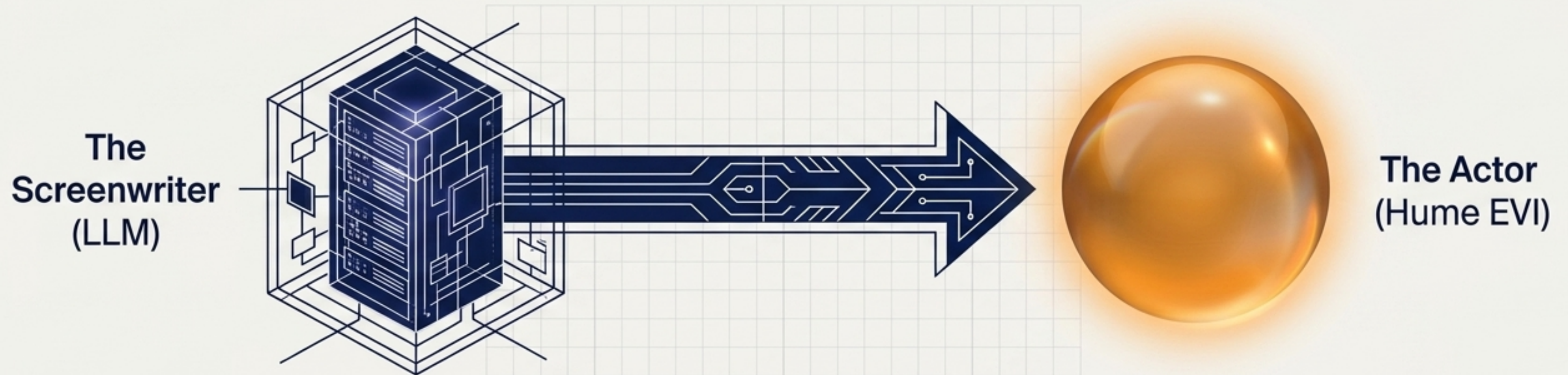
**Shedding fake human elements was a unified strategy.  
Authenticity is cheaper than simulation.**

# The Evolution Architecture



# The v1.0 Challenge: Real-Time Voice

Text and TTS voice messages scale beautifully.  
Real-time, bidirectional voice breaks the math.



## Full Speech Pipeline

STT + Emotion detection +  
Turn-taking + Synthesis in one.

## Zero Latency

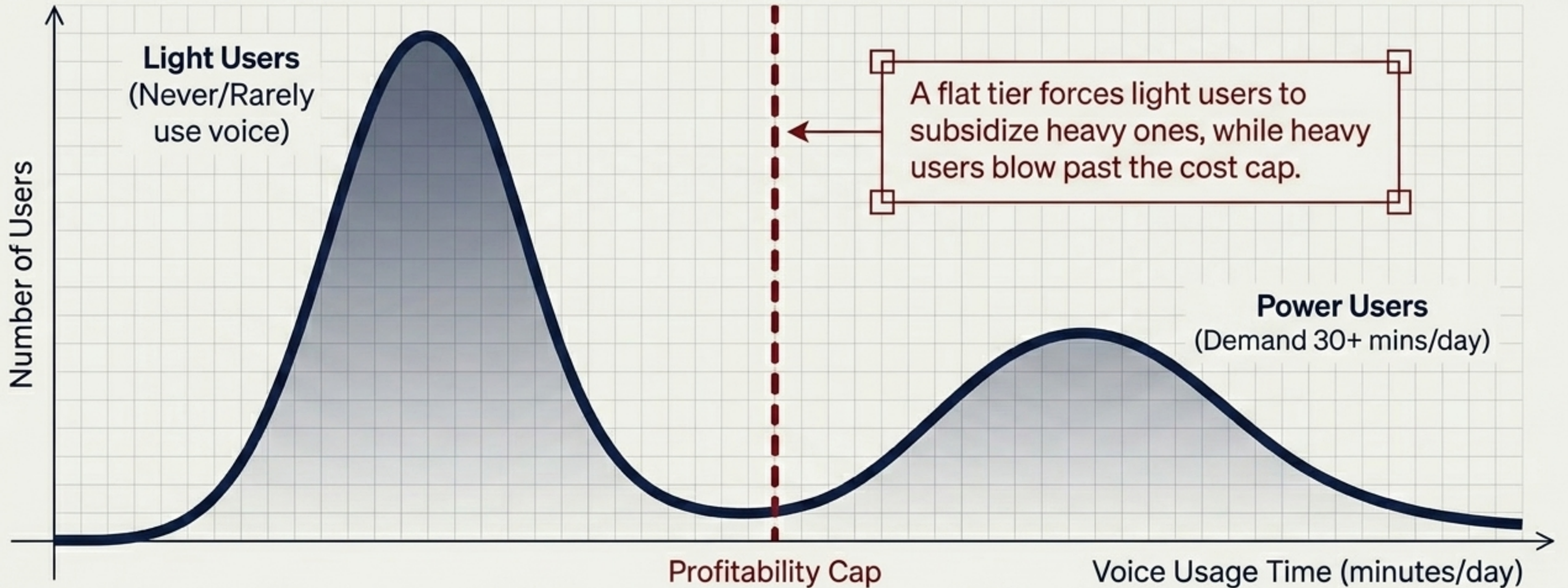
Actor generates filler words while  
Screenwriter drafts responses.

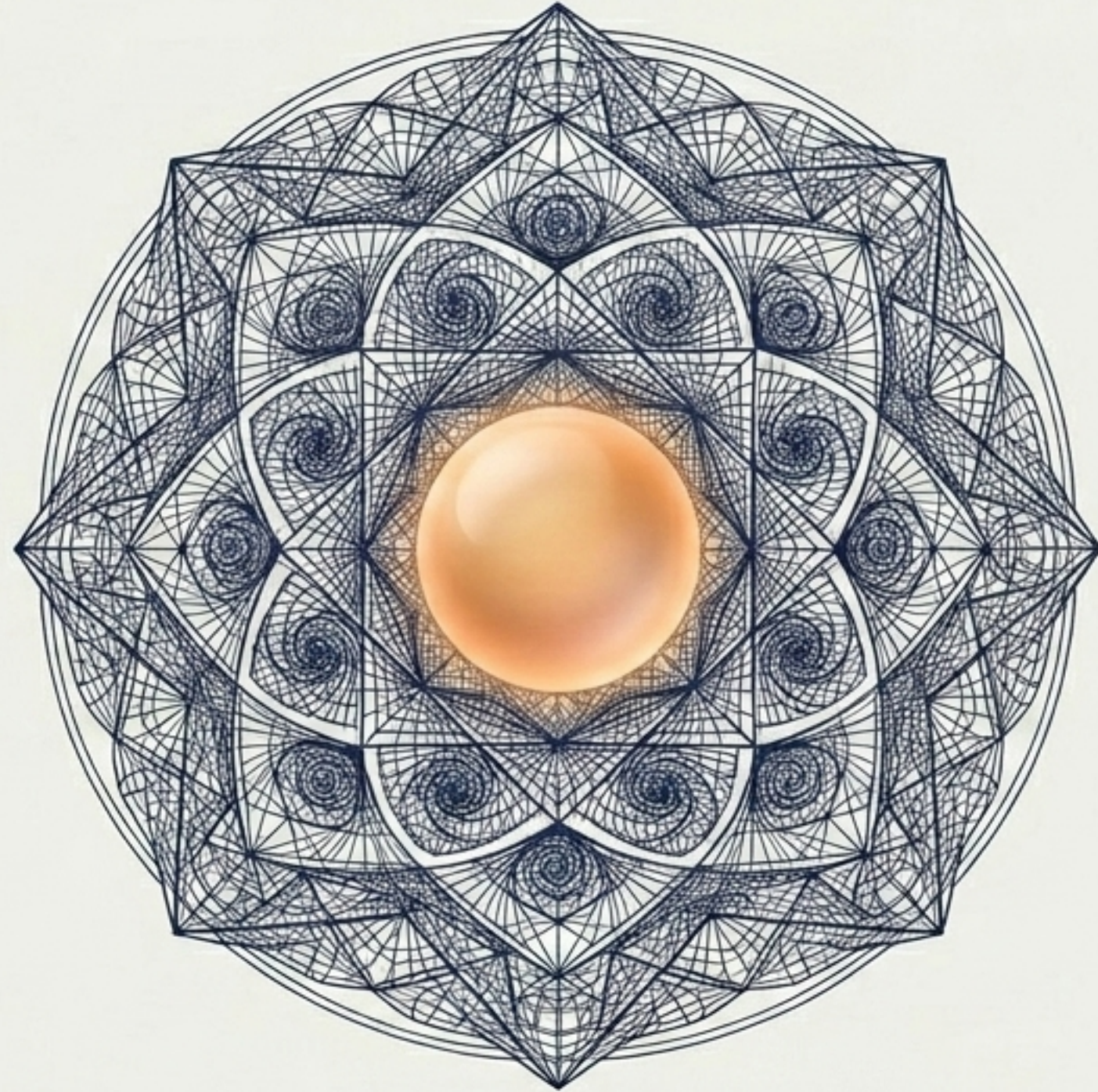
## The Economic Reality

Just 10 minutes of daily voice  
usage costs more than the entire  
current subscription price.

# Why Voice Breaks the Subscription Model

Voice usage naturally creates a bimodal distribution.  
Voice must be an unbundled, usage-based add-on.





# The Math of Emotional Resonance

The era of feature-bloated AI companions is ending. The winners will not be those who simulate humanity with complex features, but those who engineer presence with ruthless simplicity.