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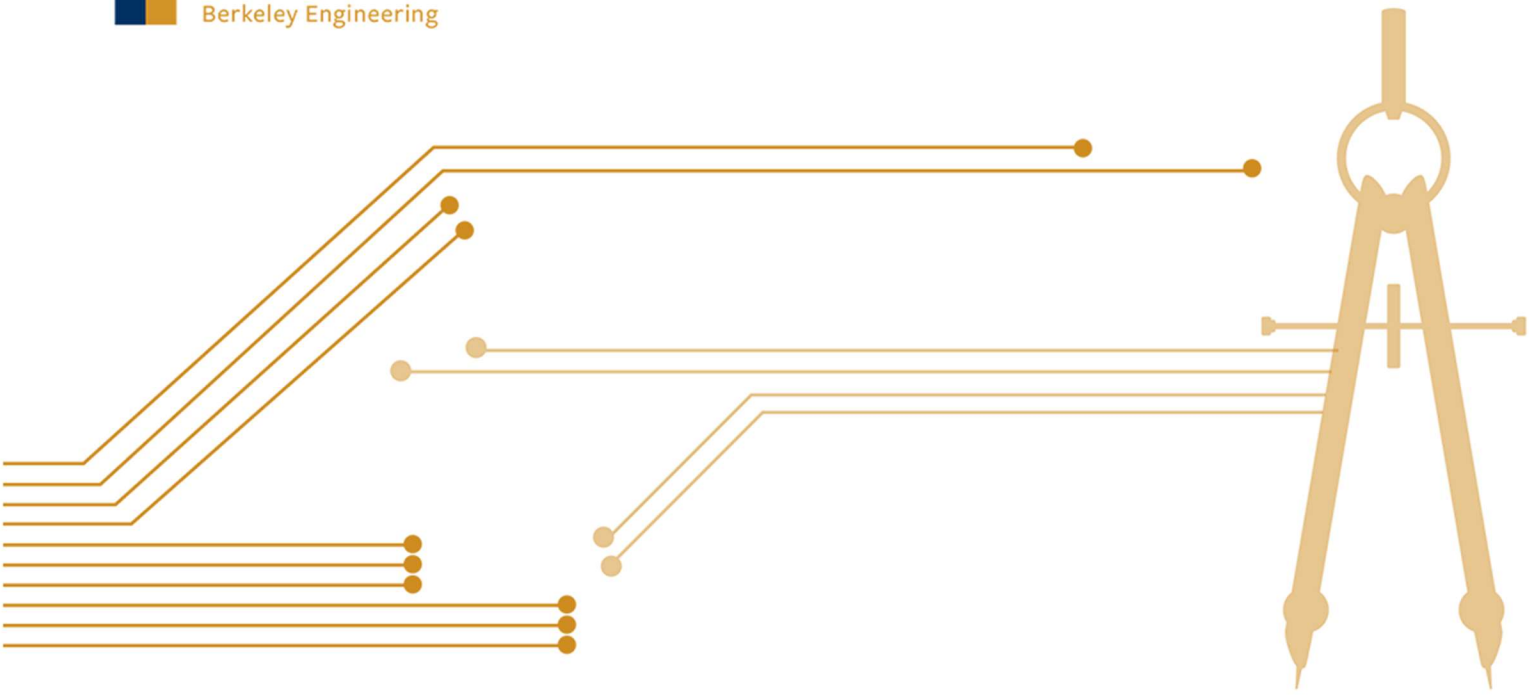

# SaveBot! Digital Coupon System

## A venture pitch

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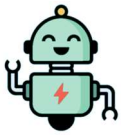
Berkeley
UNIVERSITY OF CALIFORNIA



# SaveBot!

**Overview**

SaveBot is a mobile application designed to save people money and help to keep them more organized. Saving money is traditionally done using coupons and promotions. Coupons are found by clipping them from newspapers or by accessing eCoupon sites. Sadly, customers often find the store sold out of promoted items or that their ecoupons no longer works. This is a very manually intensive process where consumers must search multiple places to see what manufacturers and retailers are offering. Often times, the products do not align with what the consumer wants and the value saved is far less than the amount of time spent looking for the discount. Manufactures dislike this as well because they are forced to pay huge fees to cast wide blankets of coupons across multiple media sources and, in the end, results trickle back and with no information about why or who is purchasing their product. The next problem SaveBot solves in helping to keep people organized. Many households have shopping lists in central places like taped to a refrigerator or on a kitchen counter. This is not convenient when you want the list and are not at home or even in a different room. Also, these lists are often times too vague and confusion sets in when trying to interpret them when you get to the store. Finally, trying to get multiple people to use one list is near impossible and a real pain point for families. SaveBot mirrors the behaviors we already have by allowing you to create a list, mark things off as you shop and then use it at checkout for discounts.

Once installed on your mobile device, you can start creating multiple lists and inviting others to collaborate. For example, you may create a list for household groceries and invite your family and you may have another list shared with your co-workers for a work event. The app is free so it won't be difficult getting people to try it.

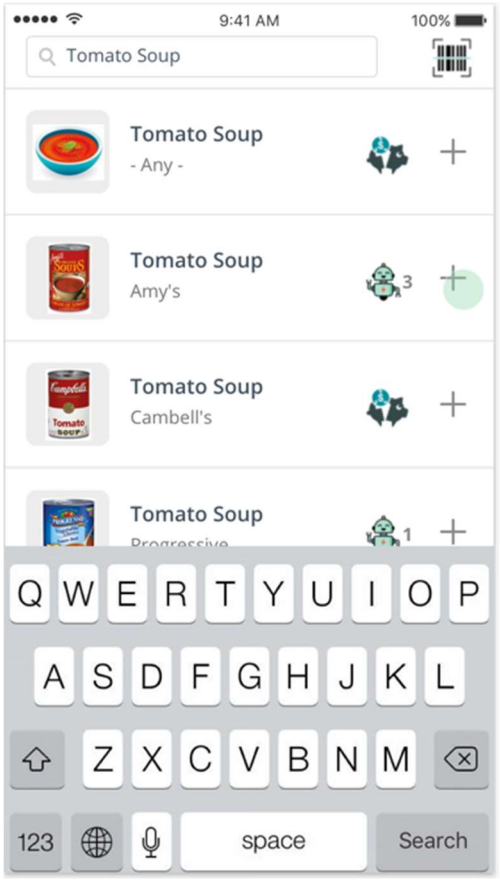



**Figure 1: Shopping list**

Items can be added to the list by taking a photo of the barcode or by searching. When searching you can see many options along with information about available discounts for related items to help you make smart financial choices. Manufactures like this too because it helps to reach people at the right moment in time. In the example above, you could just search for and add Tomato Soup which is generic and offers no discounts or they could choose Amy's Tomato Soup which has multiple discounts available.

Now anyone using the app can head to the store knowing they have current shopping list and the coupons to match! While at the store you can tell SaveBot! what you purchased by simply swiping items to mark them as purchased. Customers can also scan items not on the list in real time.

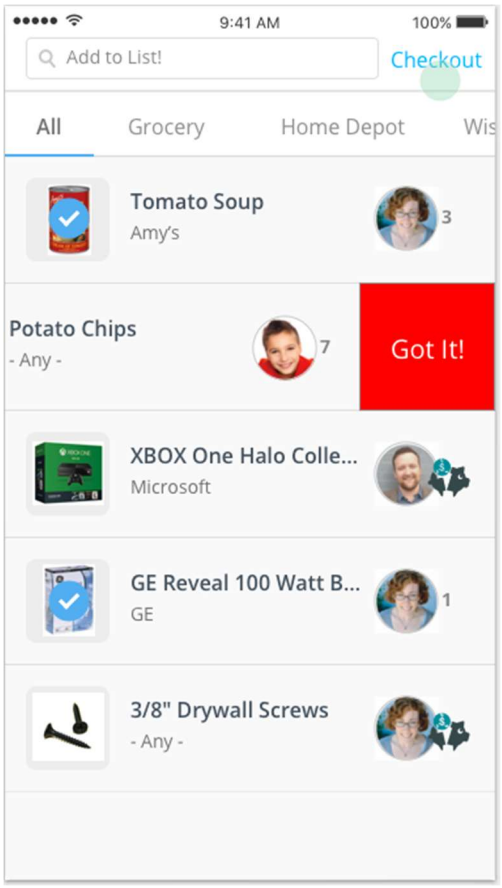



**Figure 2: SaveBot! App**

Once shopping is complete the customer can head to the register and checkout as normal. At the time for payment simply choose Checkout in the SaveBot! app to receive a single coupon code representing all of your discounts. You can also easily swipe to see individual coupons for the items you purchased as well.

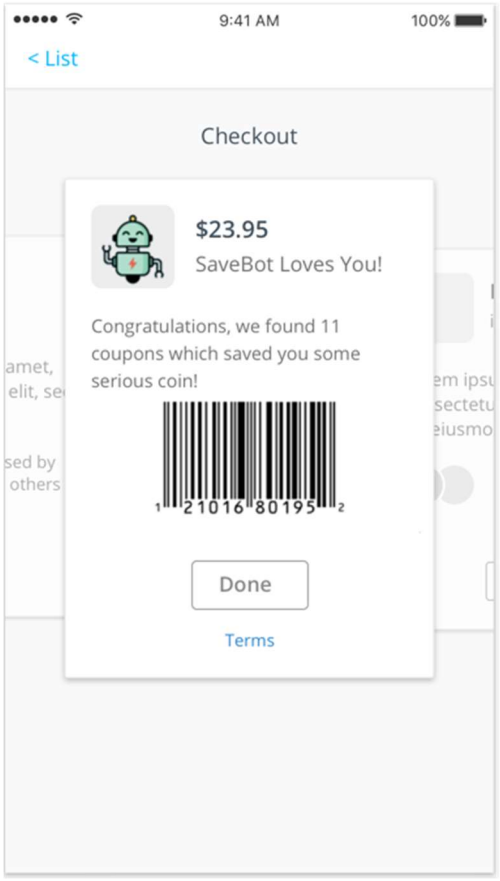



**Figure 3: Aggregate Coupon**

Discounts are immediately applied once they are scanned and the process is complete. The customer made smart decisions and saved money they otherwise wouldn't have. The retailer kept the line moving and doesn't need to manage all those paper coupons and manufactures had access to customers they might otherwise not have and understand more about their buying habits. Everybody wins with SaveBot!

**Business Model**

SaveBot is planning for five sources of revenue, as shown in the figure below. The largest source of revenue will be directly from the coupon issuer which is typically a manufacturer. While SaveBot will accept coupons in any denomination, we are initially targeting manufacturers of family, personal, and household care items since we believe those smaller ticket items will benefit the most from our patented coupon aggregation service during checkout.

Each manufacturer will be required to have an account with SaveBot! in order to create coupons in our service. There will be a nominal listing fee for each coupon in order to discourage our customers from spamming us with coupons that never intend to get used. The listing fee is tied to the length of time the coupon is valid but is independent of the denomination of the coupon.

While the listing fee should generate $200K of annual revenue, the bulk of our revenue will be from coupons that are actually used by customers at retail outlets, both online and brick-and-mortar. A fee will be changed directly to the manufacturer when SaveBot submits the coupon and proof-of-purchase (which may be required by some manufacturers as a fraud prevention measure) for reimbursement. At the moment, we are doing trials with some early customers to determine this fee structure. We had originally proposed a percentage of the coupon value, but that discouraged some customers from issuing high value coupons. SaveBot realizes expensive-ticket items that have large coupon values will not be purchased as frequently as lower cost items, so our current model is to tier the reimbursement fee based on how many customers redeem the coupon, with the cost-per-redemption lowering as more shoppers use the coupon, but to keep the redemption fee independent of the coupon face value. We believe this is a win-win for both SaveBot as well as our manufacturers.

SaveBot also expects to generate a secondary revenue stream from some retailers who accept our coupons. These will be highly customized to the needs of the retailer and will be negotiated by our sales team. For example, a retailer which wants to differentiate itself from its competition may choose to run a campaign with SaveBot that doubles the face value of all SaveBot coupons below a certain face value. In this case, SaveBot's sales team will have negotiated the terms of the fees directly with the retailer. We don't expect to realize revenue from these retailer partnerships until our second year.

Three other minor revenue streams are expected beginning in our second year: advertisements on our free mobile app, proceeds from in-app upgrades to remove advertisements (our "pro" tier), and access to our analytics database which will provide anonymized data for what items are purchased together, frequency that the same customer purchases the same item, and other shopping habits.

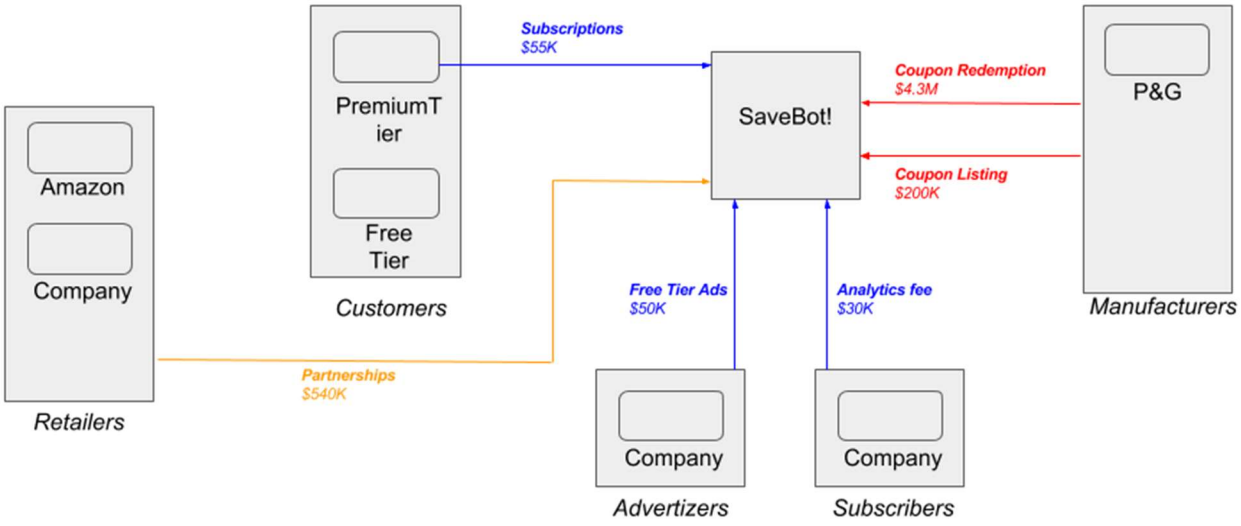



**Figure 4: Go-To-Market and Sales Strategy**

SaveBot realizes that our success depends on many factors: we need to have significant coupon inventory before shoppers will find the mobile app useful; we won't be able to partner with retailers until there are a significant number of active users of SaveBot, and manufacturers will not list coupons in SaveBot unless they expect to reach a large number of shoppers. We are planning on incrementally building this ecosystem as follows: the mobile apps are already in development and will be released to the iOS App Store and Android Play Store in two quarters. At the same time, our sales team will be using social media (LinkedIn) to reach the decision makers at the top 20 US-based consumer good companies (see Appendix). Due to the response that we've already received in our early outreach, we expect at least 3 of these manufacturers to partner with SaveBot within the first two quarters, and an additional 6 in the following two quarters of the release of the app. We expect to win these initial customers over by offering the SaveBot service for free for the first six months or 100k coupon redemptions, whichever comes first.

Once we have three manufacturer customers, we will release the mobile app and begin an aggressive advertising campaign on Facebook to drive the number of downloads. We will also offer a virtual coupon to any current application user that refers a friend or family member to our service and downloads (and uses) our app. This will increase the number of daily downloads. We will also offer the service ad-free to all users for the first six months after launch, then we will  begin advertisements and add the option of the in-app upgrade to go ad-free. Finally, the analytics database will not be offered until after we have accumulated at least one quarter of operational data, although we will offer it free of charge to our large manufacturers to aid them in running coupon campaigns to target their loyal customers.

**Competition**

According to http://www.ebizmba.com/articles/coupon-websites number of unique visits each month (in millions) to the top 10 coupon web sites are as follows:

1. GroupOn (30M)
2. RetailMeNot (24M)
3. Zulily(20M)
4. Coupons (18M)
5. ShopAtHome(18M)
6. SlickDeals(17M)
7. LivingSocial(12M)
8. Woot(10M)
9. eBates(7M)
10. FatWallet(6M)

Most of the coupon web sites outlined above are hard to use as they require major amount of effort from the user to find coupons that actually work. The coupon data bases are often out of sync with what manufacturers or retailers consider to be valid.  Another issue with most of the coupon web sites is that they don't necessarily offer what customers want. They offer pre-selected set of coupons and a typical customer has to navigate through many of these web sites in search of relevant coupons.
As a venture, we plan to have strategic alliances with manufacturers to make sure that coupons are always valid. We are also planning on removing the burden of search and manual work from the customers. Our software will automatically search for all coupons

relevant to a particular shopping list and makes sure the coupons are always valid at the point of redemption.

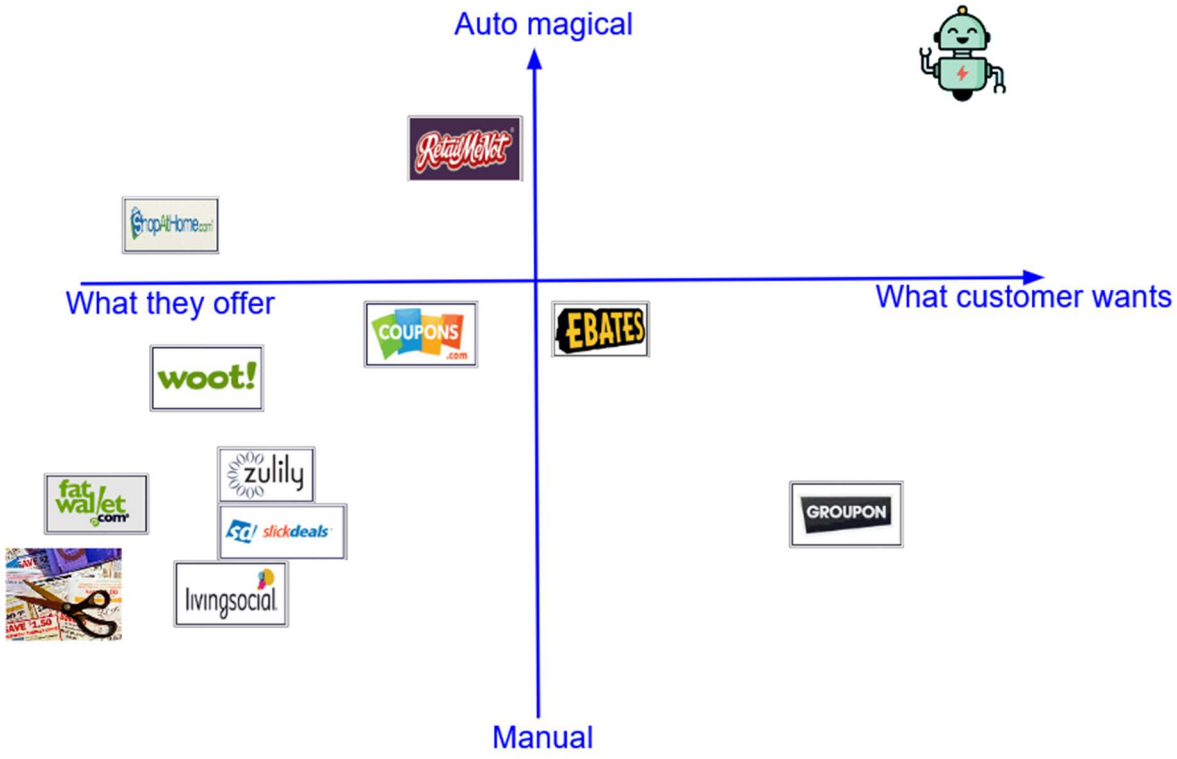



**Figure 5: Magic Quadrant - Coupon sites often don't offer what customer wants, they also require high effort from the customer to find a valid coupon, SaveBot! is uniquely positioned compared to competition to offer superior service to coupon users.**

**Company Timeline**

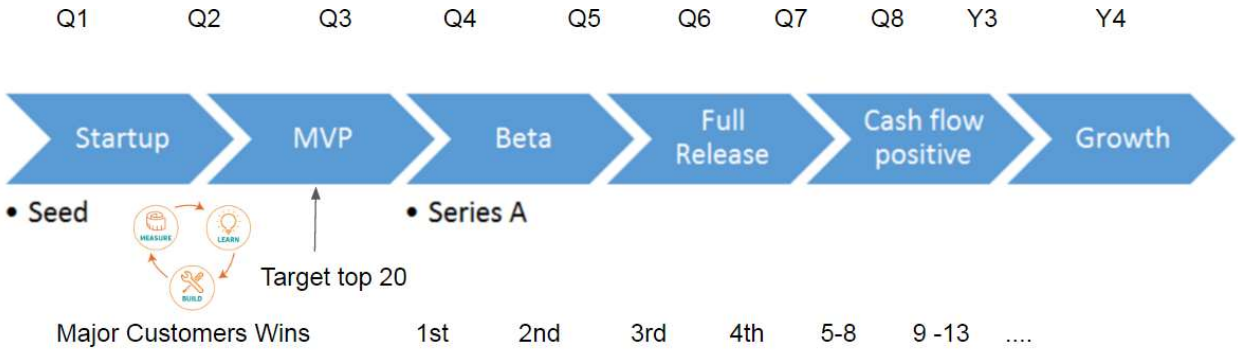



**Figure 6 Company timeline. Showing major customer wins.**

Our plan is to develop a prototype of the product that allows for demonstration to manufacturers, retailers and users. A minimum viable product, MVP, is planned to be available in the second quarter. Though a series of demonstrations and trials the product functionality would be refined. The MVP for the core product of SaveBot! is the mobile application and the needed backend. Which allows for the user to interact with the application to find coupons for selected items and be able to redeem them at retailers.

With a MVP we would target the top 20 mfg's for relationships where we could offer their coupons. Likely initially doing this at below market rates, or even at no additional costs above the coupon redemption. With the objective to build an inventory of coupons that would allow us to engage users. We think we can start signing on major customers after demonstrating the MVP, with deals that focus on trial periods.

With lower cost, low risk endeavors with the major customers we think that it will be easier for them to participate if costs are similar, or they only pay for effective promotions.

The second year would focus on rolling out to users while growing the inventory of coupons. We would like to get a virial uptake of the application, we will try several techniques to acquire users. Using our system data to track the effectiveness of different promotions.

Growth is critical for SaveBot!, as the number of active users will attract more manufactures, and vice versa. Revenue would be sacrificed to attract more of the Big 20, and grow the user base. With the expectation that reaching a critical mass of users would allow us to know the value to the manufactures of reaching an active user base, and be able to charge them similarly to more traditional coupon delivery. For example like newspaper inserts or direct mail where the manufacturer pays a fee for a number of coupons to be created and delivered.

## Financial Projections

| Profit and Loss | | Numbers are in Thousands (x$1000) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Y3 | Y4 | Y5 | Yr 5, % |
| **Revenues** | Digital Coupon | 0 | 0 | 0 | 0 | 250 | 500 | 750 | 1000 | 6000 | 9000 | 13500 | 95% |
| | Retailer Partnerships | 0 | 0 | 0 | 0 | 10 | 20 | 30 | 40 | 240 | 360 | 540 | 4% |
| | Other Sources | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 60 | 90 | 135 | 1% |
| **Total Revenue** | | **0** | **0** | **0** | **0** | **260** | **520** | **780** | **1040** | **6300** | **9450** | **14175** | **100%** |
| **Gross Income** | | 0 | 0 | 0 | 0 | 260 | 520 | 780 | 1040 | 6300 | 9450 | 14175 | 100% |
| Expenses | R&D | 166 | 171 | 324 | 329 | 339 | 314 | 269 | 274 | 1086 | 1161 | 1138 | 8% |
| | S&M | 69 | 69 | 124 | 159 | 237 | 247 | 242 | 247 | 1111 | 1131 | 1031 | 7% |
| | G&A | 173 | 226 | 321 | 384 | 367 | 455 | 508 | 560 | 2158 | 2309 | 2302 | 16% |
| | Other | 0 | 63 | 78 | 213 | 213 | 229 | 248 | 264 | 1120 | 1260 | 1260 | 9% |
| **Net Income** | | **(407)** | **(528)** | **(847)** | **(1,085)** | **(896)** | **(724)** | **(486)** | **(305)** | **825** | **3,589** | **8,444** | **60%** |
| | Annual | | | | (2,866) | | | | (2,412) | 825 | 3,589 | 8,444 | |

**Figure 7 Financial Projections. Numbers are in x$1000 except for the last column which is percent of revenue.**

Expenses are from a bottoms up model of the head count, and other expenses. (But dominated by headcount) See Appendix A for more details of the planned headcount and Appendix B for the expenses. The headcount are estimates of what we feel would be needed to rapidly develop the product. At the end of the 2nd year would see the fall off of the promotional offers to manufacturers that were early adopters and the revenue start to increase. Our primary focus is on the core business of the digital coupons. While other revenue streams come in later, they will not be focused on until the product is mature.
Smaller income from retailer partnerships, as high margin and helping the core business. Similar for the other sources, potential income from helping T20 understand the effectiveness of coupons. For the expenses the Other category picks up for support teams, for customer and users.

Revenue growth is initially modeled as moderate as we try to sign up the top 20 and attract the user base. After the product is introduced our focus will be on growing our customers and users, as they will drive each other.

Our plan is to have made enough investment in the product that headcount levels off or go down in years 4 and 5. While still growing the number of coupons and users.

We are a service company, working to provide advertising for product manufacturers. As a service company we are targeting a gross margin is 60% in year 5. Our plan is to be able to achieve this through automation of our interaction of with manufacturers and users. With the ability to add coupons to our system will minimal effort for the manufacturer and SaveBot!

**Executive Team**

- **Brian Horner**: Consumer interface. 25 Years User Experience in creating award winning consumer/enterprise experiences.
- **Brad McMillen**: Mobile developer and software architect, prior startup expertise
- **Edward Wahl**, Ph.D.: Working at third startup. Product development and customer relations.
- **Hirad Samavati**, Ph.D.: Backend expert. Electrical Engineering from Stanford, trained in hardware design, avid software programmer.
- **Bala Kuchibhotla**: Developer with 17 patents on systems development

For any enterprise the core team is critical. We are an experienced group, ready to quickly develop and take SaveBot! to market. We have experience with startups, products involving mobile software, user interface, software, and hardware design.

**Ask**

Guidance in getting SaveBot! up and running quickly. So we can get validation on the business model. While developing the software solution and the backend.
Our first hire is likely to be Business development. (or a contractor)
$3m would get us started, to get our first product with significant customer engagement.

## Appendix A. Headcount and Headcount Expenses

| **Headcount: Product** | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | ($K/Yr) | ($K/Yr) | | * Offshore resource. | | | | | | | | | |
| | Salary | w benefits & tax | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Y3 | Y4 | Y5 |
| Dir. Engineering | 125 | 153 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Software Architect* | 80 | 98 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 |
| Software Engineer* | 80 | 98 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| DB Engineer* | 80 | 98 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Application Engineer* | 80 | 98 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Marketing | 125 | 153 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Biz Dev | 100 | 122 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| Support* | 40 | 49 | 0 | 0 | 0 | 1 | 2 | 2 | 2 | 2 | 2 | 3 | 3 |
| Staff | 75 | 92 | 0 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 3 | 3 |
| | | | | | | | | | | | | | |
| Headcount | | | 7 | 8 | 12 | 13 | 16 | 16 | 16 | 16 | 17 | 19 | 18 |
| Salaries | | | 204 | 227 | 331 | 343 | 416 | 416 | 416 | 416 | 1787 | 1928 | 1830 |
| Salaries Annual | | | | | | 1106 | | | | 1665 | 1787 | 1928 | 1830 |
| R&D | | | 136 | 136 | 209 | 209 | 209 | 209 | 209 | 209 | 836 | 836 | 738 |
| Sales & Marketing | | | 69 | 69 | 99 | 99 | 137 | 137 | 137 | 137 | 671 | 671 | 671 |
| G & A | | | 0 | 23 | 23 | 35 | 70 | 70 | 70 | 70 | 281 | 421 | 421 |
| **Headcount: General and Administrative** | | | | | | | | | | | | | |
| | ($K/Yr) | ($K/Yr) | | | | | | | | | | | |
| | Salary | w benefits & tax | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Y3 | Y4 | Y5 |
| CEO | 150 | 183 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| COO | 150 | 183 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CFO | 150 | 183 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 |
| Controller | 125 | 153 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Finance | 120 | 146 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 |
| CIO | 150 | 183 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| IT | 100 | 122 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 |
| Staff | 75 | 92 | 0 | 0 | 0 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| HR | 80 | 98 | 0 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 |
| | | | | | | | | | | | | | |
| Headcount | | | 3 | 5 | 6 | 7 | 7 | 9 | 11 | 12 | 12 | 12 | 12 |
| Salaries | | | 113 | 175 | 221 | 244 | 244 | 326 | 374 | 404 | 1617 | 1617 | 1617 |
| Salaries Annual | | | | | | 753 | | | | 1348 | 1617 | 1617 | 1617 |
| **Headcount: Services and Maintenance** | | | | | | | | | | | | | |
| | ($K/Yr) | ($K/Yr) | | | | | | | | | | | |
| | Salary | w benefits & tax | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Y3 | Y4 | Y5 |
| Dir Customer Service | 160 | 195 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Customer Service | 75 | 92 | 0 | 1 | 1 | 2 | 2 | 2 | 3 | 3 | 3 | 4 | 4 |
| Dir. User Service | 140 | 171 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| User Service | 65 | 79 | 0 | 1 | 1 | 2 | 2 | 3 | 3 | 4 | 5 | 6 | 6 |
| Software Engineer | 110 | 134 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Staff | 60 | 73 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| IT | 100 | 122 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Other | 75 | 92 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 60 | 73 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | | | | | | | |
| Headcount | | | 0 | 3 | 4 | 9 | 9 | 10 | 11 | 12 | 13 | 15 | 15 |
| Salaries | | | 0 | 63 | 78 | 213 | 213 | 229 | 248 | 264 | 1120 | 1260 | 1260 |
| Salaries Annual | | | | | | 353 | | | | 953 | 1120 | 1260 | 1260 |
| | | | | | | | | | | | | | |
| **Summary** | | | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Y3 | Y4 | Y5 |
| Total Headcount | | | 10 | 16 | 22 | 29 | 32 | 35 | 38 | 40 | 42 | 46 | 45 |
| Total Salaries | | | 317 | 465 | 630 | 800 | 873 | 971 | 1037 | 1084 | 4524 | 4804 | 4707 |
| Salaries Annual | | | | | | 2211 | | | | 3966 | 4524 | 4804 | 4707 |
| **Summary (by cost)** | | | | | | | | | | | | | |
| Salaries: R&D | | | 136 | 136 | 209 | 209 | 209 | 209 | 209 | 209 | 836 | 836 | 738 |
| Salaries: Sales and Marketing | | | 69 | 69 | 99 | 99 | 137 | 137 | 137 | 137 | 671 | 671 | 671 |
| Salaries: General and Administrative | | | 113 | 198 | 244 | 279 | 314 | 397 | 444 | 474 | 1897 | 2037 | 2037 |
| Salaries: Services and Maintenance | | | 0 | 63 | 78 | 213 | 213 | 229 | 248 | 264 | 1120 | 1260 | 1260 |

All costs are in thousands of US dollars

## Appendix B. Expenses

| Expenses | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Y3 | Y4 | Y5 |
| Subcontractors | 0 | 30 | 30 | 30 | 30 | 0 | 0 | 0 | 0 | 0 | 0 |
| Outsourced Engineering | 0 | 0 | 50 | 50 | 50 | 50 | 0 | 0 | 0 | 0 | 0 |
| Software | 25 | 0 | 25 | 25 | 30 | 30 | 30 | 30 | 150 | 175 | 200 |
| AWS | 5 | 5 | 10 | 15 | 20 | 25 | 30 | 35 | 100 | 150 | 200 |
| Marketing campaigns | 0 | 0 | 15 | 30 | 50 | 50 | 40 | 40 | 160 | 160 | 160 |
| Advertising | 0 | 0 | 10 | 30 | 50 | 60 | 65 | 70 | 280 | 300 | 200 |
| IP | 0 | 0 | 15 | 15 | 15 | 15 | 10 | 10 | 40 | 40 | 40 |
| Legal | 0 | 0 | 20 | 20 | 10 | 10 | 10 | 10 | 50 | 50 | 50 |
| Accounting | 0 | 0 | 0 | 25 | 0 | 0 | 0 | 25 | 25 | 30 | 35 |
| Facilities | 12 | 10 | 24 | 24 | 19 | 24 | 35 | 35 | 140 | 140 | 140 |
| Recruiting | 48 | 18 | 18 | 21 | 9 | 9 | 9 | 6 | 6 | 12 | 0 |
| | | | | | | | | | | | |
| R&D | 30 | 35 | 115 | 120 | 130 | 105 | 60 | 65 | 250 | 325 | 400 |
| Sales & Marketing | 0 | 0 | 25 | 60 | 100 | 110 | 105 | 110 | 440 | 460 | 360 |
| G & A | 60 | 28 | 77 | 105 | 53 | 58 | 64 | 86 | 261 | 272 | 265 |

All costs are in thousands of US dollars