

Mission

Our vision is to make it easy to enjoy a fresh-cooked meal at home. To do so, we are building the Maestro - a machine that will boil, steam and roast ingredients automatically.

Problem

1. For our target customer, it is very difficult to find the time to cook and/or eat healthy.
2. For others (i.e. people with diet restrictions), it is difficult to meet their nutrition needs.
3. For some (i.e. males, baby boomers), they don't know how to cook or don't have the energy to cook.

Take Kevin. He's in his early thirties, lives on the fringes of downtown and has a career that's starting to take off. As he is warming up to the idea of a settled home life, he's noticed some creaking in his knees, has cut back on his nights out and turned his attention to eating healthy. But between time with his fiancé, work, sleep and exercise, Kevin often finds himself resorting to quick options like Chipotle, Lean Cuisine, delivery or the Whole Foods salad bar.

Kevin wishes he had more time, energy and knowledge to enjoy fresh-cooked meals at home. He has tried Blue Apron, but finds that it's more of an experience than a solution to his everyday problem. He simply does not have the time to regularly shop, prep and cook fresh meals. And when he does cook, the pots and pans start to pile up in the sink.

Solution

Our service will eliminate every "annoyance" in the process - shopping, prepping, cooking and cleaning. We mail you pods of fresh ingredients that come in refrigerated containers and all you need to do is put the pods in the machine and enjoy the aroma of a home-cooked meal.

Imagine a meal of roasted lemon rosemary chicken, Mediterranean quinoa and broccoli and sweet potatoes roasted in garlic, olive oil and herbs. Now imagine that it's not frozen, it's not delivered and it wasn't made at Panera. Instead, it was made fresh in your home in under 30 minutes, while you took your shower and got ready for dinner.

And when the meal is done, you can throw away the pods and not worry about cleaning the Maestro. It's designed to flush water in and out of each container so you just need to fill and empty the water tank.

Progress to Date

We began working on the Maestro in late summer and have kept our focus on the customer and the product. We have interviewed 30+ potential customers to help us identify product needs, our target market and our market positioning (see appendix for details). That number will increase substantially by the end of the quarter thanks to our work in the iCorps program, which we were accepted into for the winter quarter.

We have used the Maestro as the main project in four classes at Booth (New Venture Strategy with both Schragger and Bunch, Building the New Venture & Marketing Research). We are creating a large-scale survey in Marketing Research that will give us great insights as to how to position the product.

We interviewed several manufacturing firms and, on the advice of the Booth alums behind the Swingbyte (NVC '11), hired Kyosay Global. We have been working closely with Kyosay for several months and should have our initial prototype by early March. We were fortunate to be able to finance most of the prototype with the grant we received from the iCorps program.

We have also worked very closely with our designer to wireframe our mobile app and website - both of which are nearly complete (see appendix for app wireframes). She's begun work on an "aesthetic" prototype to hold side-by-side with our functional prototype.

Finally, we have started planning for our Kickstarter campaign in May by developing a close relationship with John Dimatos (head of tech partnerships at Kickstarter), building out our media list and speaking to people behind some of the most successful hardware Kickstarter campaigns.

The Technology

Product

Maestro is an electrically powered, medium-sized countertop appliance for the kitchen that uses induction heating to quickly boil, steam and roast up to three separate meal components (pods) in parallel and without user intervention.

Much like the Keurig, Maestro has removable water and wastewater tanks that the user will fill and dump before and after each cooking cycle. Maestro is designed to only accept our own fresh ingredient pods, which the company will feature and sell via our website/mobile app and mail to customers using refrigerated packaging. Once a user has received the ingredient pods, they will insert the pods into the Maestro, which will scan each pod's QR code and then execute the cooking program accordingly.

Behind the scenes, once ingredient pods are scanned, key data points including water volume, time and temperature profiles for each ingredient pod are captured and used to architect a unique, complete meal cooking program on the fly. The program is optimized to cook each pod to perfection and at the right time to yield a hot, complete meal ready for plating and enjoyment.

Users will be able to create a taste profile, view nutritional data of each scanned ingredient pod, view real-time meal status, set alerts when meals are almost done, rate meals and have access to place orders on our "marketplace" via our mobile app. The website "marketplace" will have additional functionality that will smartly suggest meals and allow users to place one-time and recurring pod orders.



Food

Helen Peters, sous chef at Eataly Chicago, has joined our team to oversee all recipe development. Her background is perfectly suited to the types of meals we will be preparing: healthy, tasty, trendy and transportable. We're hoping to limit our meals to less than 15 preservative-free ingredients, all of which will be cleanly labeled.

We are in the process of interviewing several co-packing facilities to oversee our supply chain. They are going to source, prep and pack our food. And then, like Blue Apron, they'll use a shipping service to deliver the meals. Using a co-packer will allow us to serve most of the nation much faster than if we were to build our own supply chain. We are also exploring partnerships with high-end grocery stores, such as Whole Foods. Our long-term plan is to bring this entire process in-house.

Machine Distribution

As mentioned, we are working with Kyosay to manufacture our machines. They will be producing the machines in China and, in turn, shipping them to a warehouse in America for us to be able to ship them more quickly to customers. This will also allow us to deal with returns and repairs in a timely manner.

Market Information

Maestro is positioned at the intersection of three trends driving the purchase behavior of our target customer:

1. *Growth of smart appliances:* The U.S. small kitchen appliance market is \$4.7 billion with an estimated CAGR of 5%, with the majority of its incremental growth last year coming from smart appliances.^{vi} Maestro capitalizes on this upward trajectory for smart appliances, which is estimated to grow from \$613 million to \$34.9 billion by 2020.^{vii}
2. *Convenient meals are king:* In 2014, Nielsen reported that "'assembling' but not fully preparing meals is a popular trend among a growing number of shoppers who want to be involved with food preparation but also have much of the work done for them."^{viii}

3. *Healthy food matters*: 33% of millennials and 29% of generation X (combined ages 21-49) reported that healthy attributes in food are “very important,” and 29% and 26%, respectively, are “very willing to pay a premium” for those healthy foods.^{ix}

In terms of gaining a share of our target customer’s wallet, we anticipate people will consider Maestro’s combination product plus service against their monthly food budget, similar to how people justified purchasing the Keurig to substitute for Starbucks and ground coffee from the grocery store. Customers allocate their food budget into two buckets: at-home and out-of-home. Looking specifically at our Young Achiever target market (12.4M people), an estimate for their monthly food spending is \$543/month, which is a \$6.47B market. Points of differentiation from each will help Maestro capture its share of food spending.

We plan to capture a part of the food budget in a few specific areas:

At-Home

Grocery: Traditional grocery trips are declining while grocery delivery services are increasing, as evidenced by Insacart’s recent \$220 million funding round

Frozen food (i.e. Lean Cuisine, Amy’s, etc.): Between 2009 to 2013, frozen meal sales have fallen 3% as customers seek fresher ingredients like those in Maestro offerings

Prepared foods (i.e. “heat and eat”): The “heat and eat” category is expected to grow 6-7% annually due to their convenient nature; Maestro saves more time by eliminating the store trip

Away-From-Home

Quick service restaurants - QSRs (i.e. Subway, Chipotle, etc.): Subway was recently ranked as the healthiest QSR, but serves significantly lower grade ingredients than Maestro

Blue Apron-type services: Current ingredient delivery services like Blue Apron (valued at \$500 million) encourage customers to “enjoy new cooking techniques” making them more targeted for a dinner occasion of one hour or more versus Maestro’s 30-minute, low effort offering

Delivery/takeout: U.S. consumers spend \$70 billion on delivery and takeout per year, but major delivery hubs like GrubHub have less than 15% of their offerings designated as “healthy”^x

Competitive Landscape

There is no combined product/service on the market that competes directly with Maestro. There are all-purpose kitchen appliances, like slow cookers and digital steamers. And there is a fast-growing trend of Keurig-like appliances (i.e. for smoothies, tortillas, roti, beer, etc.).

There are also fast-growing services that prove the viability of a subscription-based model for our pod delivery. Blue Apron, Plated & Hello Fresh are all venture-backed companies that mail fresh ingredients to customers so that *they can cook meals themselves*. The companies were most recently valued at \$500 million, \$60 million and \$500 million, respectively. There are also several venture-backed companies that are offering high-quality, fresh-cooked meals for delivery (i.e. Munchery, Sprig, etc.). Broadly speaking, the food-tech industry is booming, with nearly \$12 billion dollars of acquisitions and financings in 2014 (see appendix).

Go-To Market

We began designing/developing the prototype, mobile app and recipes in September 2014. The prototype should be complete in March, at which point we will test the product and recipes for user feedback.

We will spend most of March and April preparing to launch our Kickstarter campaign in May (see appendix for details). We are also planning to apply to 1-2 accelerators for the summer.

By summer we will have secured a relationship with either a co-packer or high-end grocer to handle our supply chain. We will also work to secure a sponsorship from a celebrity chef (i.e. Jamie Oliver) and lay the groundwork for potential corporate sponsorships if it fits our brand identity (i.e. Kraft or PepsiCo). In June, our Kickstarter will be complete and we will begin our accelerator program. Between June and December, we will do everything necessary to be on the market by the end of Q4.

Business Risks

Product - There is the risk that the product does not work perfectly, ends up being too expensive and/or is delayed. We chose Kyosay as our manufacturer because they have deep experience delivering similar products in a timely and cost-efficient manner at scale.

Distribution - It's possible that we won't be able to secure a partner for our distribution. There are several companies that are in the business of co-packing, so we believe this risk is minimal.

Competition - As of now, there are no direct competitors, but there is always the possibility that a startup emerges before we go to market. This business is complicated, though, and while the first mover will have an advantage, the winner will be the company that executes the best.

Customer - We are developing a new product and service, so there is a good chance that the market rejects it, either because the product is flawed, the food doesn't taste good or the service doesn't meet the customer needs. The rise of smart kitchen technology and other Keurig-like machines proves the market demand, meaning this risk will come down to us executing our business plan.

IP - We have not secured any patent protection for our idea because the lawyers we have spoken to suggested that any patent we *might* be able to secure would still offer limited protection from a competitor.

Financials

Our revenue is driven by sales of our machines and subscription service to our pods. We are targeting Young Achievers, who make up 10.8% (or 12.4 million households) of total U.S. households. Using SodaStream's initial rollout plan as an analog and factoring in customer churn, our penetration of this demographic will begin at 0.5% in year 1 and grow to 1.3% by year 7. Based off of that level of penetration, solely within that demographic, we anticipate revenue growing to \$103 million by year 7, with EBITDA margins of 12.9%. We believe that Maestro has additional revenue potential beyond this core business, through the monetization of customer data we collect, innovative product extensions and growth to other demographics.

Income Statement (Dollars in Thousands)	Projected							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	
Cumulative Maestro Users	7,408	17,404	37,318	61,676	98,233	118,802	137,824	[1]
% of US Households	0.01%	0.02%	0.03%	0.06%	0.09%	0.11%	0.13%	[2]
Machine Revenue	\$1,481,623	\$2,983,988	\$5,988,936	\$9,035,808	\$13,606,664	\$13,796,203	\$13,987,728	[3]
Food Revenue	4,800,457	11,278,098	24,181,939	39,965,964	63,654,750	76,983,822	89,309,853	[4]
Total revenue	\$6,282,080	\$14,262,086	\$30,170,875	\$49,001,772	\$77,261,415	\$90,780,025	\$103,297,580	
% Machine Revenue	23.6%	20.9%	19.9%	18.4%	17.6%	15.2%	13.5%	
% Food Revenue	76.4%	79.1%	80.1%	81.6%	82.4%	84.8%	86.5%	
COGS	4,093,881	9,301,222	19,682,297	31,979,506	50,434,033	59,298,766	67,506,771	[5]
Gross Profit	\$2,188,198	\$4,960,864	\$10,488,578	\$17,022,266	\$26,827,382	\$31,481,259	\$35,790,809	
% margin	34.8%	34.8%	34.8%	34.7%	34.7%	34.7%	34.6%	
SG&A	1,951,322	3,992,836	8,056,188	12,859,663	20,072,446	23,526,661	26,725,768	[6]
EBIT	\$236,877	\$968,028	\$2,432,391	\$4,162,602	\$6,754,936	\$7,954,598	\$9,065,041	
% margin	3.8%	6.8%	8.1%	8.5%	8.7%	8.8%	8.8%	
Plus: Depreciation	257,388	584,344	1,236,156	2,007,692	3,165,541	3,719,423	4,232,290	[7]
EBITDA	\$494,265	\$1,552,372	\$3,668,546	\$6,170,294	\$9,920,477	\$11,674,021	\$13,297,332	
% margin	7.9%	10.9%	12.2%	12.6%	12.8%	12.9%	12.9%	
Taxes	82,907	338,810	851,337	1,456,911	2,364,228	2,784,109	3,172,764	[8]
Net income	\$411,358	\$1,213,562	\$2,817,210	\$4,713,384	\$7,556,250	\$8,889,912	\$10,124,567	

[1] Assumes Young Achievers make up 10.8% of US Households (per Nielsen). Assumes Maestro penetrates up to 5% of the Young Achievers' market by Year 7 (per Soda Stream's initial roll-out plan). Assumes a customer churn of 33% going down to 25% by Year 4.

[2] Assumes 109 million US Households.

[3] Assumes machine price of \$200.

[4] Assumes customer monthly subscription for 6 meals at a cost of \$54 / month based on Blue Apron.

[5] Based on blended COGS margin for Keurig (machine) and Panera (food). Assumes machine cost of approximately \$90 per Kyosay (prototype manufacturer).

[6] Build-up. Includes salaries, marketing, R&D and other overhead expenses.

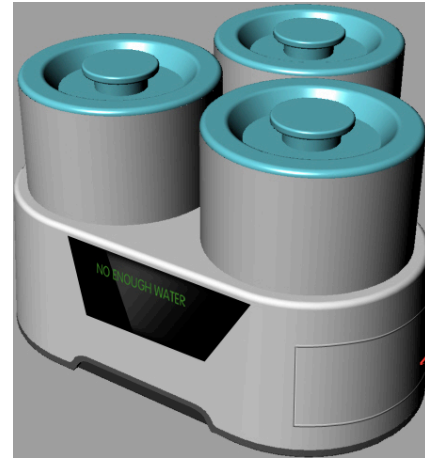
[7] Calculated as a % of sales based on Keurig.

[8] Assumes taxes of 35%.

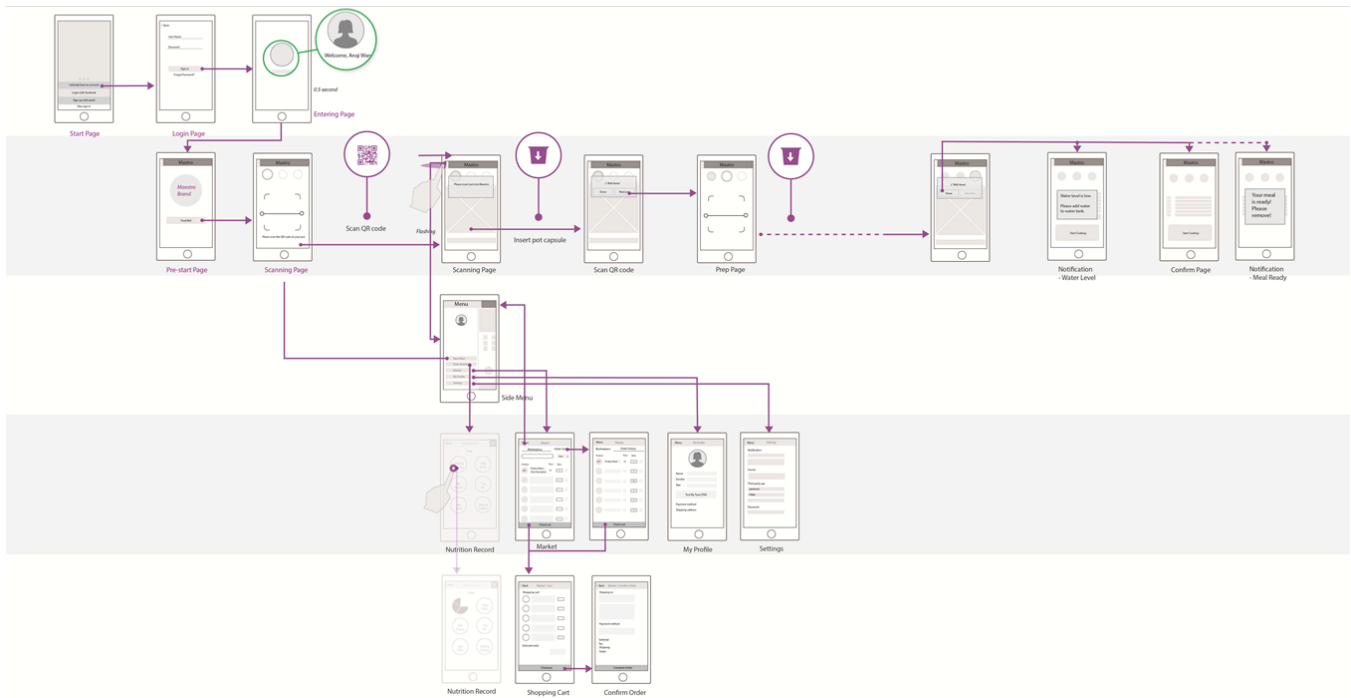
Management Team

Team Member	Title	Role	Background
David Rabie	Co-Founder/CEO	Operations, Business Development, Product Development	COO of Bicoastal Retail Chain, Co-Founder Mobile App, 2015 MBA Candidate Chicago Booth
Aubrey Donnellan	Co-Founder/CTO	Product Development (hardware & software)	Mechanical Engineer/Robotics at Carnegie Mellon, Management Consultant at Accenture, Manufacturing Eng/R&D at Boeing, 2015 MBA Candidate Chicago Booth
Trina Assur	CFO	Finance, Projections	Tech Investment Banking at Oppenheimer & Co., 2015 MBA Candidate Chicago Booth
Kati Karotki	Head of BD	Business Development, Consumer Engagement (i.e. Kickstarter)	Marketing Consultant at Octagon, Business Development Analyst (Navigate Research, 2016 Olympic Bid), 2016 MBA Candidate Chicago Booth
Emily Theis	CMO	Marketing Strategy, Social Media	Merchandising in Kitchenware and Grocery at Target, Marketing at PepsiCo's Global Nutrition Group, 2015 MBA Candidate at Chicago Booth
Anqi Wang	Designer	Product, Packaging, Website/App	Experience in User Design/User Research, Master Design Candidate at Institute of Design IIT
Hellen Geddes	Chef	Recipe Development/Testing	Sous Chef at La Carne/La Piazza (Eataly Chicago), 10 Years Culinary Experience
John Dimatos	Advisor	Kickstarter & Product Development Advice	Head of Partnerships for Tech & Design at Kickstarter, Former Head of Applications at Makerbot
David Klein	Advisor	General Startup Advice	Co-Founder/CEO of Common Bond (VC-Backed Startup Lowering Cost of Graduate Student Loans)
Lisa Fetterman	Advisor	Kickstarter, Hardware & Startups	Co-Founder/CEO of Nomiku, Sous Vide Immersion Circulator (Top Kickstarter Food-Tech Company)
Frank & Jeff Lazowski	Manufacturing Team	Overseeing Team of Engineers	40+ Combined Years of Experience in Manufacturing, Distribution, Sourcing and Engineering

Appendix



Front-end Maestro App Design



Kickstarter Campaign Plans

- Media List

- We have begun compiling a robust media list of bloggers, journalists and social media pages. We will engage with people on the list for feedback on our product well in advance of the campaign. That way, when we launch, they will already be aware of the product and might even feel invested.
- Video
 - The founding team has set aside some funds to make sure the video is high quality.
- PR
 - We will leverage the media list and run a large public relations campaign on the eve of the Kickstarter campaign. David began his career in PR and also has experience running a successful launch with his previous startup.
- Personal Network
 - We will begin an email newsletter to our personal network ~2 months before the campaign. We will rely on that network and our Booth classmates to spread the word about the campaign.
- Support from Kickstarter
 - John Dimatos, head of partnerships for tech & design at Kickstarter, will be advising us. David will also be visiting Kickstarter's headquarters before the launch of the campaign to enlist their further support and seek advice from the food experts on staff.
- Social Media
 - We will have one team member dedicated to running our social media pages before, during and after the campaign.
- Online Advertising
 - We have allocated some money for online advertising during the campaign. We will consider using a company to oversee the ad spend.
- Prior Examples

- We have begun meeting and befriending people that have run successful campaigns in the past and we will continue to do so (Trunkster, Nomiku, Cubii, etc.).

Food-Tech Financing & Acquisitions

Food-Tech Financing & Acquisitions in 2014 (via Food-Tech Connect)				
Month	Acquisition Funds	Fund-Raising Funds	Total Funds	Number of companies receiving funding
December	\$ -	\$ 230,000,000.00	\$ 230,000,000.00	7
November	\$ -	\$ 260,000,000.00	\$ 260,000,000.00	15
October	\$ -	\$ 32,300,000.00	\$ 32,300,000.00	12
September	\$ 300,000,000.00	\$ 517,800,000.00	\$ 817,800,000.00	11
August	\$ 416,250,000.00	\$ 91,300,000.00	\$ 507,550,000.00	8
July	\$ 663,550,000.00	\$ 75,000,000.00	\$ 738,550,000.00	10
June	\$ 7,900,000,000.00	\$ 237,250,000.00	\$ 8,137,250,000.00	17
May	\$ 170,000,000.00	\$ 404,100,000.00	\$ 574,100,000.00	17
April	\$ -	\$ 270,650,000.00	\$ 270,650,000.00	15
March	\$ 2,503,000,000.00	\$ 99,000,000.00	\$ 2,602,000,000.00	12
February	\$ 17,300,000.00	\$ 58,600,000.00	\$ 75,900,000.00	8
January	\$ -	\$ 127,300,000.00	\$ 127,300,000.00	11
Sum	\$ 11,970,100,000.00	\$ 2,403,300,000.00	\$ 14,373,400,000.00	
Average	\$ 997,508,333.33	\$ 200,275,000.00	\$ 2,211,292,307.69	

Customer Interview Summary

Name	Age	Marital Status	Children?	Job Title	Location	Cooking Times per week	Buyer?	Rationale
Roger Roglans	20	Single	No	Student	Chicago	Dinner= 5-6x	Maybe	Concerned about taste of the food
Pablo Elvira	21	Single	No	Student	Chicago	Dinner 5-6x	No	Concerned about taste of the food
YaoYao Wang	26	Single	No	Student	Chicago	Dinner = 4-5x	Yes	Time/convenience are important, health is a priority
Jessica Hu	27	Single	No	Consultant	Washington, DC	Dinner=2-3x	Yes	Concerned about variety/ taste of the food
Ryan Kern	28	Married	No	Graduate Student	Chicago	Dinner = 5-6x	Maybe	Concerned about taste of the food
Mike Serviansky	28	Single	No	Graduate Student	Chicago	Dinner = 3-4x	Yes	Wants something easy for the days he does not cook
Pedro Obregon	29	Single	No	Graduate Student	Chicago	Rarely	Yes	Wants to eat healthy and save some money
Cheryl Lau	29	Engaged	No	VP Business Development	Miami Beach	Dinner = 5x	No	Values her creativity in the kitchen and finds the machine limiting.
Roger Payne	30	Married	No	Marketing Executive	Chicago	Dinner = 4-5x	Maybe	Concerned about price, but is intrigued
Larissa Atamian	30	Single	No	Software Engineer	Redondo Beach, CA	Dinner=4-5x	Yes	If vegetarian/ vegan/ organic options were available
Kim Webb Palacios	35	Married	1 & 4 yrs old	Marketing Executive	Suburb	Dinner = 5-6x	No	Worried about what kids eat, wants control over what is cooked
Don Woods	37	Pre-Engaged	No	Product Manager	San Fran	Dinner = 3x	Yes	Want to know more about how it will operate - and how each component operates
Lauren Holland	39	Single	No	Credit Analyst	City (NYC)	Cooks fresh usually	No	Regimented eater. Works at home and has a good system in place. Would not buy.
Delores Rochester	39	Married	6 & 8 yrs old	Sales Executive	Connecticut (suburb)	Dinner = 5-6x	No	Worried about what kids eat, wants control over what is cooked
Lauren Holland	39	Single	No	Financial Services	New York City	Dinner = 7x	No	Cares about environmentally-friendly packaging and waste
Bill McBride	42	Single	No	VP Investments	Manhattan Beach, CA	Dinner=5x	No	Would want to put own food into machine
Jackie Barry	49	Married	No	VP Finance	Suburb (Chicago)	Dinner = 7x	Yes	It takes time to eat healthily. "It takes thought".
Erin Carlson	53	Married	16 & 19 yr old	Stay-at-home-Mom	Naperville, IL	Dinner=5-6x	Yes	Given she could cook enough for whole family
Dick Donnellan	57	Married	Not at home	Self-Employed	Boca Raton, FL	Dinner=3-4x	Maybe	Concerned about taste of the food
Helene Lieb	61	Widow	Not at home	Psychologist	Massachusetts (suburb)	Dinner = 7x	No	Time is not an issue
Dorris Groh	82	Married	Not at home	Retired	Boca Raton, FL	Dinner=0x	Maybe	
Bob Miller	85	Married	Not at home	Retired	Boca Raton, FL	Dinner=4-5x	No	
Nikki Brimimage	30s	Married	2 & 4 yrs old	Not Employed	Texas	All meals, every day	Not yet	Once she starts working, she would love this
Bowen	30s	Married	1 yr old	Employed	Venice Beach	Dinner = 5-6x	Maybe	Bahavorial inertia
Reid	30s	Single	No	Employed	San Fran	Dinner = 5-6x	Maybe	Vegitarian, hesitant he would get the balance he needs due to special diet
Susan Rotilie	60s	Married	Not at home	Retired	Minneapolis	Dinner = 3x	No	Time is not an issue
Susan Brody	60s	Married	Not at home	Part Time	Detroit	Weekends	No	Time is not an issue
Teri Holtz	60s	Married	Not at home	Employed	Denver	Dinner = 3x	Yes	Time/convenience are important. Hates shopping.
Geoff Geddes	60s	Divorced	Not at home	Employed	California	Not often	Yes	Values health & time. Single. Works hard. Would purchase if he trusted the labeling
Emily Gilman	60s	Married	Not at home	Working	New York City	Dinner = 5-6x	Maybe	Concerned about taste of the food
Janet Greenberg	60s	Married	Not at home	Self-Employed	New York City	Dinner = 3x	No	Time is not an issue

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- ⁱ Nielsen PRIZM <<http://www.claritas.com/MyBestSegments/Default.jsp?ID=30>>
- ⁱⁱ Nielsen PRIZM <<http://www.claritas.com/MyBestSegments/Default.jsp?ID=30>>
- ⁱⁱⁱ Bureau of Labor Statistics <http://www.bls.gov/opub/reports/cex/consumer_expenditures2012.pdf>
- ^{iv} Food **At-Home** refers to the total expenditures for food at grocery stores (or other food stores) and food prepared by the consumer unit on trips. It excludes the purchase of nonfood items
- ^v Food **Away-from-Home** includes all meals (breakfast/brunch, lunch, dinner) at fast food, take-out, delivery, concession stands, buffet and cafeteria, at full-service restaurants, and meals away from home on trips.
- ^{vi} Euromonitor <<http://www.euromonitor.com/small-cooking-appliances-in-the-us/report>>
- ^{vii} Navigant Consulting <<http://investorplace.com/2013/02/are-smart-appliances-ready-for-the-big-time/>>
- ^{viii} Nielsen <<http://www.nielsen.com/us/en/insights/news/2014/convenience-its-whats-for-dinner-tonight.html>>
- ^{ix} Nielsen <<http://www.nielsen.com/us/en/insights/news/2015/younger-consumers-endorse-healthy-foods-with-a-willingness-to-pay.html>>
- ^x <<http://www.forbes.com/sites/ericjackson/2014/09/15/interview-with-grubhubs-matt-maloney-the-leader-in-mobile-food-delivery-and-pick-up/>>