

1. Executive Summary

Each year, colleges around the country send their best and brightest graduates to Chicago. In the city, these new graduates find themselves immersed in the exciting and breakneck pace of city life. There are long hours to work, friends to meet and commitments to maintain. Soon enough (and even years later), many in this newly minted crop of Chicagoans find that while their responsibilities have shifted since college, their priorities haven't. After long days at work often lasting well into the night, they come home to find empty refrigerators and cabinets and the last thing they want to do is trudge out to the local grocery or convenience store to pick up beer before the game, wine before the dinner party or that elusive Gatorade and Advil in anticipation of Sunday morning. They need Foxtrot.

Who we are. Foxtrot is the Chicago Urbanite's new favorite convenience store living in their pocket or purse. Simply put, we are creating a mobile application that facilitates the delivery of essential items in under an hour. "Beverages, snacks, beer, wine and other essentials, from your iPhone to your door in minutes."

We do not offer an exhaustive, generic list of items. Instead, we curate our menu to provide a selection of old staples and new favorites. A 6-pack of Bud Light with a bottle of Knob Creek and an iPhone charger. A Lagunita's 12-pack with potato chips and toothpaste. A Bloody Mary package on Sunday morning. Wine and cheese for date night. This slimmed down menu facilitates lightning fast ordering, and payment information is stored in the cloud, so there is no fumbling with cash. As soon as an order is placed it can be tracked by the customer from bundling to delivery.

Who Needs It? Our target market is post-college, pre-dependents young professionals in major, dense U.S. cities. They are short on time, long on disposable income and willing to pay a few incremental dollars to outsource annoying tasks in their lives. They expect everything to be on demand, whether it be a cab (Uber), a pizza (Dominos) or a song download (Spotify), and are comfortable paying a small premium to save time and hassle. Foxtrot is more than a delivery service; it's an indispensable social

companion. Much like we can't imagine a night without Spotify or a weekend without Uber, Foxtrot is a service that will become an irreplaceable part of every urbanite's life.

Doesn't this Exist Already? It does, but not for us. Traditional grocery store delivery services (Peapod and Fresh Direct) require advanced planning. New iterations (Instacart) are fast, but inconveniently carry an exhaustive list of products (and no beer!). Bricks and Mortar retail partners (Postmates) require sifting through dozens of stores, and errand companies (TaskRabbit) are expensive and clunky. Restaurant delivery aggregators (GrubHub and Seamless) are time intensive and entrée focused. Foxtrot is truly a new and differentiated offering in the space.

How Does this Work? We do what we do well, and outsource the rest. We source our inventory from a local grocery store partnership and facilitate delivery through an outsourced delivery partner. Fixed costs are minimal, working capital is negative and delivery becomes a controllable variable cost. This leaves us to master marketing, user experience and brand cultivation.

2. Company Mission

Foxtrot strives to be the indispensable social companion to Urbanites. The post-college, pre-dependents crowd in Chicago (and numerous other major U.S. cities), faces a serious time crunch every day. The founders intuitively knew that this pain existed in the market, and our market sounding resoundingly agreed. Below are just a few of the situations our focus groups identified for Foxtrot:

- Playing host to a rocking party and running low on beer and cups? Let Foxtrot bring the reinforcements.
- Running late to a dinner party and out of wine to thank your hosts? Foxtrot throws a ribbon on a beautiful pinot noir and has it to your door before your makeup is done.
- One too many whiskeys at dinner last night? Bet you could use a Gatorade, some Advil and a muffin at your front door instead of walking to the store two blocks down in the freezing Chicago winter.

- That latest cold going around have you feeling under the weather? Foxtrot can bring you fluids and Nyquil to bring you back to health.
- Late night at the office or stuck in the library? Foxtrot can bring by your secret survival kit – Red Bull, Clif Bars and a pack of smokes.

While these problems are not unique to our target market, this generation knows that there must be a better way to solve these problems than simply biting the bullet, giving up 30 minutes of your life and walking to the nearest store. They knew there was a better way to hail a cab (Uber), a better way to order meals (GrubHub), and a better way to get their essential items to their door as quickly as possible (Foxtrot).

To that end, Foxtrot strives to integrate itself into the lives of its customers so that it becomes more like a companion than a store. By completely understanding the needs and motivations of our customers, we can provide a tailored experience that will facilitate deep customer loyalty and stickiness. We are not building a service to deliver a small list of generic groceries. We are building a brand to supplement the busy lifestyles of our customers.

3. Operations / Partnerships

Foxtrot envisions three major phases in the evolution of its operations. To prove our concept and deliver a minimum viable product, the first phase will be a test launch of our service to a limited number of customers in the Lincoln Park, Chicago neighborhood. During this phase, we will operate with the minimum amount of technology and human capital needed to still offer our customers a high level of service while simultaneously proving our concept. Importantly, we will be collecting data and analyzing every aspect of our operations to ensure that we are able to launch phase 2 utilizing the best possible practices. The second phase is a broader roll-out to other neighborhoods within Chicago, and the third phase is a roll-out to other major metropolitan cities across the U.S.

Phase 1 – Lincoln Park

During Phase 1, Foxtrot will solely be the technology that enables consumers to purchase their favorite convenience store items for delivery in under an hour. We will not be warehousing inventory or employing personnel to deliver the orders ourselves. Delivery will be outsourced to a local delivery service such as WeDeliver or TaskRabbit and paid for on a trip-by-trip basis, (see “Delivery Partners” for more information) and inventory will be sourced from a local grocery store or liquor store (see “Inventory Partners” below) with low retail prices. We have held several meetings with local grocery and liquor stores throughout Chicago, and have a tentative agreement with Uncorkit, the second largest liquor store in Chicago, to be our inventory partner for phase 1.

During phase 1, when a customer places an order via our mobile application, the order is sent to “bundlers” (Foxtrot employees) equipped with electronic tablets whose job is to quickly purchase the items from the inventory partner and bundle them for delivery. Once the order is ready for delivery, our delivery partner will be notified through an Application Program Interface (“API”) and the order will be sent out for delivery. The delivery partner we select for phase 1 will be centrally located in Lincoln Park, allowing for very quick delivery times (Lincoln Park is 3.2 square miles), and we are currently negotiating a discount arrangement with our delivery partners for bundling multiple orders per pick-up.

Leading up to the test launch date, we will create a waitlist that customers can join via our website and actively market to consumers in the Lincoln Park neighborhood. By doing this, we can control how many consumers are able to use the service and ensure that we are properly equipped to handle the potential demand. When customers are taken off the waitlist, they are notified via email that they have been selected to use the service and provided with a passcode that activates their account.

Phase 2 – Chicago

Once the concept has been validated in Lincoln Park, we plan to slowly roll-out the service to other high density neighborhoods in Chicago such as Lake View, Old Town, River North, Streeterville, and

Evanston. During phase 2, we plan to have our technology fully integrated with our delivery partners and formal partnership agreements in place with local grocery and liquor stores in each new neighborhood we plan to expand to. Our technology will be fully integrated with our inventory partner's Point of Sale ("POS") system, and we will have space in the warehouse of the store to quickly bundle the orders and ready them for delivery.

Phase 3 – the U.S.

Phase 3 is a broader roll-out to large metropolitan cities across the U.S., including Brooklyn, Boston, Washington D.C., Austin, and San Francisco. Based on the operational knowledge we have gathered from operating in Chicago, we envision the ability to expand relatively quickly and efficiently into other cities.

Delivery Partners

We have held discussions with both WeDeliver and TaskRabbit regarding a delivery partnership. Both companies utilize the concept of crowd-sourced delivery, and both companies have shown an immense amount of interest in partnering with us. We recently met with Jimmy Odom, co-founder and CEO of WeDeliver where we came to a handshake agreement for WeDeliver to become our official delivery partner. We are currently in the process of negotiating the key terms of the agreement, but we are confident that WeDeliver will be our delivery partner for phase 1 of our launch.

Inventory Partners

We are actively searching for inventory partners within Chicago to leverage their geographic location and available inventory. For phase 1, we plan to purchase inventory from a local Lincoln Park grocery store at full retail price. As we grow and add customers, we believe we can form deeper, mutually beneficial partnerships with a selected store in each neighborhood. Under the terms of the agreement, Foxtrot would be able to purchase goods at a reduced price (5-10% below retail), be given a small amount of space in the back of the store's warehouse to operate, and be fully integrated into the store's POS system. In

addition, this store will assist in marketing and advertisement for Foxtrot through display adds in the store and flyers placed in each order. As consideration for these terms, Foxtrot would likely guarantee exclusivity to that store for a given geographic location (such as a neighborhood). This is exactly how PeaPod began its operations so we believe there is compelling precedent for this type of agreement.

4. Marketing Overview & Customer Acquisition

Segmentation and Targeting

At the most basic level, delivery services address two problems: laziness and lack of time. However, through consumer research including moderated focus groups, a consumer survey, and in-depth personal interviews, we found significant complexity in the need-states associated with delivery. As such, we segmented the delivery market by key usage occasions: lack of time, laziness/fatigue, nothing in the refrigerator and inability to leave the house/travel. Based on an analysis of the research findings, we chose to focus on specific usage occasions within these categories to define and target the core consumer.

It is important to note that lack of price sensitivity is a common thread throughout the examples of these usage occasions. In a survey to Foxtrot's target market, 53.7% purchase most of their alcoholic beverages at high-priced channels such as convenience, liquor, and drug stores (versus more traditionally affordable channels like grocery, mass, and club), and 21.2% of respondents could not even remember the delivery charge that they paid for their last delivery.

Lack of time: While there are many reasons why someone could be short on time, Foxtrot focuses on the consumer who is trying to maximize their social/leisure time after a long day or week of work. This person prioritizes a work-life balance over most things and therefore wants to make minimal sacrifices in their free time. Furthermore, they highly value the time that Foxtrot would save them by doing their convenience store run for them. For example, our target consumer gets home from work and has limited time because they are either hosting a group of people or going to a friend's apartment before going to a bar or restaurant. Our target market is unlikely to plan ahead and therefore needs to run out to pick up

their party essentials. The option to “Foxtrot it” would give them back free time, which they so highly value.

Laziness/fatigue: In a survey to Foxtrot’s target market, 65% admitted that a key driver of their delivery purchases is sheer laziness. This consumer works hard at work and is exhausted afterward. Whether brought on by the workweek or by the previous night’s social activities, our target market can often be very unmotivated to get off the couch. Foxtrot is the ideal solution for this need state if they need something other than normally delivered items such as Advil or Gatorade.

Nothing in the refrigerator: Due to the fact that the target consumer is unmarried and without children, they have little reason or motivation to plan ahead in terms of meals and grocery shopping. This means that they rarely have snacks, beverages, or other items in their homes. This need, coupled with the fact that we know our consumer values relaxation during their free time makes this a perfect occasion to use Foxtrot.

Inability to leave the house: Our target consumer often finds himself or herself in a situation where they are hosting friends and run out of party essentials. As the host of the party, it is extremely inconvenient to go to the convenience store or liquor store at this point even if it is only a couple of blocks away. Foxtrot is ideal in this situation because not only can the party continue seamlessly, but the delivery charge can also be split over the people at the party, which makes the consumer even less price-sensitive.

Brad and Katie: In an effort to keep both internal and external operations aligned with Foxtrot’s target consumer, the team created male and female personas—Brad and Katie. Everything that Foxtrot does (most importantly from a marketing perspective) should complement and elevate their social lives effortlessly. The descriptions of Brad and Katie are purposefully detailed to provide a strong sense of direction moving forward and were created largely by compiling the feedback and anecdotes from focus groups, in depth personal interviews and the consumer survey.

Positioning: A detailed analysis of the target consumer and key usage occasions led to the positioning of Foxtrot as an indispensable social companion rather than just a convenience store delivery service. To effectively convey this image, the Foxtrot team has developed an integrated marketing approach that starts with the product itself. The product consists of two very important parts: the mobile application and the curated menu. The app will be user-friendly and perfect for the mentally fatigued consumer who does not want to have to think beyond a couple of swipes. The look and feel will also be visually appealing and be aligned with the socially focused branding. The menu will make the consumer feel like Foxtrot can read their mind. It should have all of the things that the target audience would want to purchase in the specified usage occasions as well as bundles that are exciting and facilitate an enhanced social experience. An example of a bundle identified by our market is a Bloody Mary bar—a package including all of the essentials for the perfect Bloody Mary, as curated by a local mixologist. The bundles will be a key differentiator, as they will be aligned with the benefits of our target consumer as well as a source of new content.

Customer Acquisition Strategy: In order to attract Foxtrot’s target consumer, the placement of advertising and promotional events should reinforce Foxtrot’s positioning as an indispensable social companion. In order to effectively execute against this goal, Foxtrot has a multi-stage customer acquisition strategy that begins by focusing exclusively on one Chicago neighborhood, Lincoln Park. Among approximately 43,250 core consumers in the Lincoln Park Market, we have estimated a 2% penetration rate, which is equal to 865 customers. The plan to acquire these customers operates on a \$30,000 phase 1 marketing budget that has been allocated in the following cost buckets: CTA advertising (23%), Internship Program (27%), Launch Party (17%), Online and Mobile Activation (28%), and Marketing Research (5%).

Lincoln Park Summer '13: The acquisition strategy for the summer pilot will be rooted in the personal networks of the founding members. Two of the founders grew up in the Chicago suburbs, attended the University of Illinois and are currently living in Lincoln Park. As such, they have deep personal networks

of hundreds of potential customers, who exactly fall into our target market. The first stage of the pilot acquisition strategy will consist of teaser messaging in the month leading up to the launch. This will include purchasing ad space on targeted CTA routes (the red line, the brown line, and Lincoln Park busses), reaching out to key influencers on Twitter such as Redeye and Chicagoist, and leveraging Facebook activation such as a countdown and “hot or not” type vote for menu items. Another key component of the build-up period will be undergraduate marketing interns. Foxtrot will offer DePaul students an incentivized internship program that offers start-up and marketing experience, opportunities to win cash prizes and recommendation letters contingent on performance. The interns will be given stickers, flyers and merchandise to promote the product, will be positioned at all the major summer events our target market attends (such as music festivals).

The interns will also be integral in building the guest list for the launch party, which is another key component of the pilot acquisition strategy. The teaser advertising during the month leading up to the launch will culminate at an invite-only kick-off celebration, for which guests have to show that they have downloaded the Foxtrot app in order to gain entrance. At the party, there will be displays of our featured bundles and each guest will leave with a gift bag with a logoed flask and a Foxtrot coupon to stimulate trial. It will also be important to ensure that key influencers attend the event in order to increase social media coverage.

Foxtrot will officially begin delivery service the weekend following the launch party, and this will mark a wave of marketing activation. At this time, Foxtrot will have the opportunity to leverage its partnership with Uncork It to access their robust customer base through in-store signage, flyers and coupons handed out with in-store purchase, as well as online activation through branded representation on Uncork It’s website. Foxtrot will add value to both the retailer and to the consumer by offering this service, which will be linked to Uncork It’s website and will prompt users to download the mobile app.

Further online and mobile activation will include purchasing localized Google AdWords such as the broad phrase “Chicago delivery”, which is estimated to make 285 impressions. We will also run Twitter campaigns such as “Tweet your Foxtrot moment,” and increase Facebook activation through likes and referrals as well as incentives to vote on the bundle of the month or a new featured craft beer. Mobile app install ads on Facebook is another key tool that Foxtrot will use to drive customer acquisition, as the ads will be strategically placed according to our target market’s online and mobile presence.

This integrated marketing campaign will be the catalyst for our most important source of acquisition, word of mouth. If Foxtrot is going to be an indispensable social companion, users need validation from their peers and it is essential that it feels organic.

Expansion: The marketing plan for the expansion to other neighborhoods in Chicago and eventually to other cities across the United States will depend heavily on learnings from phase 1. As Foxtrot’s definition of the target market evolves, the marketing tools and tactics will as well. With that in mind, the current vision of the expansion is focused on bringing the marketing techniques used during phase 1 to other geographies.

5. Technology

The Foxtrot user interface is designed around a lightning fast ordering experience. The landing page greets the user with four “aisles”: Liquids, Edibles, Essentials and Bundles. These four categories represent the main buckets of frequently purchased, high-margin goods our market demands most. Within each aisle is a curated menu of staples and local favorites. We build our menu by first identifying the most popular goods in each category. We recognize that while we can create a brand image around some of our unique offerings, we must also supply the basic brands in each category. We then work with our customers, tastemakers and local retailers to identify new, interesting brands to supplement our offering. In the beer aisle for example, we will carry Goose Island’s new seasonal brew alongside Bud Light. Our market is not afraid to spend on craft products, but needs the dependability and practicality of

their staple brands. Importantly, each aisle will only contain 10-12 products, again ensuring that customers can build their baskets and check-out with just a handful of clicks.

Once the customer builds their basket, they move to the cart page to review the order. Here, they are presented with the total purchase amount, including tax and delivery fee. In future iterations, customers will be able to adjust their delivery price depending on their desired delivery time. Our initial MVP, however, will offer a standard price for one-hour delivery. After review, the customer hits “Purchase” and their transaction is complete.

Our market places a high value on cashless, transparent transactions. As such, customer payments through Foxtrot can only be conducted through a registered, stored credit card. We include all fees in the basket price, so there is no need to fumble with cash. We will also integrate a social payment mechanism, whereby customers can split orders with their friends, all from our shopping cart screen. While waiting for the arrival of their basket, customers will be able to monitor the location of their driver in real time (similar to monitoring an arriving Uber taxi). This transaction environment encourages painless, fast and social ordering, which is key to our success

Our main goal at Foxtrot is providing users with a hassle free shopping experience. To this end, we will leverage the latest technology to ensure that our app runs seamlessly and gives our users the best experience possible. Our backend architecture will be built on top of Amazon’s Web Services. This gives us the ability to scale as our customer base grows without having extensive capital investment in hardware infrastructure.

Web Layer – Our native iPhone app will communicate with our front-end servers running Apache HTTP server. All communication between the app and the servers will follow the RESTful approach, giving us the ability to quickly add other platforms (i.e. native Android app) without changes to the backend. Our Apache servers will be setup in a load-balanced, multiple availability zone model. This provides fault-tolerance and load balancing, meaning an outage in any one availability zone will have no effect on our

application. We will also be able to scale out our HTTP servers on the fly as needed by user demand, so users will always have a seamless, responsive experience while using our app.

Persistence Layer – We will again be leveraging Amazon’s web services for hosting of our databases. We will be running MySQL databases for storing data that needs to persist beyond a single transaction (i.e. order information & customer account information). By running our databases in the cloud we can again provide the fault-tolerance needed, and automate our backup strategy, so that there will never be any loss of information. All sensitive user data that we retain will be stored using the most up-to-date industry security practices. We believe that the data our users provide to us and trust us to store is of supreme importance, and we want to do as much as we can to prevent that information from falling into the wrong hands.

Scaling – As the company grows and our app becomes more popular, it is important that the technology keep pace. Nothing is more frustrating than wanting to use an app that’s servers are being overwhelmed. At Foxtrot, we have designed our system architecture in a way that we believe will provide our users with a fast experience every time they use our app. By building on top of Amazon’s cloud, we can easily, within a matter of minutes, scale up and down based on customer traffic.

6. Market Opportunity & Competition

Foxtrot plays jointly in both the convenience store and mobile commerce space. Convenience stores are a \$60 billion industry in the U.S., predicted to grow at GDP pace over the next several years. Importantly, convenience stores are the most important source of “groceries” for males in our target market. A recent industry conference cited an internal study performed by a prominent U.S. based consumer packaged goods firm that found that 82% of post-college, pre-marriage males view their local convenience store as their pantry. In essence, they purchase products as needed and do not plan ahead. In Chicago specifically, residents spend \$1.8 billion annually in convenience and liquor stores. This does not include spend on other fringe competitors such as grocers.

Foxtrot also relies heavily on the ongoing mobile commerce revolution. The time U.S. citizens are spending on their mobile phones each day has grown 55.5% since 2009, and that trend is expected to continue. Juniper Research estimates that global mobile payments will triple in size to \$670 billion by 2015. In just this past year, mobile shopping on Black Friday represented 24% of all purchases, up from just 6% in 2010. Consumers, and especially young consumers, are increasingly turning to their mobile devices to conduct transactions.

The proliferation of mobile phones and tablets, increased familiarity and confidence with mobile purchasing and expansion of rich mobile shopping experiences has irreversibly kick started mobile payments as the future of commerce. Foxtrot plans to merge this trend with the huge, untapped market for convenience store item delivery.

Customers currently looking for the Foxtrot experience have to seek it out in partial forms across several vendors. Principally, Foxtrot competes with existing brick-and-mortar stores, internet based grocery delivery services and on-demand delivery companies. Importantly, Foxtrot serves an untapped and sizeable market segment, with a defensible position.

Online food delivery exists in many forms, but no current solution uniquely meets our target market's needs. Traditional online grocers like Peapod carry an exhaustive list of products, require advanced planning to order the food and receive the order and have lead times measured in days. Time intensity, advanced preparation and long lead times are deal killers for our market.

Restaurant delivery aggregators like GrubHub and Seamless are popular with our target market, but do not meet the pain point Foxtrot remedies. These aggregators are focused on entrée based ordering and carry somewhat time intensive ordering processes. Customers must sort through hundreds of restaurants and dozens of items before placing an order. Foxtrot, by contrast, facilitates lightning fast ordering of a pared down list of essential items, shedding precious minutes off of the ordering process and reducing customer mindshare.

Existing brick-and-mortar stores are Foxtrot’s biggest competition. Customers wishing to purchase goods offered by our service always have the option to walk to the corner store and purchase these goods traditionally. We believe, and our market sounding has confirmed, that there are several use occasions in which this is not the preferred option. Foxtrot targets a market that is constantly on the move and always in a rush, and spending 15-30 minutes to stop by the local store is a significant investment of time and mindshare. Customers value the convenience of outsourcing time intensive tasks like this to services like Foxtrot, and have proven that they will pay for this convenience. In addition, customers who are under the weather, late to a gathering, facing inclement weather or simply lazy will prefer a mobile commerce solution to a physical one.



Finally, Foxtrot competes with a new breed of delivery solutions for existing brick-and-mortar stores. These companies like TaskRabbit and Postmates facilitate online ordering of items from traditional stores. These solutions work well for items such as clothing or household goods, but our market requires delivery within the hour, not the day. As these companies are not structured around on-demand delivery, their on-demand options are prohibitively expensive. These solutions also do not solve the selection paralysis

issue, as customers still need to sort through all of the stores in their area, as well as all of the inventory in those stores before placing an order.

7. Financial Projections

Revenue Model

Foxtrot’s revenue model is simple. We generate profit by adding a mark-up to the inventory we sell. The following chart illustrates two different potential baskets and the gross margin we would expect to achieve on each.

Illustrative Saturday Night Basket							
Item	Retail	Margin	Mark-Up	Foxtrot Price	Typical	Mark-Up	Foxtrot
		\$	%		C-Store	to C-Store	Gross Margin
Bud Light 12 Pack	8.50	3.49	41%	11.99	10.99	9%	29%
Absolut (750 ml)	19.00	10.99	58%	29.99	24.99	20%	37%
Red Bull (2 8oz)	3.60	2.39	66%	5.99	4.78	25%	40%
Cups (20)	1.99	2.00	101%	3.99	2.19	82%	50%
Orbitz Gum	0.99	1.00	101%	1.99	1.59	25%	50%
Product Total	34.08	19.87	58%	53.95	44.54	21%	37%
Delivery Fee				8.00			
Total Purchase				61.95	44.54	39%	

Illustrative Sunday Morning Basket							
Item	Retail	Margin	Mark-Up	Foxtrot Price	Typical	Mark-Up	Foxtrot
		\$	%		C-Store	to C-Store	Gross Margin
Bloody Mary Bundle	28.00	17.99	64%	45.99	38.00	21%	39%
Advil	2.99	2.00	67%	4.99	3.50	43%	40%
Gatorade (2 8oz)	1.49	1.50	101%	2.99	1.99	50%	50%
Product Total	32.48	21.49	66%	53.97	43.49	24%	40%
Delivery Fee				8.00			
Total Purchase				61.97	43.49	42%	

On average, we believe we can achieve gross margins of at least 40% (see “Grocery Store Pricing List” in the appendix for more detail). As we scale and continue to add customers, we believe we will be able to negotiate formal partnership agreements with grocery and convenient stores that allows us to purchase inventory at a reduced price, further enhancing our gross margins. Because we do not warehouse our own inventory, our working capital requirements are extremely low, and we expect working capital to have a positive effect on cash flow as our accounts receivable days will be significantly lower than our days

payable. Additionally, we plan to outsource delivery to a third party, effectively turning our cost of delivery into a variable cost. We plan to pass along the majority of this cost to the customer in the form of a delivery fee. We are still in negotiations with our potential delivery partners, but we believe the cost per trip for delivery will be no higher than \$8.00, with significant savings achieved if we are able to bundle multiple orders together per trip.

Operating Leverage

We believe Foxtrot's business model will allow for significant operating leverage as we continue to scale the business into new neighborhoods in Chicago and into large cities across the U.S. This is largely due to the fact that Foxtrot is essentially the technology that facilitates a customer's order of convenience store items. Our fixed costs are manageable, and as we expand into new markets our operating margins should see significant expansion. The following chart shows the expected run-rate financial performance for each phase of our operational roll-out. Importantly, operating margins continue to expand as the company adds new customers.

8. Start-Up Costs / Requested Investment

In order to facilitate our planned launch of phase 1, the Foxtrot team believes it will need \$50,000 in seed funding. This capital will be primarily used for the initial and ongoing sales and marketing campaign as well as legal, technology and other expenses (see “Phase 1 Marketing Budget” in the Appendix for more detail). The following is an illustration of the detailed sources & uses:

Friends & Family Financing

Sources	\$	%	Uses	\$	%
Friends & Family	\$ 40,000	80.0%	Sales & Marketing	\$ 30,000	60.0%
Founders	10,000	20.0%	Legal	10,000	20.0%
			Technology	5,000	10.0%
			Other	5,000	10.0%
Total Sources	\$ 50,000	100.0%	Total Uses	\$ 50,000	100.0%

9. Timetable

The Foxtrot team is working around the clock to finalize all of the necessary pieces needed for a soft launch in late June or early July. Our CTO is working to complete a beta version of the front end application, and the rest of the team is focusing on securing both delivery and inventory partnerships and devising the sales and marketing strategy for phase 1. We expect phase 1 to last for approximately six months as we focus exclusively on honing our operations in Lincoln Park. Phase 2 is expected to take approximately 6-12 months before we begin to expand to other major U.S. cities.

10. Management Team

Foxtrot is led by its co-founders, Mike LaVitola and Brian Jaffee, who share a strong strategic vision for the company. In their roles as CEO and President, respectively, Mike and Brian will drive company strategy and lead all day-to-day operations. The following chart is a summary of the current Foxtrot management team and planned board of advisors.

Foxtrot Team			
Title	Name	Education	Background
Management Team			
Co-founder, CEO	Michael LaVitola	U Chicago (MBA), U Illinois (Finance)	Investment banking, Private Equity
Co-founder, President	Brian Jaffee	U Chicago (MBA), Miami U (Finance)	Investment banking, Private Equity
CTO	Taylor Bloom	U Texas (Masters Computer Science), Pepperdine (Finance)	Co-founder, chief programmer at web design firm
CMO	Teresa Guerriero	U Chicago (MBA), U Illinois (Marketing)	Sales & Marketing at ABInbev
CDO	Currently seeking		
COO	Currently seeking		
Advisory Board			
Member	Curtis Crocker		Managing Partner at Reservoir Venture Partners
Member	Steve Sanger		VP Business Development, GrubHub
Member	Currently seeking		Chicago Booth Professor
Member	Currently seeking		C-Level start-up member (Uber, etc)
Member	Currently seeking		C-Store Industry Expert

The co-founders are also acutely aware that as ex-investment bankers and private equity investors, they need to supplement their inexperience in other critical fields with employees who have relevant experience. To that end, Mike and Brian brought on Taylor Bloom to serve as CTO. Taylor will be responsible for creating both the front and backend systems and for integrating the Foxtrot technology with that of our partners. Taylor earned his Master’s degree in Computer Science from the University of Texas and has extensive experience in database building, mobile application development and coding and translating design into seamless form and function.

In addition, Teresa Guerriero joined the team as CMO, responsible for the sales and marketing effort and leading the brand development of Foxtrot. Teresa is currently a first year MBA student at the University of Chicago Booth School of Business and spent two years working in sales and marketing at AB InBev prior to Booth. The Foxtrot management team believes they have the requisite experience needed to launch phase 1 of the operational plan, and fully recognizes that additional talent will be needed to successfully launch phases 2 and 3.

Foxtrot is also working to develop an advisory board to provide guidance in major strategic decisions. We have held conversations with VCs, Chicago Booth professors, former Kozmo employees and directors, current c-level start-up executives, logistics industry experts and c-store professionals. While these conversations have been informational to date, we plan to shape our board around these key contacts when appropriate.

11. Exit Strategy

After a successful Chicago and national roll out, Foxtrot believes there are several compelling exit opportunities with strategic buyers. The on-demand delivery space is white hot right now, and large companies such as Amazon and Google are struggling with how best to meet the demands of specific markets. To that end, we believe that a successful launch of Foxtrot will make us an interesting acquisition target to these companies. In addition, more traditional food and grocery services (like Peapod) have had a difficult time reaching the post-college, pre-dependent market. As such, Foxtrot becomes an interesting acquisition target as we can supplement their customer base with a previously absent market. We also believe an IPO could represent a compelling exit opportunity if we are able to scale revenue and EBITDA to a large enough size.

12. Appendix

A. Grocery Store Pricing List

Item	Price	Foxtrot Price	Margin
312 (12 bottles)	13.00	16.00	23%
312 (6 bottles)	8.00	10.00	25%
Absolut (Bottle)	19.00	27.00	42%
Absolut (Handle)	31.00	40.00	29%
Arnold Palmer	0.99	1.50	52%
Ben and Jerry's	4.59	6.00	31%
Bud Light (12 bottles)	8.50	12.00	41%
Bud Light (24 bottles)	15.50	20.00	29%
Bud Light (6 bottles)	5.50	8.00	45%
Carlos Rossi Jug (wine)	12.00	15.00	25%
Clif Bar	0.99	1.50	52%
Coke (12 pack cans)	3.50	5.00	43%
Coke (2 liter)	1.67	3.00	80%
Coke (Glass Bottle)	0.99	2.00	102%
Crest Pro Health Tooth Paste	3.50	5.00	43%
Cupcake wine	9.00	12.00	33%
Cups (20)	2.49	4.00	61%
Cups (84)	4.49	8.00	78%
Gatorade	1.00	2.00	100%
Home Run Inn Pizza (Full)	7.40	10.00	35%
Home Run Inn Pizza (Individual)	3.50	5.00	43%
Illy Iced Coffe	2.00	2.50	25%
Jack Daniels (Bottle)	21.00	25.00	19%
Jack Daniels (Handle)	42.00	50.00	19%
Kettle Chips (Big Bag)	2.50	4.00	60%
Kettle Chips (Individual)	0.99	1.50	52%
Kettle One (Bottle)	23.00	28.00	22%
Kettle One (Handle)	43.00	50.00	16%
King Size Kit Kat Bar	1.50	2.00	33%
Lagunitas (6 bottles)	9.00	11.00	22%
Makers Mark (bottle)	25.00	30.00	20%
Makers Mark (handle)	48.00	60.00	25%
Martinelle's Lemonade	0.99	2.00	102%
Muscle Milk	1.87	3.00	60%
Naked Juice	2.50	3.50	40%
Orbit Gum	1.10	2.00	82%
Red Bull (Big)	3.00	4.50	50%
Red Bull (Normal)	1.80	2.50	39%
San Pellegrino Water (Big)	1.67	2.50	50%
Schweppes Tonic Water	1.25	2.50	100%
Skinny Girl Margarita	12.60	15.00	19%
Snyders Pretzels (Big Bag)	3.00	4.00	33%
Stella (12 bottles)	13.00	16.00	23%
Stella (6 bottles)	9.00	11.00	22%
Sweat Leaf Tea	1.50	2.00	33%
Veuve Champaign	45.00	60.00	33%
Vita Coco Water	2.99	4.00	34%
Vitamin Water	1.00	2.00	100%
Average	9.93	12.78	45%

B. Financial Statement Assumptions

The financial projections shown on the following three pages is monthly from July 2013 through December 2014 and is intended to represent a conservative growth case for Lincoln Park only. The model includes a \$50,000 equity investment made in June 2013. We believe \$50,000 is enough capital to ensure our growth in Lincoln Park, but additional financing would be needed to launch phases 2 and 3 of our operational plan. The following are a summary of the key assumptions made in the financial projections:

- **Customer Acquisition** – We believe our customer acquisition assumptions are conservative in this model. Month one of operations (July 2013) we assume only 100 customers will use the service, which is consistent with our plan to initially roll-out the service to a small group of our friends and family. The number of total customers grows from 100 in July 2013 to 2,000 by December 2014. We believe this is a reasonable customer penetration level as it only represents 4.6% of our target market in Lincoln Park (not including Depaul University students).
- **Monthly Order Frequency** – We assume customers will on average only place one order in our first month of operation, with this frequency growing by 0.1 per month until it peaks at 2.0x per month by December 2014.
- **Average Order Size** – We assume that the average order size will be \$25.00 not including tax or delivery charge. We believe this is conservative given that our minimum order requirement will be \$20.00 and customers will likely try to purchase large baskets to offset the cost of delivery.
- **Delivery Fee per Order** – The delivery fee per order in our model is assumed to be \$8.00 per order. This fee is a cost to Foxtrot that is 100% paid for by the customer. We believe this assumption is conservative as there is no step-down in fee assumed for bundling multiple orders together. We believe we will be able to achieve a ~20% discount on the delivery cost if we are able to bundle three or more orders together for delivery.

- **Gross Margin** – The model assumes a gross margin of 40%. We believe this is highly achievable based on the retail prices we plan to pay for our inventory and the prices we expect to charge our customers. In order to validate this assumption we created a number of potential “baskets” that our customers would likely purchase.
- **Operating Expenses** – Our largest operating expense is sales and marketing, which we believe will be critical to the ultimate success of this business. Our model assumes that customer acquisition costs will be \$20.00 per customer and assumes a 10% customer churn rate.
- **Working Capital** – Our model assumes that working capital will actually be a cash benefit to the business on a monthly basis. This is due to the fact that our largest current asset (accounts receivable) will be paid almost immediately (credit card payments by the customer) while most of our current liabilities (accounts payable) will be payable in 30 days or longer.
- **Free Cash Flow** – Our model shows that without any further reinvestment into the business, we believe we will be able to achieve positive free cash flow by October 2014. However, once we have fully proved the concept in Lincoln Park we plan to reinvest any free cash flow into our growth plan for expansion to all of Chicago and the U.S.

C. Monthly Financial Projections (IS, BS, CF)

Foxtrot Monthly Income Statement

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
# of Customers		100	250	500	600	700	800	900	1,000	1,100	1,200	1,300	1,400	1,500	1,600	1,700	1,800	1,900	2,000
MoM Growth			150.0%	100.0%	20.0%	16.7%	14.3%	12.5%	11.1%	10.0%	9.1%	8.3%	7.7%	7.1%	6.7%	6.3%	5.9%	5.6%	5.3%
Order Frequency		1.0	1.1	1.2	1.3	1.4	1.5	1.6	1.7	1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Avg. Order Size		\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Delivery Fee / Order		\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00
Order Revenue	\$ 2,500	\$ 6,875	\$ 15,000	\$ 19,500	\$ 24,500	\$ 30,000	\$ 36,000	\$ 42,500	\$ 49,500	\$ 57,000	\$ 65,000	\$ 70,000	\$ 75,000	\$ 80,000	\$ 85,000	\$ 90,000	\$ 95,000	\$ 100,000	
Delivery Fees	800	2,200	4,800	6,240	7,840	9,600	11,520	13,600	15,840	18,240	20,800	22,400	24,000	25,600	27,200	28,800	30,400	32,000	
Total Revenue	\$ 3,300	\$ 9,075	\$ 19,800	\$ 25,740	\$ 32,340	\$ 39,600	\$ 47,520	\$ 56,100	\$ 65,340	\$ 75,240	\$ 85,800	\$ 92,400	\$ 99,000	\$ 105,600	\$ 112,200	\$ 118,800	\$ 125,400	\$ 132,000	
COGS	\$ 1,500	\$ 4,125	\$ 9,000	\$ 11,700	\$ 14,700	\$ 18,000	\$ 21,600	\$ 25,500	\$ 29,700	\$ 34,200	\$ 39,000	\$ 42,000	\$ 45,000	\$ 48,000	\$ 51,000	\$ 54,000	\$ 57,000	\$ 60,000	
% of Order Revenue	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	
Gross Profit	\$ 1,800	\$ 4,950	\$ 10,800	\$ 14,040	\$ 17,640	\$ 21,600	\$ 25,920	\$ 30,600	\$ 35,640	\$ 41,040	\$ 46,800	\$ 50,400	\$ 54,000	\$ 57,600	\$ 61,200	\$ 64,800	\$ 68,400	\$ 72,000	
% margin	54.5%	54.5%	54.5%	54.5%	54.5%	54.5%	54.5%	54.5%	54.5%	54.5%	54.5%	54.5%	54.5%	54.5%	54.5%	54.5%	54.5%	54.5%	
Operating Expenses																			
Delivery Cost	\$ 720	\$ 1,980	\$ 4,320	\$ 5,616	\$ 7,056	\$ 8,640	\$ 10,368	\$ 12,240	\$ 14,256	\$ 16,416	\$ 18,720	\$ 20,160	\$ 21,600	\$ 23,040	\$ 24,480	\$ 25,920	\$ 27,360	\$ 28,800	
Customer Acquisition	2,000	3,200	5,500	3,000	3,200	3,400	3,600	3,800	4,000	4,200	4,400	4,600	4,800	5,000	5,200	5,400	5,600	5,800	
Insurance	2,000	2,000	2,000	2,500	2,500	3,000	4,000	4,000	5,000	5,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	
Legal	1,000	1,000	1,000	1,000	1,000	1,000	2,000	2,000	2,000	2,000	2,000	2,000	3,000	3,000	3,000	3,000	3,000	3,000	
Promotions	800	1,000	2,000	2,400	2,800	3,200	1,800	2,000	2,200	2,400	2,600	2,800	1,200	1,280	1,360	1,440	1,520	1,600	
Order Bundlers	2,083	2,083	2,083	2,083	2,083	4,167	4,167	4,167	4,167	6,250	6,250	6,250	6,250	6,250	8,333	8,333	8,333	8,333	
Technology	1,000	1,000	1,000	1,500	2,000	2,000	2,500	3,000	3,500	4,000	4,500	5,000	5,500	6,000	6,500	7,000	7,500	8,000	
Customer Service	2,083	2,083	2,083	2,083	2,083	4,167	4,167	4,167	4,167	6,250	6,250	6,250	6,250	6,250	8,333	8,333	8,333	8,333	
Total Operating Expenses	\$ 11,687	\$ 14,347	\$ 19,987	\$ 20,183	\$ 22,723	\$ 29,573	\$ 32,601	\$ 35,373	\$ 39,289	\$ 46,516	\$ 50,720	\$ 53,060	\$ 53,600	\$ 56,820	\$ 63,207	\$ 65,427	\$ 67,647	\$ 69,867	
% of revenue	354.1%	158.1%	100.9%	78.4%	70.3%	74.7%	68.6%	63.1%	60.1%	61.8%	59.1%	57.4%	54.1%	53.8%	56.3%	55.1%	53.9%	52.9%	
Operating Income	\$ (9,887)	\$ (9,397)	\$ (9,187)	\$ (6,143)	\$ (5,083)	\$ (7,973)	\$ (6,681)	\$ (4,773)	\$ (3,649)	\$ (5,476)	\$ (3,920)	\$ (2,660)	\$ 400	\$ 780	\$ (2,007)	\$ (627)	\$ 753	\$ 2,133	
% margin	-299.6%	-103.5%	-46.4%	-23.9%	-15.7%	-20.1%	-14.1%	-8.5%	-5.6%	-7.3%	-4.6%	-2.9%	0.4%	0.7%	-1.8%	-0.5%	0.6%	1.6%	
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Income Tax Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Income	\$ (9,887)	\$ (9,397)	\$ (9,187)	\$ (6,143)	\$ (5,083)	\$ (7,973)	\$ (6,681)	\$ (4,773)	\$ (3,649)	\$ (5,476)	\$ (3,920)	\$ (2,660)	\$ 400	\$ 780	\$ (2,007)	\$ (627)	\$ 753	\$ 2,133	

Foxtrot Monthly Balance Sheet

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	
ASSETS																				
Cash and Equivalents	\$ 50,000	\$ 41,063	\$ 33,329	\$ 27,230	\$ 22,797	\$ 19,615	\$ 13,731	\$ 9,330	\$ 7,027	\$ 6,037	\$ 3,411	\$ 2,531	\$ 1,771	\$ 4,071	\$ 6,751	\$ 6,645	\$ 7,918	\$ 10,571	\$ 14,605	
Accounts Receivable	-	550	1,513	3,300	4,290	5,390	6,600	7,920	9,350	10,890	12,540	14,300	15,400	16,500	17,600	18,700	19,800	20,900	22,000	
Prepaid Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other ST Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Current Assets	\$ 50,000	\$ 41,613	\$ 34,842	\$ 30,530	\$ 27,087	\$ 25,005	\$ 20,331	\$ 17,250	\$ 16,377	\$ 16,927	\$ 15,951	\$ 16,831	\$ 17,171	\$ 20,571	\$ 24,351	\$ 25,345	\$ 27,718	\$ 31,471	\$ 36,605	
Net PP&E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other LT Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Assets	\$ 50,000	\$ 41,613	\$ 34,842	\$ 30,530	\$ 27,087	\$ 25,005	\$ 20,331	\$ 17,250	\$ 16,377	\$ 16,927	\$ 15,951	\$ 16,831	\$ 17,171	\$ 20,571	\$ 24,351	\$ 25,345	\$ 27,718	\$ 31,471	\$ 36,605	
LIABILITIES																				
Accounts Payable & Accrued Expenses	-	1,500	4,125	9,000	11,700	14,700	18,000	21,600	25,500	29,700	34,200	39,000	42,000	45,000	48,000	51,000	54,000	57,000	60,000	
Other Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Current Liabilities	\$ -	\$ 1,500	\$ 4,125	\$ 9,000	\$ 11,700	\$ 14,700	\$ 18,000	\$ 21,600	\$ 25,500	\$ 29,700	\$ 34,200	\$ 39,000	\$ 42,000	\$ 45,000	\$ 48,000	\$ 51,000	\$ 54,000	\$ 57,000	\$ 60,000	
Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other LT Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Liabilities	\$ -	\$ 1,500	\$ 4,125	\$ 9,000	\$ 11,700	\$ 14,700	\$ 18,000	\$ 21,600	\$ 25,500	\$ 29,700	\$ 34,200	\$ 39,000	\$ 42,000	\$ 45,000	\$ 48,000	\$ 51,000	\$ 54,000	\$ 57,000	\$ 60,000	
New Equity	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	
Existing Equity/Retained Earnings	-	(9,887)	(19,283)	(28,470)	(34,613)	(39,695)	(47,669)	(54,350)	(59,123)	(62,773)	(68,249)	(72,169)	(74,829)	(74,429)	(73,649)	(75,655)	(76,282)	(75,529)	(73,395)	
Total Equity	\$ 50,000	\$ 40,113	\$ 30,717	\$ 21,530	\$ 15,387	\$ 10,305	\$ 2,331	\$ (4,350)	\$ (9,123)	\$ (12,773)	\$ (18,249)	\$ (22,169)	\$ (24,829)	\$ (24,429)	\$ (23,649)	\$ (25,655)	\$ (26,282)	\$ (25,529)	\$ (23,395)	
Total Liabilities & Equity	\$ 50,000	\$ 41,613	\$ 34,842	\$ 30,530	\$ 27,087	\$ 25,005	\$ 20,331	\$ 17,250	\$ 16,377	\$ 16,927	\$ 15,951	\$ 16,831	\$ 17,171	\$ 20,571	\$ 24,351	\$ 25,345	\$ 27,718	\$ 31,471	\$ 36,605	

Foxtrot Monthly Cash Flow Statement

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Net Income	\$ (9,887)	\$ (9,397)	\$ (9,187)	\$ (6,143)	\$ (5,083)	\$ (7,973)	\$ (6,681)	\$ (4,773)	\$ (3,649)	\$ (5,476)	\$ (3,920)	\$ (2,660)	\$ 400	\$ 780	\$ (2,007)	\$ (627)	\$ 753	\$ 2,133	
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NWC																			
Accounts Receivable	(550)	(963)	(1,788)	(990)	(1,100)	(1,210)	(1,320)	(1,430)	(1,540)	(1,650)	(1,760)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)
Prepaid Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Payable	1,500	2,625	4,875	2,700	3,000	3,300	3,600	3,900	4,200	4,500	4,800	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Other Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Net Working Capital	\$ 950	\$ 1,663	\$ 3,088	\$ 1,710	\$ 1,900	\$ 2,090	\$ 2,280	\$ 2,470	\$ 2,660	\$ 2,850	\$ 3,040	\$ 1,900	\$ 1,900	\$ 1,900					
Cash Flow From Operations	\$ (8,937)	\$ (7,734)	\$ (6,099)	\$ (4,433)	\$ (3,183)	\$ (5,883)	\$ (4,401)	\$ (2,303)	\$ (989)	\$ (2,626)	\$ (880)	\$ (760)	\$ 2,300	\$ 2,680	\$ (107)	\$ 1,273	\$ 2,653	\$ 4,033	
Capital Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow From Investing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -							
Convertible Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred Stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow from Financing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -							
Beginning Cash Balance	\$ 50,000	\$ 41,063	\$ 33,329	\$ 27,230	\$ 22,797	\$ 19,615	\$ 13,731	\$ 9,330	\$ 7,027	\$ 6,037	\$ 3,411	\$ 2,531	\$ 1,771	\$ 4,071	\$ 6,751	\$ 6,645	\$ 7,918	\$ 10,571	
Change in Cash	(8,937)	(7,734)	(6,099)	(4,433)	(3,183)	(5,883)	(4,401)	(2,303)	(989)	(2,626)	(880)	(760)	2,300	2,680	(107)	1,273	2,653	4,033	
Ending Cash Balance	\$ 41,063	\$ 33,329	\$ 27,230	\$ 22,797	\$ 19,615	\$ 13,731	\$ 9,330	\$ 7,027	\$ 6,037	\$ 3,411	\$ 2,531	\$ 1,771	\$ 4,071	\$ 6,751	\$ 6,645	\$ 7,918	\$ 10,571	\$ 14,605	

D. Phase 1 Marketing Budget

Phase 1 Marketing Budget - \$30,000

<u>CTA Advertising</u>		<u>CTA</u>	
Brown Line	\$ 1,580	Cost Per Car	\$ 39
Red Line	3,725	Desired Penetration	25.0%
Platforms (4)	1,728	Cars on Brown	162
Total	\$ 7,032	Cars on Red	382
		Cost per Platform Poster	\$ 432
<u>Intern Program</u>		<u>Printed Materials</u>	
Printed Materials	\$ 5,000	Cost Per Sticker	\$ 1
Apparel	500	Cost Per Flyer	\$ 0
Incentive Program	2,500	Total Stickers	5,000
Total	\$ 8,000	Total Flyers	10,000
		Total Materials	\$ 5,000
<u>Launch Party</u>		<u>Party Expenses</u>	
Food and Drink	\$ 4,000	Foods and Drink per person	\$ 40
Materials (decorations, signage, etc)	1,000	Number of people	100
Total	\$5,000		
<u>Online and Mobile Activation</u>		<u>Ad Purchasing</u>	
Google AdWord	\$ 4,000	Google AdWord cost per day	\$ 44
Facebook	4,500	Facebook Install App Ad cost per day	\$ 50
Total	\$8,500		
<u>Marketing Research \$1,500</u>			
3 Focus Groups	\$ 1,500	Cost per Focus Group	\$ 500
Total Phase 1 Marketing Spend			
	\$ 30,032		

E. Business Risks

We have identified a number of key business risks that we are actively working to mitigate. The following is a summary of these risks and the ways in which we plan to mitigate them:

Legal: There are a number of legal issues related to delivering alcoholic beverages and tobacco products that we are highly aware of. First, we have spent a significant amount of time speaking with the City of Chicago to fully understand the laws relating to delivering these kinds of products. These laws vary from city-to-city and will be a challenge to manage as Foxtrot scales into other US cities. Secondly, there are inherent risks in delivering products that have a minimum age requirement. Our delivery partners will be responsible for thoroughly verifying the age of customers ordering these products, but Foxtrot will likely be liable for any misconduct perpetrated by its partners.

Mitigant: In order to avoid costly and potentially fatal legal issues, we will need to be over-vigilant in managing and monitoring our actions and their potential legal implications. Before making the decision to enter a new U.S. city, we will need to fully understand the laws related to delivery of alcohol and tobacco products, and ensure that our employees are accountable and incentivized for obeying all laws relating to the minimum age requirements for purchase. We will also purchase general business liability insurance to help guard against potential violations that could result in exorbitant fines or litigation expense. Finally, after extensive discussions with experts in the c-store industry and the legal counsel of our delivery partners, we are confident that there are no issues relating to the legality of delivering alcoholic beverages in the City of Chicago.

Competition: While we believe competition for quick and easy delivery of c-store items is limited in today's marketplace, there are well capitalized companies that currently offer similar services. There have been a plethora of recent news stories written about Amazon and EBay's focus on this space, and we believe that there has been a paradigm shift in consumer's preferences for convenient services ordered through mobile applications (please click this link for a presentation prepared by Kleiner Perkins on this

exact topic Kleiner Perkins Presentation). In addition, bricks and mortar c-stores are likely to remain our biggest competitor.

Mitigant: There are no pure-play competitors that currently offer the service we are contemplating, and we are constantly reading news stories and following the actions of Amazon and Ebay to ensure that our service is truly differentiated. Bricks and mortar c-stores are still an option for our customers, but we believe our high level of convenience coupled with our product bundles and other innovative offerings will entice customers to use the Foxtrot service.

Operations: There is a high level of operational risk associated with Foxtrot's business model. While the idea of delivering c-store products to consumers in a matter of minutes seems simple, the actual operational execution is highly complex and will require careful and tedious planning. Many companies have tried and failed to offer a similar service (Kozmo), with high operating costs responsible for their ultimate failure (not consumer demand).

Mitigant: We have extensively studied past and present companies that have tried and failed to offer a similar service as Foxtrot to ensure that we are learning from their mistakes. We are also not going to warehouse inventory or deliver the goods ourselves. By outsourcing delivery to experts and not warehousing our own inventory, we can focus exclusively on sales and marketing and creating the best possible user experience for the customer.

F. Brand Personas – Brad and Katie



Foxtrot facilitates the busy **social lives** of Brad and Katie. More than a delivery service – it is a **necessity** that complements their **ideal** weekend.

Katie and Brad have some things in common. They are both 20-somethings living in Lincoln Park with 2 roommates and their work-life balance is a top priority. Their parents paid for their college education and their study abroad program in Western Europe, so they have no loans from their undergraduate experience. They have a salaried, well-paying job and work hard Mon – Fri. They both like to entertain.

Katie likes to cook, and when she has people over she rushes around making appetizers, which usually end up half-eaten and scattered amongst beer bottles and empty cups at the end of the night. She spends a large chunk of her disposable income on things that support her social life – she spends about \$170 on her

hair every other month and belongs to a yoga studio and a gym. She eats out 3-4 times a week – she packs her lunch for work, but eats out on the weekends and one or two nights during the week.

Brad on the other hand eats out 5-10 times per week -- he orders lunch every day and often orders food for dinner – and feels that he is too busy to grocery shop. Brad also likes to entertain, but the only appetizer he will be making is taco dip. He has his friends over to watch sports and has a big party once-in-a-while. If he is not eating out or ordering in, he is probably heating up a pre-made, frozen meal. He lifts weights a couple of times a week and plays on a basketball team with some guys from work every Thursday and plays in a co-ed kickball league on Sundays. His friends call him “bro”.

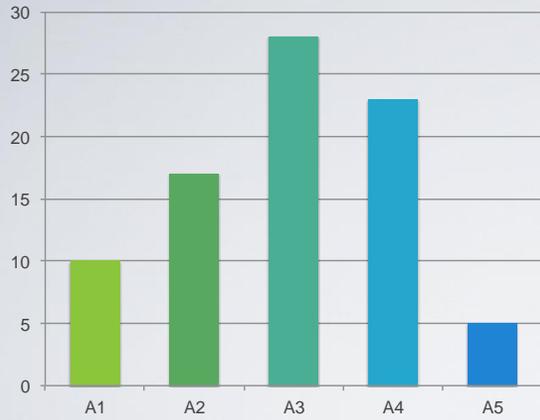
Brad and Katie feel like adults but can still relate to their younger siblings in college. They are both pretty active on social media – they tweet regularly and mobile upload pictures to Facebook and Instagram whenever they are doing something remotely interesting. Other apps on their phone include Uber and Gilt, on which they have no problem storing their credit card information and making purchases large and small with a couple of swipes.

You can often spot Katie or Brad leaving a convenience store with a \$12 6-pack of craft beer along with a 30 pack of Bud Light. When they go out they don’t choose drinks based on price.

The watch shows like Mad Men, Breaking Bad, Girls, The Bachelor (Brad too). The other apps on their phone include Uber, Gilt, Amazon, Groupon, iTunes, and Starbucks to name a few.

G. Consumer Survey Results

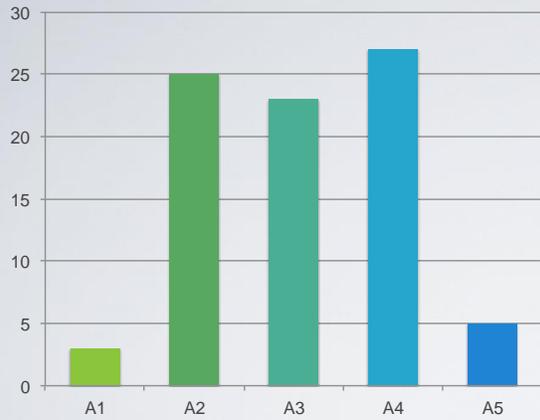
1: When was the last time you got something delivered?



Answer	Responses (83)
A1: Today / yesterday	12.0% (10)
A2: 2-3 days ago	20.4% (17)
A3: Within the week	33.7% (28)
A4: Within the month	27.7% (23)
A5: Over one month ago	6.0% (5)



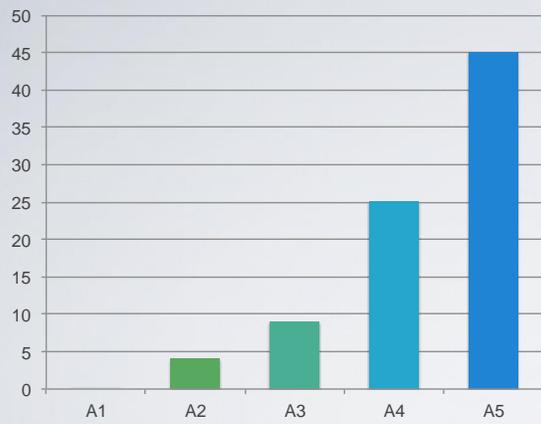
2: How much did the item cost?



Answer	Responses (83)
A1: \$10 or under	3.6% (3)
A2: \$10 - \$20	30.1% (25)
A3: \$20 - \$30	27.7% (23)
A4: Over \$30	32.5% (27)
A5: Don't remember	6.0% (5)



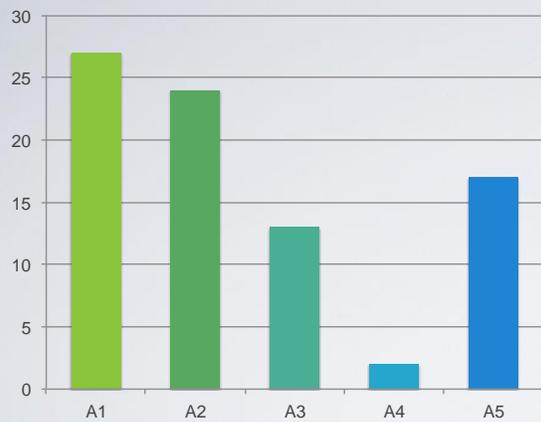
3: How far away was the store/restaurant that you ordered delivery from?



Answer	Responses (83)
A1: Less than 1 block	0.0% (0)
A2: 1 - 2 blocks	4.8% (4)
A3: 2 - 4 blocks	10.8% (9)
A4: 4 blocks - 1 mile	30.1% (25)
A5: Greater than 1 mile	54.2% (45)



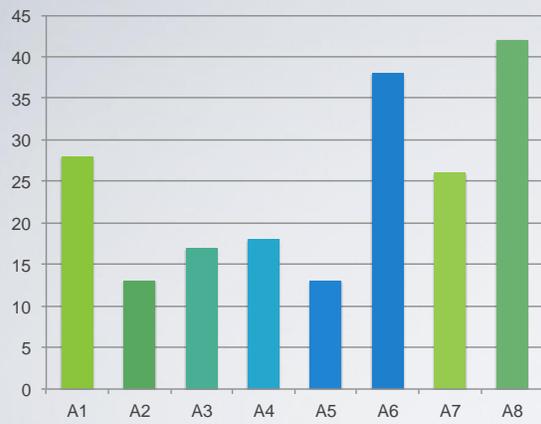
4: How much was the delivery charge & other fees?



Answer	Responses (83)
A1: 5% or below	32.5% (27)
A2: 5% - 10%	28.9% (24)
A3: 10% - 20%	15.6% (13)
A4: Over 20%	2.4% (2)
A5: Don't remember	20.4% (17)



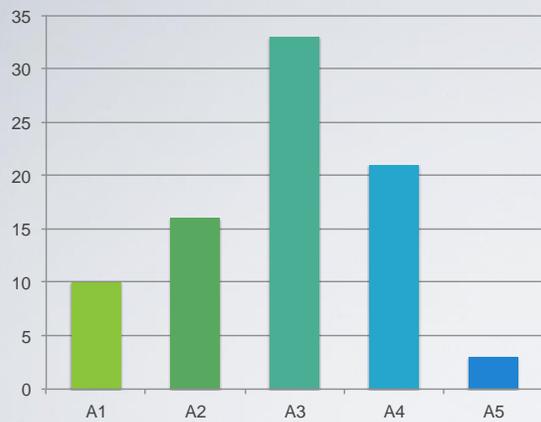
5: Why did you get the item delivered as opposed to picking it up? Check all that apply.



Answer	Responses (83)
A1: Time constraints due to work/school	33.7% (28)
A2: Time constraints due to social schedule	15.6% (13)
A3: Physical fatigue	20.4% (17)
A4: Mental fatigue	21.6% (18)
A5: Weather	15.6% (13)
A6: Distance	45.7% (38)
A7: Avoiding driving/parking	31.3% (26)
A8: I'm just lazy	50.6% (42)



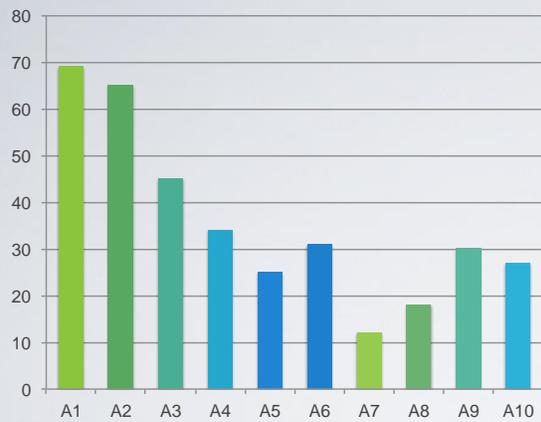
6: How often do you order items for delivery?



Answer	Responses (83)
A1: Multiple times per week	12.0% (10)
A2: Once per week	19.2% (16)
A3: Multiple times per month	39.7% (33)
A4: Once per month	25.3% (21)
A5: Never	3.6% (3)



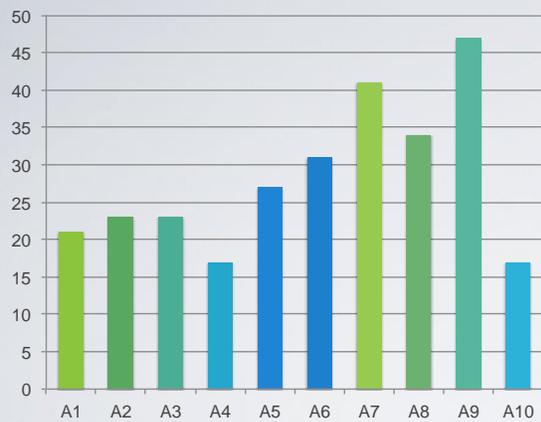
7: Which beverages from the following list would you order for delivery if possible? Check all that apply.



Answer	Responses (83)
A1: Beer	83.1% (69)
A2: Wine	78.3% (65)
A3: Spirits	54.2% (45)
A4: Sports drinks	40.9% (34)
A5: Bottled water	30.1% (25)
A6: Soft Drinks	37.3% (31)
A7: Tonic Water	14.4% (12)
A8: Juice	21.6% (18)
A9: Energy Drinks	36.1% (30)
A10: Coffee	32.5% (27)



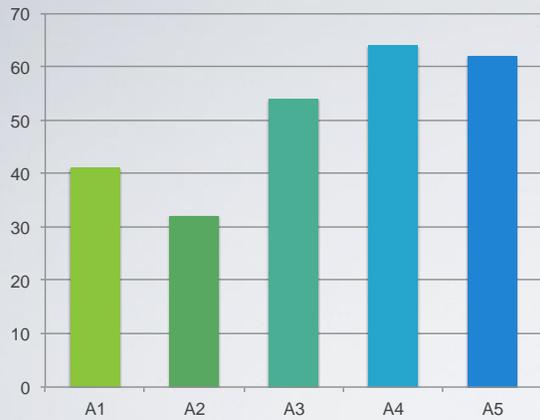
8: Which items from the following list would you order for delivery if possible? Check all that apply.



Answer	Responses (83)
A1: Cigarettes	25.3% (21)
A2: Gum/mints	27.7% (23)
A3: Cups	27.7% (23)
A4: Lighter	20.4% (17)
A5: Phone charger	32.5% (27)
A6: Advil	37.3% (31)
A7: Ice	49.3% (41)
A8: Lemons/Limes	40.9% (34)
A9: Snacks (chips, candy, etc.)	56.6% (47)
A10: Protein Bar	20.4% (17)



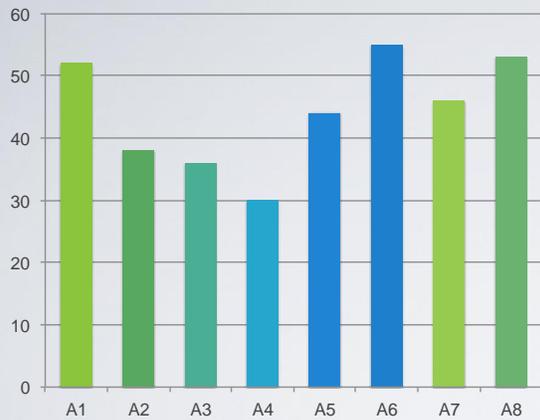
9: Which packages from the following list would you order for delivery if possible? (Check all that apply.)



Answer	Responses (83)
A1: All of the fixins' to create bloody marys for 6 (including a 750 ml bottle of Smirnoff)	49.3% (41)
A2: A date night bundle including flowers, a bottle of wine, cheese, crackers, and olives	38.5% (32)
A3: A mimosa kit including champagne, a variety of fruit juices, and fresh sliced fruit	65.0% (54)
A4: Football package with 2 cases of Bud Light, chips, salsa, cheese dip, and a frozen pizza	77.1% (64)
A5: Dinner party package - 2 cases of craft beer, red wine, white wine, and a cheese platter	74.6% (62)



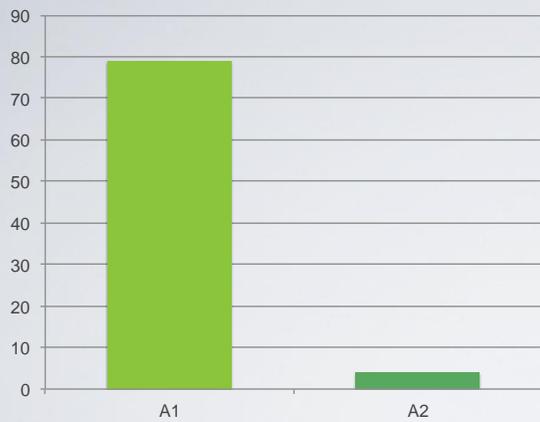
11: For which occasions do you normally get items for delivery? (Check all that apply.)



Answer	Responses (83)
A1: Time constraints due to work/school	62.6% (52)
A2: Time constraints due to social schedule	45.7% (38)
A3: Physical fatigue	43.3% (36)
A4: Mental fatigue	36.1% (30)
A5: Weather	53.0% (44)
A6: Distance	66.2% (55)
A7: Avoiding driving/parking	55.4% (46)
A8: I'm just lazy	63.8% (53)



12: Would you download an app that stores credit card/delivery information and delivers convenience items within an hour?

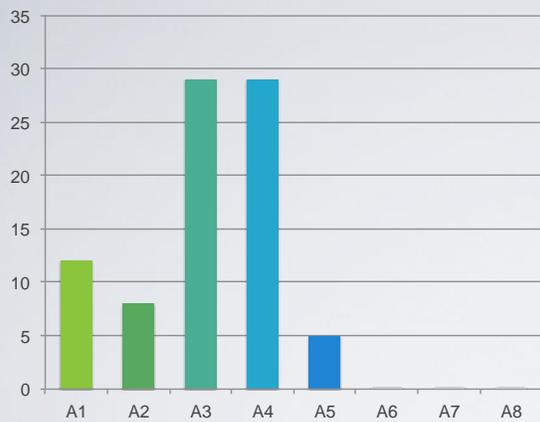


Answer	Responses (83)
A1: Yes	95.1% (79)
A2: No	4.8% (4)



13: What would you be willing to pay for the following items to be delivered to you within an hour?

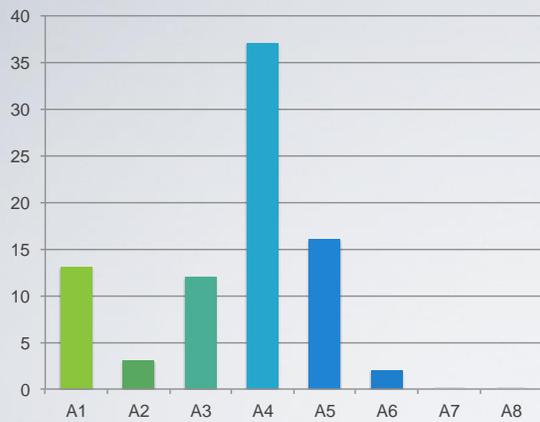
1: 12-pack of Bud Light



Answer	Responses (83)
A1: \$0 - \$7	14.4% (12)
A2: \$7 - \$10	9.6% (8)
A3: \$10 - \$15	34.9% (29)
A4: \$15 - \$20	34.9% (29)
A5: \$20 - \$25	6.0% (5)
A6: \$25 - \$30	0.0% (0)
A7: \$30 - \$40	0.0% (0)
A8: \$40 or more	0.0% (0)



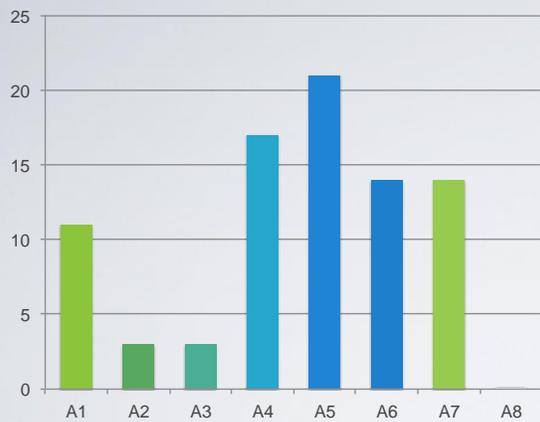
13: What would you be willing to pay for the following items to be delivered to you within an hour?
 2: 12-pack of Goose Island Beer



Answer	Responses (83)
A1: \$0 - \$7	15.6% (13)
A2: \$7 - \$10	3.6% (3)
A3: \$10 - \$15	14.4% (12)
A4: \$15 - \$20	44.5% (37)
A5: \$20 - \$25	19.2% (16)
A6: \$25 - \$30	2.4% (2)
A7: \$30 - \$40	0.0% (0)
A8: \$40 or more	0.0% (0)



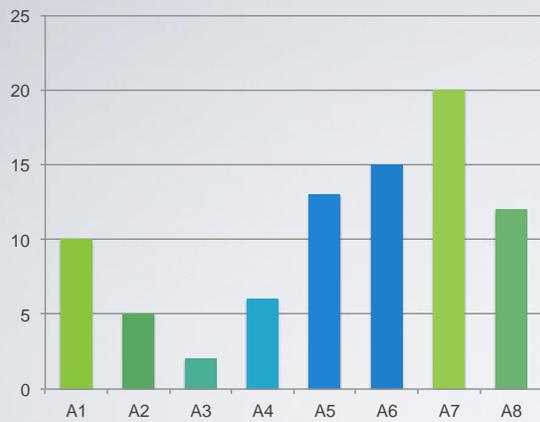
13: What would you be willing to pay for the following items to be delivered to you within an hour?
 3: Bloody Mary Package for 5



Answer	Responses (83)
A1: \$0 - \$7	13.2% (11)
A2: \$7 - \$10	3.6% (3)
A3: \$10 - \$15	3.6% (3)
A4: \$15 - \$20	20.4% (17)
A5: \$20 - \$25	25.3% (21)
A6: \$25 - \$30	16.8% (14)
A7: \$30 - \$40	16.8% (14)
A8: \$40 or more	0.0% (0)



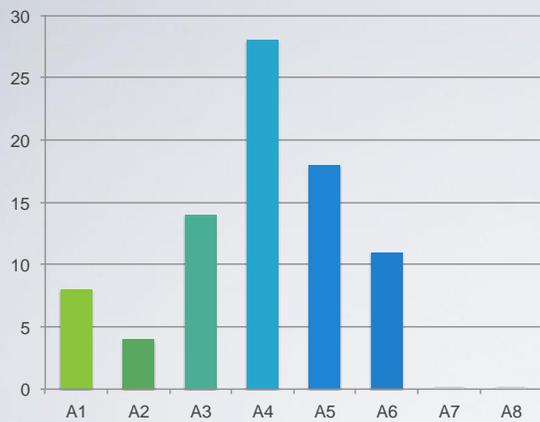
13: What would you be willing to pay for the following items to be delivered to you within an hour?
 4: Date night package (flowers, wine, cheese, crackers, lives)



Answer	Responses (83)
A1: \$0 - \$7	12.0% (10)
A2: \$7 - \$10	6.0% (5)
A3: \$10 - \$15	2.4% (2)
A4: \$15 - \$20	7.2% (6)
A5: \$20 - \$25	15.6% (13)
A6: \$25 - \$30	18.0% (15)
A7: \$30 - \$40	24.0% (20)
A8: \$40 or more	14.4% (12)



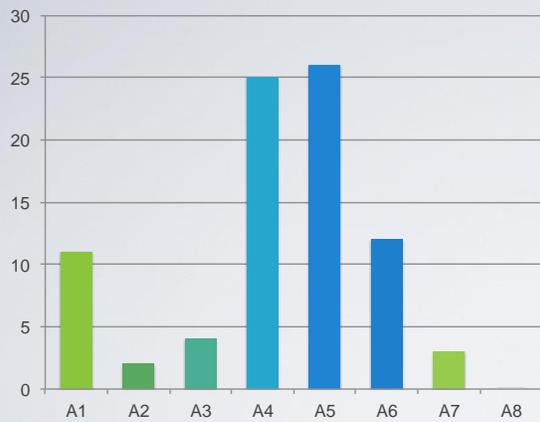
13: What would you be willing to pay for the following items to be delivered to you within an hour?
 5: A bottle of wine



Answer	Responses (83)
A1: \$0 - \$7	9.6% (8)
A2: \$7 - \$10	4.8% (4)
A3: \$10 - \$15	16.8% (14)
A4: \$15 - \$20	33.7% (28)
A5: \$20 - \$25	21.6% (18)
A6: \$25 - \$30	13.2% (11)
A7: \$30 - \$40	0.0% (0)
A8: \$40 or more	0.0% (0)



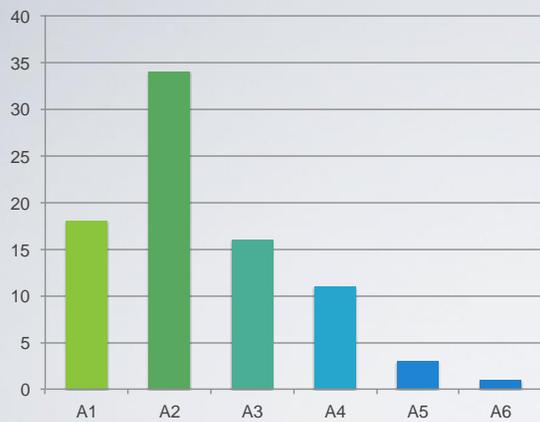
13: What would you be willing to pay for the following items to be delivered to you within an hour?
 6: A 750ml bottle of Smirnoff



Answer	Responses (83)
A1: \$0 - \$7	13.2% (11)
A2: \$7 - \$10	2.4% (2)
A3: \$10 - \$15	4.8% (4)
A4: \$15 - \$20	30.1% (25)
A5: \$20 - \$25	31.3% (26)
A6: \$25 - \$30	14.4% (12)
A7: \$30 - \$40	3.6% (3)
A8: \$40 or more	0.0% (0)



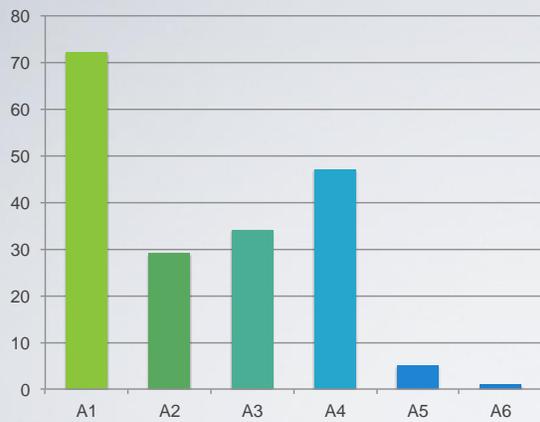
14: Where do you most often purchase alcoholic beverages?



Answer	Responses (83)
A1: Convenience Store (7-11, bodega)	21.6% (18)
A2: Grocery Store (Jewel, Mariano's)	40.9% (34)
A3: Liquor Store (Binny's, Beverage Depot)	19.2% (16)
A4: Drug Store (Walgreens, CVS)	13.2% (11)
A5: Mass Merch (Target, Wal-Mart)	3.6% (3)
A6: Club (Sam's Club, Costco)	1.2% (1)



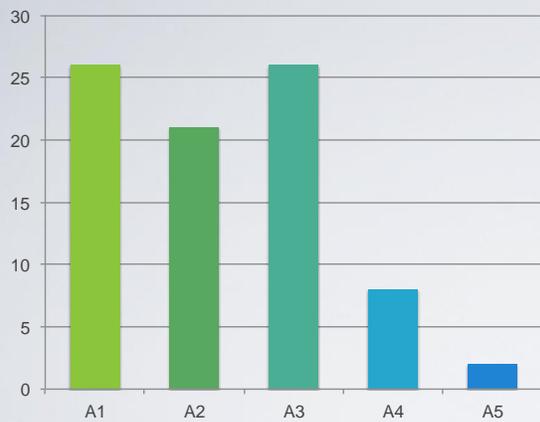
15: Why do you purchase most often at the type of store you indicated? Check all that apply.



Answer	Responses (83)
A1: Location / proximity	86.7% (72)
A2: Low price	34.9% (29)
A3: Selection	40.9% (34)
A4: Convenience	56.6% (47)
A5: Service	6.0% (5)
A6: Promotional events	1.2% (1)



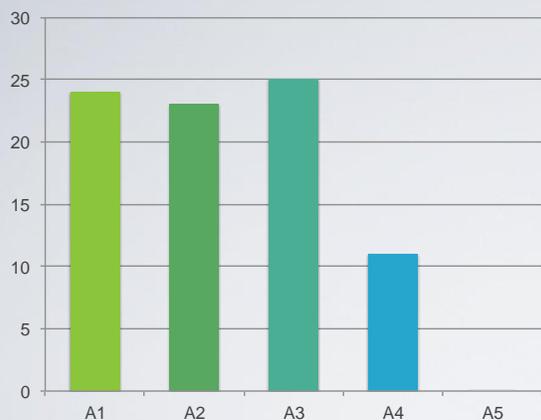
16: When was the last time you were at a grocery store?



Answer	Responses (83)
A1: Today / yesterday	31.3% (26)
A2: 2 - 3 days ago	25.3% (21)
A3: Within the week	31.3% (26)
A4: Within the month	9.6% (8)
A5: Over 1 month ago	2.4% (2)



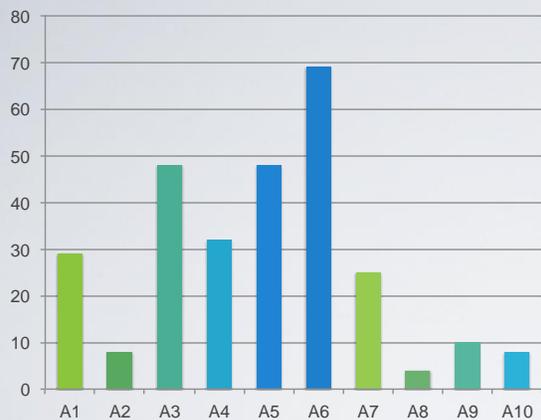
17: When was the last time you were in a convenience store?



Answer	Responses (83)
A1: Today / yesterday	28.9% (24)
A2: 2 - 3 days ago	27.7% (23)
A3: Within the week	30.1% (25)
A4: Within the month	13.2% (11)
A5: Over 1 month ago	0.0% (0)



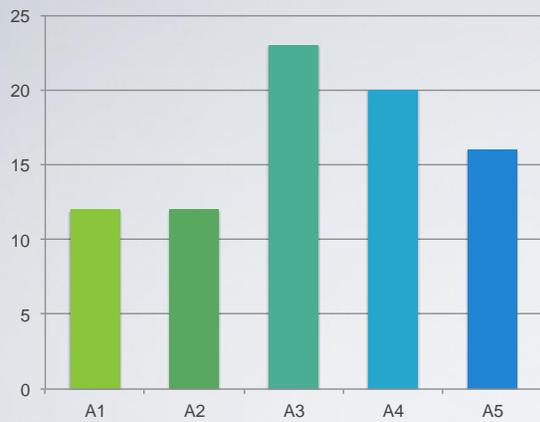
18: Do you have any of the following apps on your mobile device? Check all that apply.



Answer	Responses (83)
A1: Gilt	34.9% (29)
A2: RueLaLa	9.6% (8)
A3: Uber	57.8% (48)
A4: Amazon	38.5% (32)
A5: Groupon	57.8% (48)
A6: iTunes	83.1% (69)
A7: Starbucks	30.1% (25)
A8: TaskRabbit	4.8% (4)
A9: HauteLook	12.0% (10)
A10: OneKingsLane	9.6% (8)



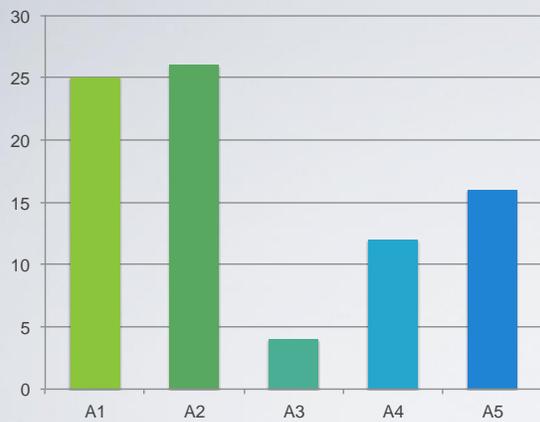
19: When was the last time you purchased something from your mobile device?



Answer	Responses (83)
A1: Today / yesterday	14.4% (12)
A2: 2-3 days ago	14.4% (12)
A3: Within the week	27.7% (23)
A4: Within the month	24.0% (20)
A5: Over 1 month ago	19.2% (16)



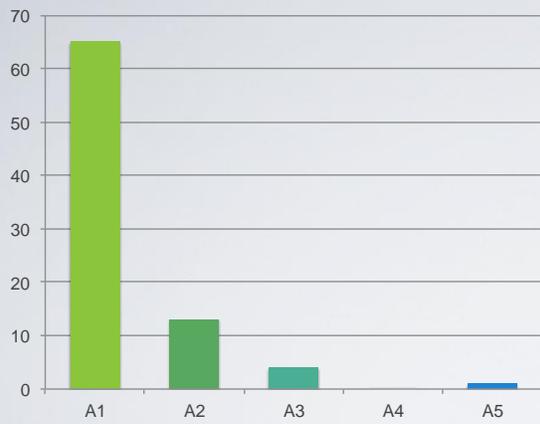
20: How much did the item cost?



Answer	Responses (83)
A1: \$10 or under	30.1% (25)
A2: \$10 - \$30	31.3% (26)
A3: \$30 - \$50	4.8% (4)
A4: Over \$50	14.4% (12)
A5: Don't remember	19.2% (16)



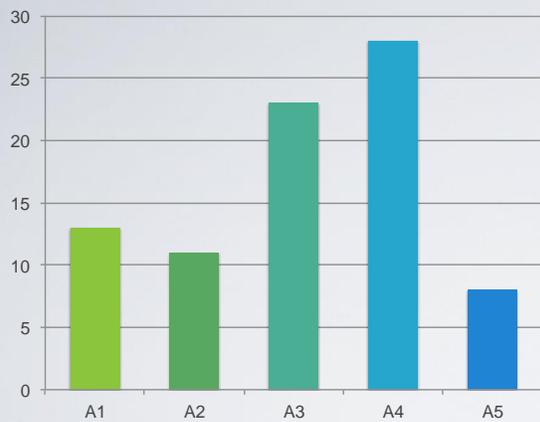
21: How much was the shipping charge/other fees?



Answer	Responses (83)
A1: \$5 or under	78.3% (65)
A2: \$5 - \$10	15.6% (13)
A3: \$10 - \$20	4.8% (4)
A4: \$20 - \$30	0.0% (0)
A5: Over \$30	1.2% (1)



22: How often do you make purchases from your mobile device?



Answer	Responses (83)
A1: Multiple times per week	15.6% (13)
A2: Once per week	13.2% (11)
A3: Multiple times per month	27.7% (23)
A4: Once per month	33.7% (28)
A5: Never	9.6% (8)

