fillbee

unleash the designer inside

TEAM

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Table of Contents

1.0 Company Overview

FillBee (or "the Company") is a web-based furniture procurement and purchasing platform that enables users to design and furnish a space with easy to use 2-D and 3-D modeling tools. The Company's toolset aims to close the experience gap between online and offline furniture shopping by providing users with an intuitive, drag and drop interface as they interact with real-world furniture catalogues. Additionally, FillBee strives to close the personalization and decision making loop through deep social network integrations that enable users to share in the furniture decision-making process with their friends and families as well as by providing users the option to procure assistance from interior design professionals that can build their brands and expand their customer bases through the FillBee network. See Appendix 1 for a visual overview of the FillBee network.

2.0 Furniture Shopping Dynamics & Consumer Pain Points

According to a recent study conducted by Wholesale Furniture Brokers[1], while the Internet is a popular method for gathering information for a furniture purchase, most consumers are still reluctant to purchase furniture items online. While more than 90% of the respondents indicated that they purchase goods and services online, only 30% said that they have ever used the internet to purchase furniture. Nearly 50% of these same respondents indicated that their major reservation for purchasing furniture over the Internet was an inability to "to see the furniture before I buy".

FillBee's online tools and services bridge the visualization gap between offline and online shopping, providing the experience that reluctant online shoppers have been looking for. Similar to the growing trend of consumers using visualization tools to make online purchase decisions for automobiles on sites like Cars.com, FillBee is confident the same dynamics will soon exist in the furniture space. The Company's primary market research[2] indicates that 82% of consumers would use a FillBee-like design tool before making furniture a purchase if one were available. Moreover, a full 24% of these consumers indicated that if they had access to the FillBee platform, they would discontinue shopping offline for furniture altogether.

The Company's platform addresses the following pain points for consumers, designers and furniture retailers:

STAKEHOLDER	CURRENT PAIN POINTS
CONSUMERS	• Relegated to a static, picture-based online shopping experience • No easy way to visualize how furniture purchases from multiple retailers will look together • Highly inefficient to get feedback from friends and family on furniture before purchase
INTERIOR DESIGNERS	• Very difficult and expensive to build a brand and reach new customers • Existing online networks that aim to connect Designers with Consumers are too small • Existing 3D interior design tools are expensive, hard to learn, and don't have real furniture
FURNITURE RETAILERS	• High return rates that are largely driven by furniture items not fitting in the intended space • Forced to maintain expensive offline showrooms with current difficulties in selling online • Difficult to target marketing spend to primary factors such as budget and furniture owned

2.1 FillBee's Target Users

CONSUMER AMANDA PHILLIPS

Age: 31
Status: Moving to a larger apartment with her fiancé, Josh Miller, in 3 months
Goal: Wants her new place to look great at an affordable price

Frustrated by:
Driving to various furniture outlets
Taking physical measurements
Guessing which items would fit best
Not being able to get her friends'

INTERIOR DESIGNER PAM JACOBS

Age: 30
Status: Working in a small Décor shop and as a freelancer in her free time
Goal: Build a bigger book of clients through her freelance business

Frustrated by:
Her inability to find consumers
Not being able to use real furniture
Not having the time to learn to use more advanced 3D design tools

Enter FillBee: By logging onto the platform, Amanda can conveniently aggregate her favorite options from different retailers' catalogues in a virtual space that looks and feels like her future home – all from her couch. She can then invite her friends and family to comment on her layout and finally complete the purchase directly via FillBee. If she wants, she can even get help from a professional interior designer like Pam who now has the ability to create and sell beautiful 3D designs to a highly relevant audience.

3.0 Market Opportunity

FillBee's market opportunity is a function of its phased product release and revenue stream rollout plan. The Company generates revenue from three primary sources: Furniture Sales Commissions, Design Sales Commissions, and Sponsored Listings. The Company plans to introduce these revenue streams in conjunction with its product development (see Section 7.3) and sales & marketing (see Section 6.2) roadmaps along the following schedule:

Phase 1 – Year 1

Furniture Sales Commissions

Build partnerships and execute affiliate distribution agreements with furniture retailers

Phase 2 – Year 2

Design Sales Commissions

After spending a year building the FillBee brand and feature-set, give Designers the option to monetize their work through the FillBee Platform

Phase 3 – Year 3

Sponsored Listings

After spending two years building a loyal and vibrant user base and strong retail partnerships, give Retailers the option to more prominantly feature their inventory on FillBee through a Sponsored Listing auction system

In each phase, the Company will broaden the base of end-users and partners it aims to reach. The Company plans to start with a "beachhead segment" consisting of consumers, designers, and retailers who are most likely to be early adopters of FillBee's suite of tools and services. Through primary market research, FillBee has identified this segment as follows:

PHASE 1	SYNOPSIS	SUMMARY INFORMATION
CONSUMER TARGET Young Urban Professionals	Young, ambitious couples moving up in their careers and into new apartments.	Age Range: 25-35 Income: $80,000 Tech Savvy: High
DESIGNER TARGET Freelance Designers	Solo designers who mostly freelance as designers to supplement their incomes	Client $: Mid-Income Firm Size: 1-2 Design Tool Fluency: Medium
RETAILER TARGET Regional Brands & Outlets	Small furniture brands and outlets with a vast majority of sales occurring offline and in a specific geographic cluster	# of Stores: 1-20

In phase 2, the Company plans to target an "early majority" segment consisting of consumers, designers, and retailers who are more likely to begin using the platform once it has gained traction and improved on its initial set of features. Through primary market research, FillBee has identified this segment as follows:

PHASE 2	SYNOPSIS	SUMMARY INFORMATION
CONSUMER TARGET New Home Buyers	Middle aged couples upgrading their lifestyles, moving into new homes	Age Range: 35-50 Income: $150,000 Tech Savvy: Medium
DESIGNER TARGET SMB Interior Design Firms	Small design firms that predominantly serve high-income individuals and small businesses within their geographic clusters	Client $: High-Income Firm Size: 2-10 Design Tool Fluency: High
RETAILER TARGET Regional Brands & Outlets	Same Target Retailers as in Phase 1	

In phase 3, the Company plans to target a "mass market" segment consisting of consumers, designers, and retailers who are most likely to begin devoting resources to the platform once its user-base, partner ecosystem, and feature set has reached scale. Through primary market research, FillBee has identified this segment as follows:

PHASE 3	SYNOPSIS	SUMMARY INFORMATION
CONSUMER TARGET Empty Nest Remodelers	Senior couples purchasing a second home or remodeling their existing home	Age Range: 50-65 Income: High savings Tech Savvy: Low
DESIGNER TARGET Large Design Firms	Large firms that offer a full menu of high-end design services to their clients	Client $: Wealthy/Corporate Firm Size: 50 Largest Firms Design Tool Fluency: Very High
RETAILER TARGET National Brands & Franchises	Large national and multi-national brands with an existing, high-cost online presence	# of Stores: 20+

FillBee estimates that, given its planned pricing strategy (see Section 6.1) and its planned target markets, its total addressable markets for Phases 1, 2, and 3 will be approximately $168 million, $402 million, and $1.7 billion, respectively. The following exhibit details FillBee's expected total addressable market size by phase:

		PHASE 1 BEACHHEAD	PHASE 2 EARLY MAJORITY	PHASE 3 MASS MARKET
CONSUMERS	**Target Consumers** **# of new Consumers** **$ Annual Furniture pp** **% Commission**	Young Urban Pros **9.75 M** [3] **$172** [4] **10 %**	New Home Buyers **4.5 M** [3] **$244** [4] **10 %**	Empty Nest Remodelers **14.25 M** [3] **$224** [4] **10 %**
	CUMULATIVE CONSUMER TAM	**$ 168 M**	**$ 278 M**	**$ 597 M**
DESIGNERS	**Target Designers:** **$ Total Revenue** **% Rev from Residential Design** **% Commission**	Freelance Designers **$ 1.6 B** **25 %** [6] **8 %**	SMB Firms **$ 4.7B** [3] **25 %** [6] **8 %**	Top 50 Firms **$ 772 M** [3] **25 %** [6] **8 %**
	CUMULATIVE DESIGNER TAM		**$ 124 M**	**$ 140 M**
RETAILERS	**Target Retailers** **$ Total Revenue** **% of Rev on Ad** **% of Ad budget online**	Regional Brands -- -- --	Regional Brands -- -- --	National Brands **$ 87B** [3] **6.9%** [7] **15.9%** [8]
	CUMULATIVE RETAILER TAM			**$ 957 M**
	TOTAL ADRESSABLE MARKET	**$ 168 M**	**$ 402 M**	**$1.7B**

4.0 The FillBee Solution

FillBee's unique set of tools and services are designed with two main user groups in mind: Furniture Consumers and Interior Designers. **Consumers** can aggregate options from different furniture retailers' catalogues in a virtual space that looks and feels like their future home. They can also share their creations or procure assistance from interior design professionals on the FillBee network. **Interior Design Professionals** can harness FillBee's robust, creative tool suite and 3D capabilities to create interior design solutions, while capturing new clients. See Appendix 2 for a visual overview of the FillBee solution.

4.1 Product Overview – Consumers

FillBee streamlines the consumer's interior design process by providing the following tools and services:
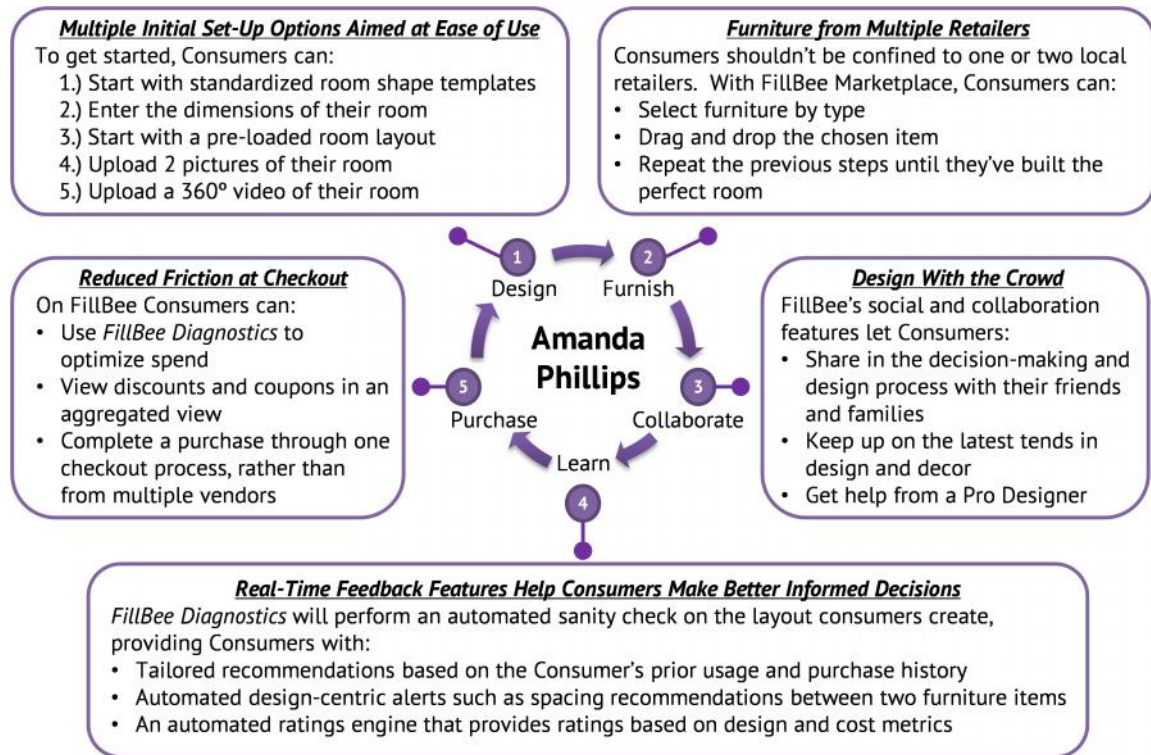
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[3] 2010 US Census Data
[4] Bureau of Labor Statistics Data
[5] Salary.com Data
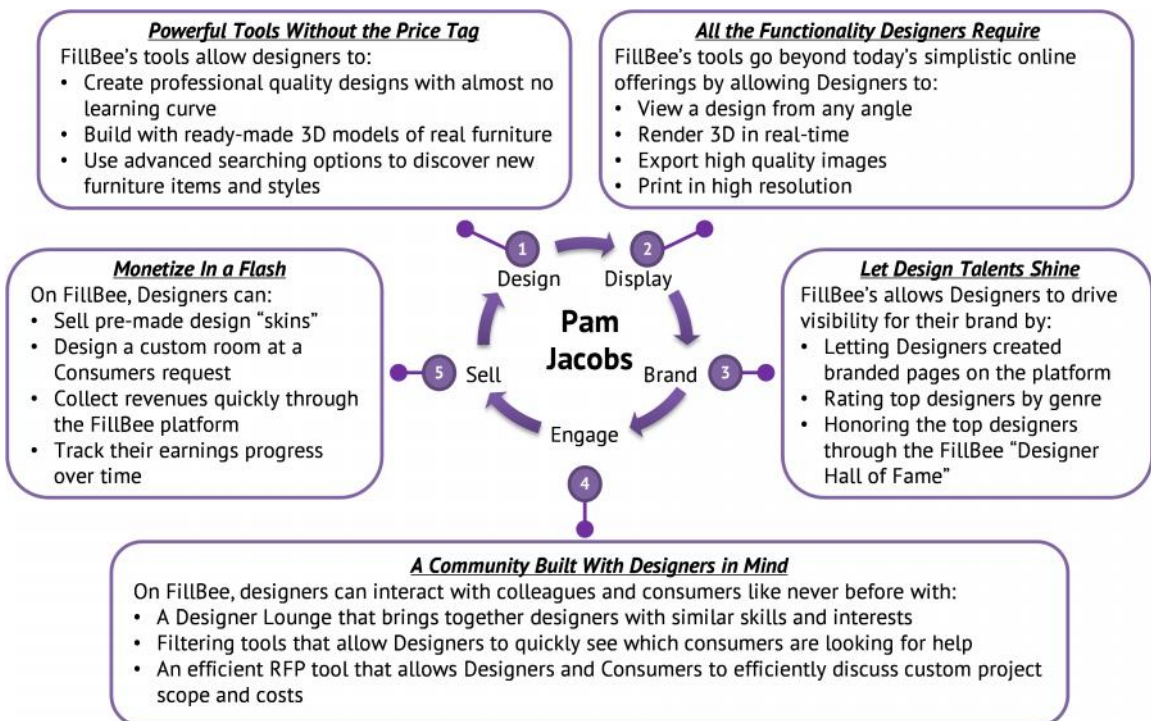[6] FillBee estimates based on interviews with Interior Designers
[7] Proxy: Haverton Furnituree (Ticker:HVT) 2011 Advertising and Marketing as a % of Revenue
[8] Borrell Associates, "COMPASS™ Report," Q3-2011

Multiple Initial Set-Up Options Aimed at Ease of Use
To get started, Consumers can:
1.) Start with standardized room shape templates
2.) Enter the dimensions of their room
3.) Start with a pre-loaded room layout
4.) Upload 2 pictures of their room
5.) Upload a 360° video of their room

Furniture from Multiple Retailers
Consumers shouldn't be confined to one or two local retailers. With FillBee Marketplace, Consumers can:
- Select furniture by type
- Drag and drop the chosen item
- Repeat the previous steps until they've built the perfect room

Reduced Friction at Checkout
On FillBee Consumers can:
- Use *FillBee Diagnostics* to optimize spend
- View discounts and coupons in an aggregated view
- Complete a purchase through one checkout process, rather than from multiple vendors

Design With the Crowd
FillBee's social and collaboration features let Consumers:
- Share in the decision-making and design process with their friends and families
- Keep up on the latest tends in design and decor
- Get help from a Pro Designer

Design (1) — Furnish (2) — Collaborate (3) — Learn (4) — Purchase (5)

Amanda Phillips

Real-Time Feedback Features Help Consumers Make Better Informed Decisions
FillBee Diagnostics will perform an automated sanity check on the layout consumers create, providing Consumers with:
- Tailored recommendations based on the Consumer's prior usage and purchase history
- Automated design-centric alerts such as spacing recommendations between two furniture items
- An automated ratings engine that provides ratings based on design and cost metrics

4.2 Product Overview – Designers

FillBee boosts productivity, visibility, and profitability for interior designers by providing them with the following tools and services:

Powerful Tools Without the Price Tag
FillBee's tools allow designers to:
- Create professional quality designs with almost no learning curve
- Build with ready-made 3D models of real furniture
- Use advanced searching options to discover new furniture items and styles

All the Functionality Designers Require
FillBee's tools go beyond today's simplistic online offerings by allowing Designers to:
- View a design from any angle
- Render 3D in real-time
- Export high quality images
- Print in high resolution

Monetize In a Flash
On FillBee, Designers can:
- Sell pre-made design "skins"
- Design a custom room at a Consumers request
- Collect revenues quickly through the FillBee platform
- Track their earnings progress over time

Let Design Talents Shine
FillBee's allows Designers to drive visibility for their brand by:
- Letting Designers created branded pages on the platform
- Rating top designers by genre
- Honoring the top designers through the FillBee "Designer Hall of Fame"

Design (1) — Display (2) — Brand (3) — Engage (4) — Sell (5)

Pam Jacobs

A Community Built With Designers in Mind
On FillBee, designers can interact with colleagues and consumers like never before with:
- A Designer Lounge that brings together designers with similar skills and interests
- Filtering tools that allow Designers to quickly see which consumers are looking for help
- An efficient RFP tool that allows Designers and Consumers to efficiently discuss custom project scope and costs

5.0 Competitive Overview

The market for interior furnishing and design is highly competitive with a complex array of product offerings being targeted at consumers across the furniture purchase decision-making process. FillBee views its platform as a **linking mechanism** between **consumers** and **three traditionally disparate elements of this process**: manufacturers, interior designers, and distributers. While FillBee is the only solution in the market to efficiently connect these pieces of the value chain for its consumers, the Company faces varying degrees of competition from three fronts: Furniture Manufacturers, Interior Design Websites / Tools, and Online Retailers. See Appendix 3 for a detailed competitive matrix.

5.1 Furniture Manufacturers

These are companies like Ikea, Crate and Barrel, and Ashley Furniture that also have their own online distribution channels. While some of these companies also offer basic design tools on their websites, the functionality and usefulness of these tools is typically quite limited (2-D views, no integration with social networks, etc.). Moreover, they provide a destination for purchasing furniture from only a single source, and offer no avenues for comparison shopping. In contrast, FillBee's tools offer users a rich set of design and collaboration features and without limiting their choices of retailers.

5.2 Interior Design Websites / Tools

This category of players competes primarily on technology and features rather than on comparison shopping and product purchasing. Among them, MyDeco, Google Sketchup, and AutoDesk HomeStyler are the ones with product capabilities most directly competitive with FillBee's. However, MyDeco has little to no presence in the U.S. and both Google Sketchup and AutoDesk HomeStyler do not sell or allow users to model with any actual for-sale furniture items. Moreover, these tools do not have efficient 3D modeling, collision detection, and alignment capabilities. While FillBee expects competition from this group to fierce on technology and feature specs, the Company's retail furniture partnerships create a more compelling experience for both consumers and designers.

5.3 Online Retailers

These are e-commerce sites like Amazon and Overstock that sell furniture from multiple manufacturers. These websites typically do not provide design tools and display little information outside of standard product descriptions and images. Their focus is on selling a much wider range of products at high volumes, so it's difficult for them to devote significant resources towards developing sophisticated interior design tools targeted solely at the furniture segment. FillBee's focus on providing its users with rich tools and services designed with the pain points of today's furniture shopping process specifically in mind, enables the Company to strongly differentiate itself from traditional ecommerce retailers.

6.0 Business Overview

FillBee's business model is based on the Company's ability to build and monetize an active consumer base. The Company leverages its tools and services, including its 3D visualization suite, one-click furniture purchasing, professional designer services, and dynamic optimization capabilities, to drive user engagement with furniture brands as well as decrease the barriers to purchasing furniture online.

The Company leverages these dynamics to generate revenue from three primary sources: furniture sales commissions, sponsored retailer listings, and design sales commissions.

6.1 Pricing & Customer Lifetime Value

FillBee prices its services at rates comparable to its competitors. A breakdown of the Company's current paid service offerings and accompanying pricing policies is displayed in the table below:

	COMPETITIVE SERVICES	COMPETITOR PRICING	FillBee
PHASE 1 Furniture Sales	Offline shopping Diversified e-commerce vendors Direct from manufacture	Offline: 7-20%[9] commission E-commerce: 6-15%[10] commission Direct: Not applicable	**10%** Commission
PHASE 2 Design Sales	Offline direct to consumer sales Diversified freelance services websites	Direct: Not applicable Freelance sites: 8.75%[11] commission	**8%** Commission
RETAILER TARGET Sponsored Listings	Offline advertising Display advertising Search engine marketing Product placement on e-commerce	Offline: $13.90 CPM [12] Display: $2.52 CPM [13] SEM: $1.04 CPC [14] Placement: $0.50 CPC [15]	**$ 1.00 CPC**

The lifetime value of a FillBee customer is calculated under the prevailing assumption that the company will be able to drive revenue growth and margin expansion through its current service offerings by:

1.) Continuing to build out the site's furniture catalogue in the living room space while also entering into logical, adjacent furniture markets such as the bedroom, kitchen, bathroom, and office
2.) Realizing the network effects of building an engaged user-base in conjunction with a vibrant interior designer community
3.) Exercising the benefits of scale through more favorable commission rates as well as decreased costs to service individual consumers
4.) Analyzing the vast amount of data collected from users' shopping behavior to continue to improve service offerings (i.e. more targeted sponsored listings)

Based on above pricing plan and the Company's current growth forecasts, FillBee projects that the lifetime value of a converted, paying customer in Year 1 is $159 and will grow to $221 by Year 5[16].

6.2 Sales & Marketing Strategy

FillBee's marketing strategy is centered on demonstrating value to three stakeholders with diverging needs. To effectively cater to these constituencies, the Company separates its marketing activities into three buckets: consumers, designers, and retailers. The Company plans to combine traditional lead generation methodologies –such as SEO, SEM, and attending trade shows – with innovative new approaches to bridge the gap between online and offline furniture shopping and interior design. Such programs include:

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[9] Estimate of furniture salesperson commission rates, http://www.wisebread.com/cheat-sheet-retail-markup-on-common-items
[10] Estimate of Amazon's retailer commission rate, Paul Keung, CIBC World Markets
[11] E-lance commission rate as proxy, http://help.elance.com/entries/34733-how-much-does-elance-cost
[12] Reader's Digest Magazine CPM as proxy, http://www.cabrillo.edu/~dambrosini/50Web/classsessions/session7magazines.htm
[13] Average internet display ad CPM, http://www.comscore.com/Press_Events/Press_Releases/2010/6/The_New_York_Times_
Ranks_as_Top_Online_Newspaper_According_to_May_2010_U.S._comScore_Media_Metrix_Data
[14] Google AdWords CPC rates as proxy, http://www.hochmanconsultants.com/articles/je-hochman-benchmark.shtml
[15] http://www.amazonservices.com/content/product-ads-on-amazon.htm?ld=AZPADSFooter#!pay-per-click-pricing
[16] The Company based these calculations on a horizon of 5 years with a discount rate of 10% and incorporated annual churn estimates over that time span.

- **Design-a-thons:** Brand-specific design contests through FillBee where users have the opportunity to win fully furnished rooms if they can build the top rated design for a given contest
- **Offline Catalogue QR Code Linking:** QR codes printed in retail partners' offline catalogues that readers can then scan to load a prefilled, editable room design on the FillBee platform
- **In-Store Linking:** QR codes printed in partner show room displays that shoppers can then scan to load a prefilled, editable room design on the FillBee platform

A detailed visualization of the Company's overall marketing strategy – including estimated costs and consumer leads generated for Year 1 – is displayed below:

FillBee ascribes to a technology driven sales strategy with an aim towards dynamically optimizing the user experience. The Company focuses on delivering highly targeted content and offers to its consumers, thereby maximizing purchase conversions of both furniture and custom designs.

A detailed visualization of the Company's sales strategy and accompanying funnel is displayed below:
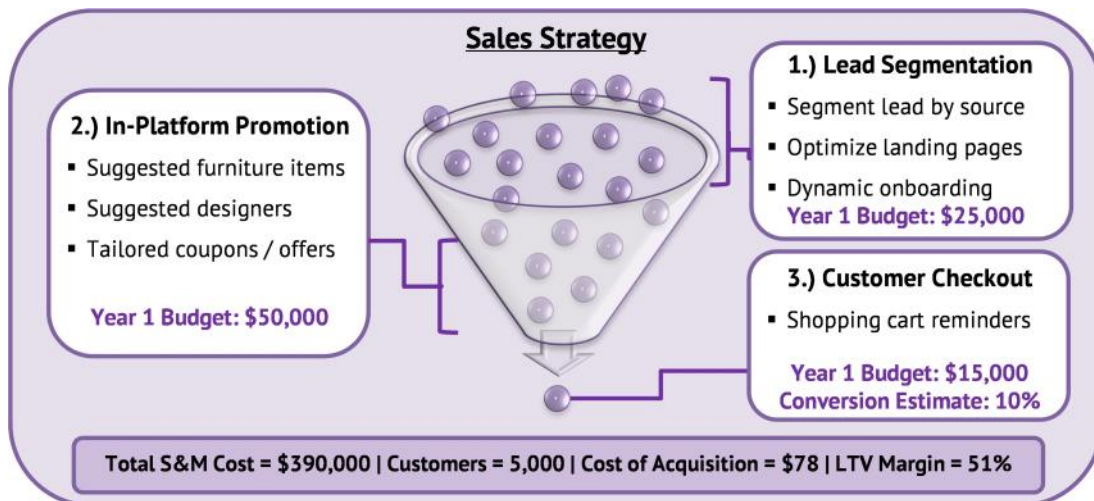
See Appendix 4 for a detailed breakdown of the Company's projected Sales & Marketing budget.

7.0 Technology Overview

7.1 Description

The FillBee platform comprises two tightly integrated modules: a client side front-end which consists of a website used by consumers and designers to interact with the platform and a back-end that processes interactions of the client side with databases and server side processes and that connects with multiple furniture retailers. The technology includes:
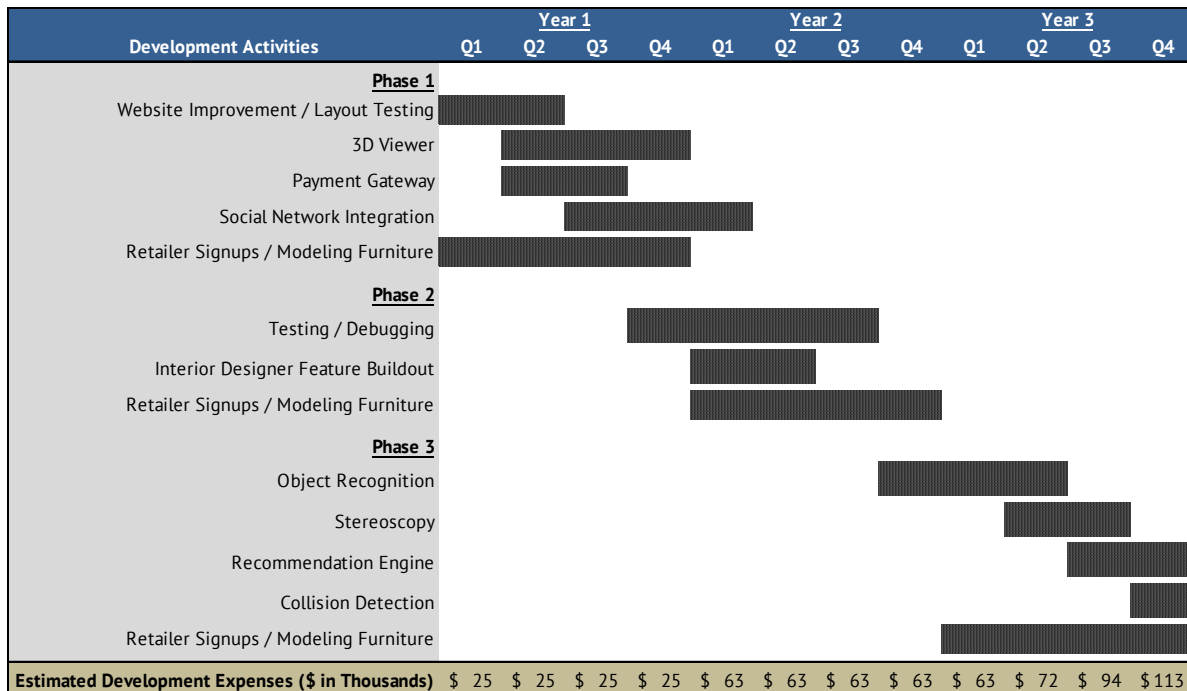
1. **Object recognition**: Object recognition in images is a developing field and based on its user-friendly nature, is FillBee's preferred approach for converting 2D images to 3D models. Our method works for both videos and single images uploaded by the user. The method consists of several steps and uses well known algorithms like Canny Edge Detection and SIFT (Scale-Invariant Image Transform) feature based matching along with our proprietary algorithms for computing meta-data about furniture items (like location and orientation) in the images and using this meta-data to construct the 3D model of the room. Since object recognition is a complex process, one simplifying assumption that we make is that the user has uploaded a video or image containing furniture and other common household items. This is a reasonable assumption that would make our search space for objects very small and increase the speed of the algorithm. Vikram has extensive experience with image processing and computer vision as part of his coursework at Stanford along with the research he did at the Cancer Center at Stanford.
2. **Stereoscopy:** Stereoscopy is a well-known method for depth perception and is based on how the human eye works. Vishal and Vikram have completed a project involving Stereoscopy at IIT for which they were granted the Summer Undergraduate Research Award in 2004. Using this method, the user would take two images of their room at slightly different angles and then upload them to the FillBee platform. The only other pieces of information the user would need to provide are the approximate dimensions of the room and the height of the camera at the time the pictures were taken. Based on this data, FillBee can calculate the heights of all the points in the images and construct a representative 3D model. Since this requires users to provide a lot of difficult to measure data, we don't deem it to be as user-friendly as Object Recognition.

7.2 Intellectual Property Rights

No solution in the market place offers technology which can create an accurate 3D model of a room from a video. Using extensive research and based on our prior experience, we have written the first version of algorithm combining "Object Recognition", and "Stereoscopy". The algorithm is under testing conditions as of now and the FillBee team is planning to apply for IP protection as soon as we are sure of its feasibility.

7.3 Product Development Plan

FillBee's plan is to start with a Minimal Viable Product and test it in the market before starting to work on a full featured product. The detailed plan is broken down into three phases:

Development Activities	Year 1				Year 2				Year 3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Phase 1												
Website Improvement / Layout Testing												
3D Viewer												
Payment Gateway												
Social Network Integration												
Retailer Signups / Modeling Furniture												
Phase 2												
Testing / Debugging												
Interior Designer Feature Buildout												
Retailer Signups / Modeling Furniture												
Phase 3												
Object Recognition												
Stereoscopy												
Recommendation Engine												
Collision Detection												
Retailer Signups / Modeling Furniture												
Estimated Development Expenses ($ in Thousands)	$ 25	$ 25	$ 25	$ 25	$ 63	$ 63	$ 63	$ 63	$ 63	$ 72	$ 94	$ 113

8.0 The FillBee Team

FillBee's founding team consists of five members with diverse and complementary skillsets that are well suited to execute on the Company's vision. Vishal has a strong background in technology, product development, and start-up execution. He spent the last five years working in a variety of locations including the United States, South Korea, Israel, UK, and India. Vasco brings experience in design and 3D modeling/animation. He ran his own design/animation company in Portugal or 7 years. Dave brings finance, valuation, and technology investing experience to the FillBee team. He spent two years advising companies on technology mergers & acquisitions and another two years as part of the investment team at a growth equity technology investment firm. Vikram brings deep technology experience, having spent the past few years in Silicon Valley in lead development roles for high tech companies after graduating from Stanford University. Giorgi brings business development experience to the FillBee team with a background as the as the Finance Director at Agricom LLC, the largest agricultural trading company in Georgia.

The Company plans to augment the team over time as hiring needs arise in conjunction with its planned development and sales & marketing roadmaps.

9.0 Financial Overview

FillBee's financial projections have been built from the bottom up and are designed to reflect the Company's knowledge of the current realities in the furniture e-commerce and design software marketplace as well as the Company's internal view of the market's appetite for its planned tools and services. The Company expects to break even in Q4 of Year 3 and to generate approximately $27 million of revenue in Year 5 with $13 million of operating profit.

9.1 Income Statement

The next few subsections provide an overview of the Company's pro forma income statements. The following exhibits display the Company's projected pro forma income statements monthly for year 1, quarterly for years 1-3, and annually for years 1-5, respectively:
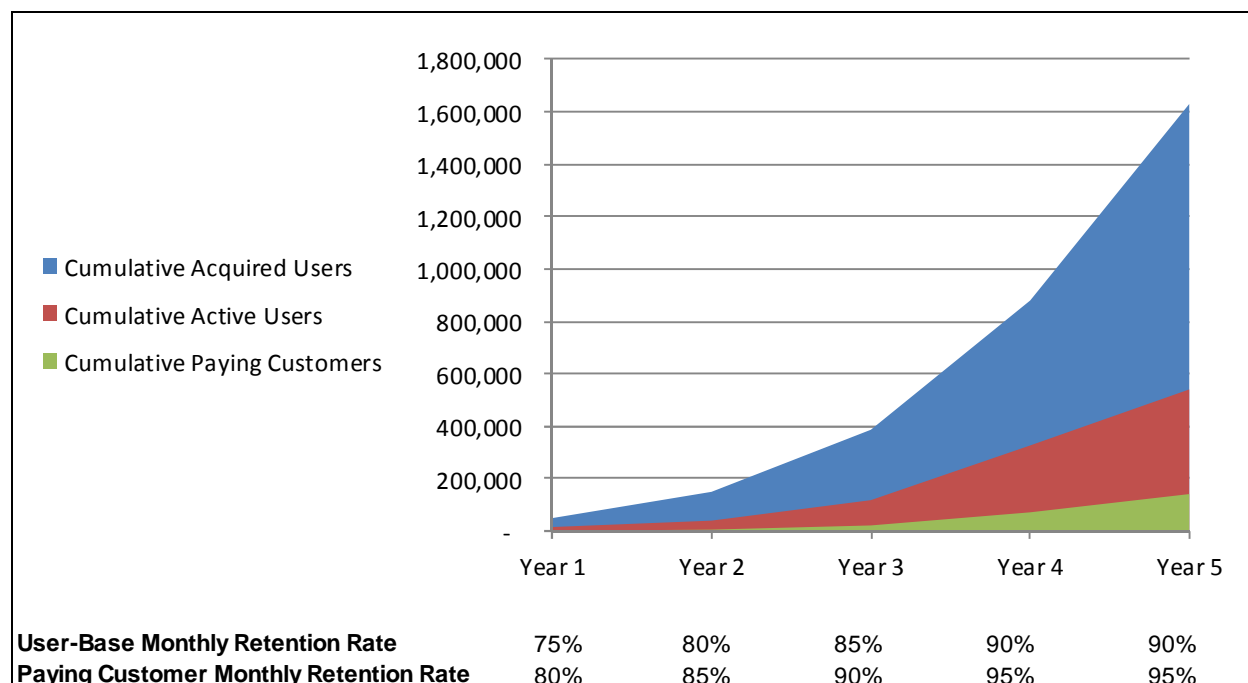
($USD)	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Revenue												
Furniture Sales Commission	$ -	$ 715	$ 1,327	$ 1,853	$ 2,309	$ 2,709	$ 3,063	$ 3,379	$ 3,666	$ 3,929	$ 4,173	$ 4,403
Design Sales Commission	-	-	-	-	-	-	-	-	-	-	-	-
Sponsored Listings Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	$ -	$ 715	$ 1,327	$ 1,853	$ 2,309	$ 2,709	$ 3,063	$ 3,379	$ 3,666	$ 3,929	$ 4,173	$ 4,403
COGS	$ -	$ 143	$ 265	$ 371	$ 462	$ 542	$ 613	$ 676	$ 733	$ 786	$ 835	$ 881
Gross Margin	$ -	$ 572	$ 1,061	$ 1,482	$ 1,847	$ 2,167	$ 2,450	$ 2,704	$ 2,933	$ 3,143	$ 3,339	$ 3,522
Expenses												
Research & Development	$ 8,333	$ 8,333	$ 8,333	$ 8,333	$ 8,333	$ 8,333	$ 8,333	$ 8,333	$ 8,333	$ 8,333	$ 8,333	$ 8,333
Marketing	21,000	21,727	22,455	23,182	23,909	24,636	25,364	26,091	26,818	27,545	28,273	29,000
Sales	4,500	5,045	5,591	6,136	6,682	7,227	7,773	8,318	8,864	9,409	9,955	10,500
General & Administrative	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333
Total Operating Expenses	$ 42,167	$ 43,439	$ 44,712	$ 45,985	$ 47,258	$ 48,530	$ 49,803	$ 51,076	$ 52,348	$ 53,621	$ 54,894	$ 56,167
Operating Profit (Loss)	$ (42,167)	$ (42,867)	$ (43,651)	$ (44,503)	$ (45,410)	$ (46,363)	$ (47,353)	$ (48,372)	$ (49,415)	$ (50,478)	$ (51,555)	$ (52,644)

($USD)	Year 1 Q1	Q2	Q3	Q4	Year 2 Q1	Q2	Q3	Q4	Year 3 Q1	Q2	Q3	Q4
Revenue												
Furniture Sales Commission	$ 2,042	$ 6,871	$ 10,108	$ 12,506	$ 24,115	$ 38,440	$ 51,092	$ 62,935	$ 122,025	$ 202,348	$ 281,181	$ 360,417
Design Sales Commission	-	-	-	-	1,961	2,950	3,697	4,294	7,831	12,256	16,061	19,410
Sponsored Listings Revenue	-	-	-	-	-	-	-	-	126,994	191,079	241,718	284,098
Total Revenue	$ 2,042	$ 6,871	$ 10,108	$ 12,506	$ 26,076	$ 41,390	$ 54,790	$ 67,229	$ 256,850	$ 405,683	$ 538,959	$ 663,924
COGS	$ 408	$ 1,374	$ 2,022	$ 2,501	$ 5,099	$ 7,840	$ 10,039	$ 11,899	$ 43,805	$ 66,704	$ 85,276	$ 100,915
Gross Margin	$ 1,634	$ 5,496	$ 8,087	$ 10,004	$ 20,977	$ 33,549	$ 44,751	$ 55,329	$ 213,045	$ 338,979	$ 453,683	$ 563,009
Expenses												
Research & Development	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 62,500	$ 62,500	$ 62,500	$ 62,500	$ 75,789	$ 118,643	$ 158,789	$ 197,053
Marketing	65,182	71,727	78,273	84,818	93,909	114,636	135,364	156,091	176,545	217,182	257,818	298,455
Sales	15,136	20,045	24,955	29,864	34,409	43,136	51,864	60,591	65,136	70,045	74,955	79,864
General & Administrative	25,000	25,000	25,000	25,000	37,500	37,500	37,500	37,500	37,865	50,847	68,053	84,451
Total Operating Expenses	$ 130,318	$ 141,773	$ 153,227	$ 164,682	$ 228,318	$ 257,773	$ 287,227	$ 316,682	$ 355,336	$ 456,717	$ 559,614	$ 659,823
Operating Profit (Loss)	$ (128,685)	$ (136,276)	$ (145,141)	$ (154,677)	$ (207,341)	$ (224,223)	$ (242,476)	$ (261,353)	$ (142,290)	$ (117,738)	$ (105,931)	$ (96,814)

($USD)	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue					
Furniture Sales Commission	$ 31,527	$ 176,582	$ 965,972	$ 4,994,827	$17,524,087
Design Sales Commission	-	12,902	55,557	226,543	631,497
Sponsored Listings Revenue	-	-	843,888	3,154,552	8,482,285
Total Revenue	$ 31,527	$ 189,484	$ 1,865,417	$ 8,375,922	$26,637,868
COGS	$ 6,305	$ 34,877	$ 296,700	$ 1,121,190	$ 2,915,558
Gross Profit / (Loss)	$ 25,221	$ 154,606	$ 1,568,717	$ 7,254,732	$23,722,310
Expenses					
Research & Development	$ 100,000	$ 250,000	$ 550,274	$ 2,176,420	$ 6,396,163
Marketing	300,000	500,000	950,000	1,475,000	2,250,000
Sales	90,000	190,000	290,000	390,000	490,000
General & Administrative	100,000	150,000	241,216	729,516	1,510,294
Total Operating Expense	$ 590,000	$ 1,090,000	$ 2,031,490	$ 4,770,936	$10,646,457
Operating Profit (Loss)	$ (564,779)	$ (935,394)	$ (462,773)	$ 2,483,796	$13,075,854

9.1.1 Revenue

FillBee generates revenue from three primary sources: Furniture Sales Commissions, Design Sales Commissions, and Sponsored Listings. Growth in these revenue lines is largely driven by the Company's ability to attract and convert new users into paying, repeat customers. As such, the primary drivers for these revenue lines are **growth in the number of new users acquired**, the **rate of conversion** of these users into paying customers, and the **accompanying retention rates** for both paying and non-paying users. These figures are driven in large part by the amount the Company spends on Marketing to acquire new leads, Sales to convert them into paying customers as well as ongoing initiatives to reduce the Company's overall Cost Per Lead and Cost of Customer Acquisition. The following exhibit displays the Company's user / paying customer growth and accompanying retention assumptions for Years 1-5:


	Year 1	Year 2	Year 3	Year 4	Year 5
User-Base Monthly Retention Rate	75%	80%	85%	90%	90%
Paying Customer Monthly Retention Rate	80%	85%	90%	95%	95%

9.1.2 Expenses

FillBee separates its expenses into five main buckets: **Cost of Goods Sold**, **Marketing**, **Sales**, **Research & Development**, and **General & Administrative Expenses**. The Company's accounting department tracks and reports all cost items on a monthly basis for internal purposes and on a quarterly basis for investors and independent auditors. The Company closely monitors these cost centers to protect from budget overruns and large, unanticipated expenses. However, in the event that the Company is unable to accurately forecast near-term expenses, it protects itself through access to a $100,000 revolving credit facility as well as through strong, ongoing relationships with venture debt and equity funding firms.

9.1.3 Breakeven Analysis

FillBee has made the conscious strategic decision to spend a significant amount of capital in order to **grow its user base first** and its **revenue generation activities second**. The Company believes that this phased approach of building an engaged user base - before focusing on monetizing their usage - increases the long term upside of its revenue and the overall value of its platform. As a consequence, the Company's operating

income break-even point based on the revenue and expense assumptions detailed herein is reached at the end of Year 3. The exhibit below presents a visual representation of the company's breakeven point:
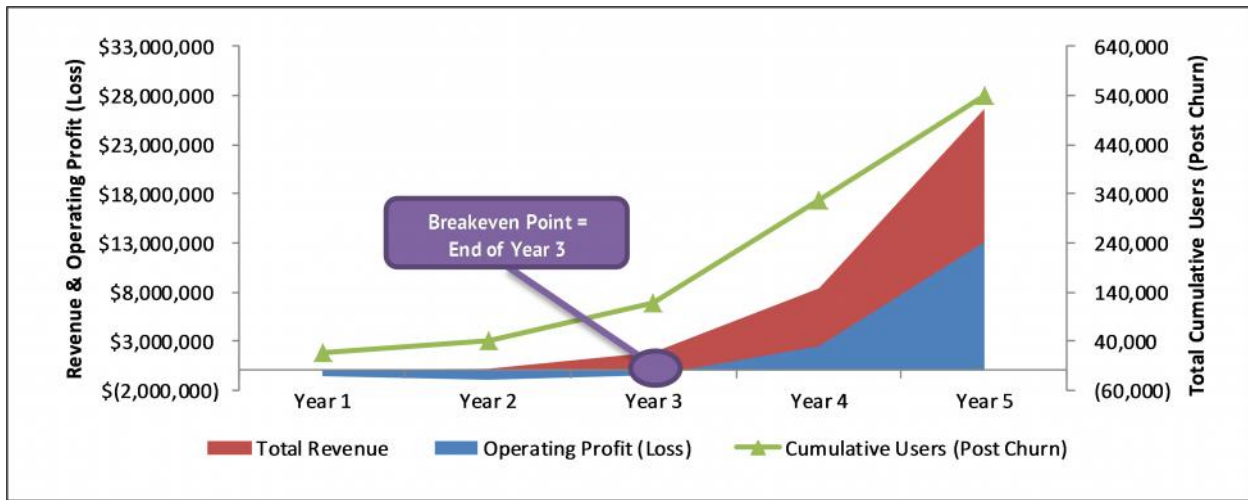
In the event the Company is unable to raise a sufficient amount of capital to pursue its plan, its revenue growth assumptions have been overstated, or its expense assumptions have been understated, the Company may need to alter its strategy to achieve its breakeven point earlier than forecasted. Within the current business model, the most realistic levers the Company can pull to achieve this include introducing lines of revenue such as custom design sales commissions and sponsored listings earlier than is currently planned and/or raising its commission and CPC pricing. In addition, the Company may also pursue alternative business model strategies such as selling a premium, paid version of its software to users and designers or selling white-labeled versions of its design platform to furniture retailers similar to MyDeco's current strategy.

9.2 Pro Forma Cash Flow

The following exhibits display the Company's projected pro forma cash flow statements monthly for year 1, quarterly for years 1-3, and annually for years 1-5, respectively:

($USD)	Year 1											
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Beginning Cash	$ -	$ 703,667	$ 655,918	$ 606,773	$ 556,967	$ 506,407	$ 455,021	$ 402,748	$ 349,539	$ 295,353	$ 240,159	$ 183,930
Operating Profit	$ (42,167)	$ (42,867)	$ (43,651)	$ (44,503)	$ (45,410)	$ (46,363)	$ (47,353)	$ (48,372)	$ (49,415)	$ (50,478)	$ (51,555)	$ (52,644)
Change in Working Capital	-	(715)	(1,327)	(1,137)	(982)	(856)	(754)	(671)	(604)	(550)	(507)	(474)
Investment Capital	750,000	-	-	-	-	-	-	-	-	-	-	-
Capital Expense	(4,167)	(4,167)	(4,167)	(4,167)	(4,167)	(4,167)	(4,167)	(4,167)	(4,167)	(4,167)	(4,167)	(4,167)
Change in Cash	$ 703,667	$ (47,749)	$ (49,144)	$ (49,807)	$ (50,559)	$ (51,386)	$ (52,273)	$ (53,209)	$ (54,186)	$ (55,194)	$ (56,229)	$ (57,285)
Ending Balance	$ 703,667	$ 655,918	$ 606,773	$ 556,967	$ 506,407	$ 455,021	$ 402,748	$ 349,539	$ 295,353	$ 240,159	$ 183,930	$ 126,645

($USD)	Year 1				Year 2				Year 3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Beginning Cash	$ -	$ 606,773	$ 455,021	$ 295,353	$ 126,645	$ 891,314	$ 639,042	$ 369,518	$ 81,575	$ 860,447	$ 657,809	$ 467,751
Operating Profit	$ (128,685)	$ (136,276)	$ (145,141)	$ (154,677)	$ (207,341)	$ (224,223)	$ (242,476)	$ (261,353)	$ (142,290)	$ (117,738)	$ (105,931)	$ (96,814)
Change in Working Capital	(2,042)	(2,976)	(2,028)	(1,531)	(9,240)	(9,299)	(8,297)	(7,840)	(47,198)	(53,259)	(52,487)	(52,958)
Investment Capital	750,000	-	-	-	1,000,000	-	-	-	1,000,000	-	-	-
Capital Expense	(12,500)	(12,500)	(12,500)	(12,500)	(18,750)	(18,750)	(18,750)	(18,750)	(31,641)	(31,641)	(31,641)	(31,641)
Change in Cash	$ 606,773	$ (151,752)	$ (159,668)	$ (168,708)	$ 764,669	$ (252,272)	$ (269,524)	$ (287,943)	$ 778,871	$ (202,638)	$ (190,058)	$ (181,412)
Ending Balance	$ 606,773	$ 455,021	$ 295,353	$ 126,645	$ 891,314	$ 639,042	$ 369,518	$ 81,575	$ 860,447	$ 657,809	$ 467,751	$ 286,339

($USD)	Year 1	Year 2	Year 3	Year 4	Year 5
Beginning Cash	$ -	$ 126,645	$ 81,575	$ 286,339	$ 1,496,831
Operating Profit	$ (564,779)	$ (935,394)	$ (462,773)	$ 2,483,796	$13,075,854
Change in Working Capital	(8,576)	(34,676)	(205,901)	(1,079,020)	(2,924,941)
Investment Capital	750,000	1,000,000	1,000,000	-	-
Capital Expense	(50,000)	(75,000)	(126,563)	(194,285)	(245,325)
Change in Cash	$ 126,645	$ (45,070)	$ 204,764	$ 1,210,492	$ 9,905,587
Ending Balance	$ 126,645	$ 81,575	$ 286,339	$ 1,496,831	$11,402,418

9.2.1 Cash Burn Analysis

The Company's current plan calls for relatively aggressive cash outflows to fund operating losses and capital expenditures over the first three years of its operations. The Company estimates that during these first three years it will spend approximately $2.6 million more in cash than it will collect. The following exhibit provides a visual representation of the Company's monthly cash burn forecast for Years 1-5:
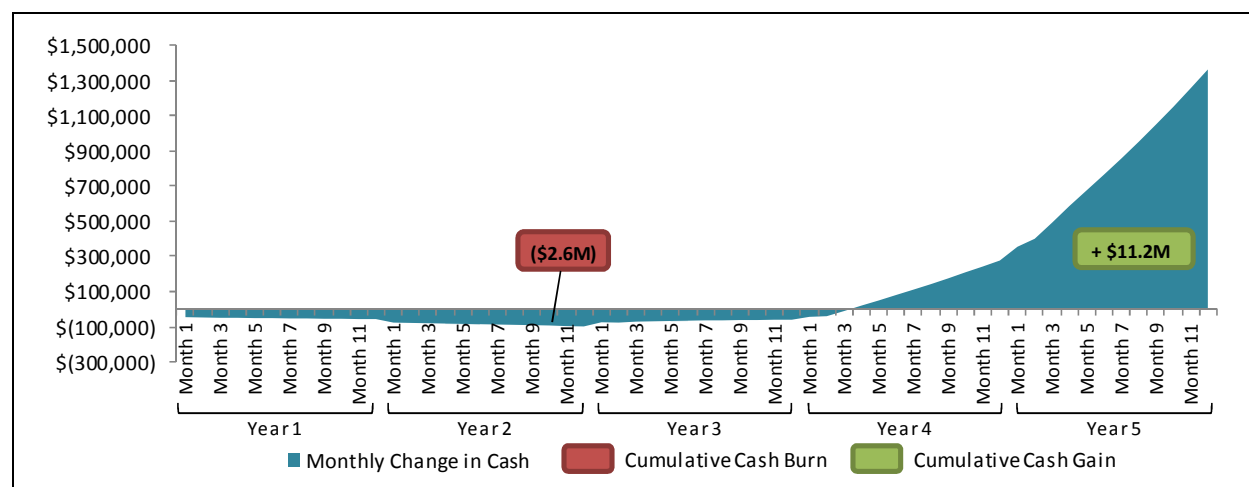
9.3 Financing Needs

FillBee is wholly owned by its four co-founders: David Gordon, Vishal Chaturvedi, Vasco Mendes de Campos, and Vikram Srivastava. Each founder holds a 25% equity stake in Company issued Common Shares.

The Company plans to raise $2.75 million over its first three years in three separate rounds of preferred class equity financing to fund its initial phases of operations. Appendices 5 & 6 below detail the Company's expectations for future valuations (both at time of capital raise and beyond), its current ownership structure, as well as its expected pro-forma ownership structure subsequent to each round of capital raised.

fillbee

VALUE
CREATION
SIDE

THE
FILLBEE
NETWORK

DESIGNERS

Interior designers can find
new customers by providing their
services through FillBee.

RETAILERS

Big chains, local retailers and used furniture
sellers can upload all the items they have,
which will then be used for interior designing.

IKEA® *Jordan's* CORT'

BUYERS

VALUE
PROPOSITION

TO FURNITURE
BUYER AND SELLERS

VALUE CAPTURE SIDE

1. An intuitive furniture arranging tool using **actual for-sale furniture** items.

2. Complete 2-D and 3-D visualization of the room.

3. **Aggregate furniture** items from online furniture sellers as well as local retailers and used furniture sellers.

4. Check-out features to complete a sale.

5. **Share the design** with family members/friends using social networks.

6. Get alerts when an item meeting your criteria is available.

7. **Hire designers** after browsing through their samples.

8. Get ratings on space utilization in your apartment.

Appendix 2: Product Snapshot

FILLBEE
PRODUCT
GUIDE

JOIN THE
DESIGN-A-THON

1 DESIGN ❷ BROWSE ❸ SHARE ❹ PUBLISH ❺ BUY

LOGIN
REGISTER

3D VIEWER

FULL SCREEN

SELECT FURNITURE TYPE

FILTER BRAND | ADD BUDGET
FILTER COLOR | FILTER SIZE
SORT BY | GREEN MODE

MALM SOFA
IKEA
$820

EGG
BONACINA
$1970

ONE
K. RAHID
$820

NASTRO
BONACINA
$1820

S DALI
BARCELONA D
$2470

SYDNEY
ARMANI
$3320

STOKHOLM
IKEA
$970

SAVE
EXPORT

3D VIEWER
Navigate through your
room with user-friendly
controls

EASY NAVIGATION
Simple controls drive
the 3D viewer.

MY FURNITURE | CURRENTLY USING ITEMS

EGG
BONACINA

MOVE
REMOVE
SWAP

MALM SOFA
IKEA
$820

SKAN BED
IKEA
$970

SKAN BED
IKEA
$970

MALM SOFA
IKEA
$820

2D VIEWER

LAUNCH
EXTENDED SEARCH

MY FURNITURE
Check for items currently
used on your design.
Drag-and-drop to the
2d viewer to interact
with the scene.

DECORATOR
Manage color theme
options and watch
relevant statistics

DECORATOR | IMPROVE YOUR ROOM WITH FURTHER CUSTOMIZATION

VIEW STATS

TOTAL CHECKOUT PRICE $ 4.200
ALTERNATIVES AT SAME PRICE

ROOM
DESIGN SCORE
PRICES

DESIGN
GREEN
VALUE

MANAGE COLORS

WALLS
FLOOR
FURNITURE

SAVE COLOR SHEME

SOCIAL MEDIA
Connect with your
friends, get their
opinion on your
designs. Unlock
collaborative work
by having other
users build upon
your designs

PREMUIM LISTING
Advertisers can opt
to pay for premium
product listings

Browse through an
amazing selection
of furniture. Filter
by brand, size, color
and budget or enter
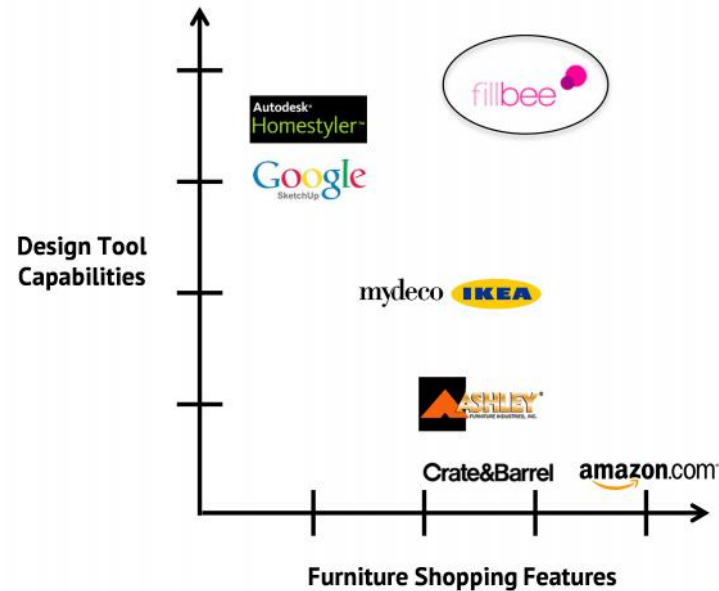green mode and
chose eco-friendly
items

2D VIEWER
ease of display and
arrangement in a
top floor perspec-
tive. Control your
item's position here
and see it updated
in the 3d viewer

The following charts provide a visual representation of the **online furniture and design specific** features offered by FillBee versus those of its closest competitors in the Furniture Manufacturing, Interior Design Websites / Tools, and Online Retailer industries.

Design Tool Capabilities (vertical axis) vs **Furniture Shopping Features** (horizontal axis)

Chart Key	
■	- Capability available / High Attribute Score (1)
▨	- Capability available, but limited / Medium Attribute Score (0.5)
□	- Capability available / Low Attribute Score (0)

	Design Tool Capabilities					Furniture Shopping Features				
	Design Tool Capability (None/2D/3D)	Ease of Use of Design Tool	Multiple Options to Initiate Design	Collaboration Features (Designers / Social Networks)	Total Score	Furniture Shopping Available	Multiple Furniture Retailers	Dynamic Furniture Suggestions	Scale / Reliability	Total Score
Furniture Manufacturers										
IKEA	■	▨	▨	□	2	■	□	▨	■	2.5
Crate & Barrel	□	□	□	□	0	■	□	▨	■	2.5
Ashley	▨	▨	□	□	1	■	□	▨	■	2.5
Interior Design Websites / Tools										
MyDeco	■	▨	▨	□	2	▨	▨	▨	▨	2
Google Sketchup	■	▨	▨	■	3	□	□	□	■	1
AutoDesk HomeStyler	■	▨	■	■	3.5	□	□	□	■	1
Online Retailers										
Amazon	□	□	□	□	0	■	■	■	■	4
FillBee	■	■	■	■	4	■	■	■	□	3

Appendix 4: Supplemental Financial Information
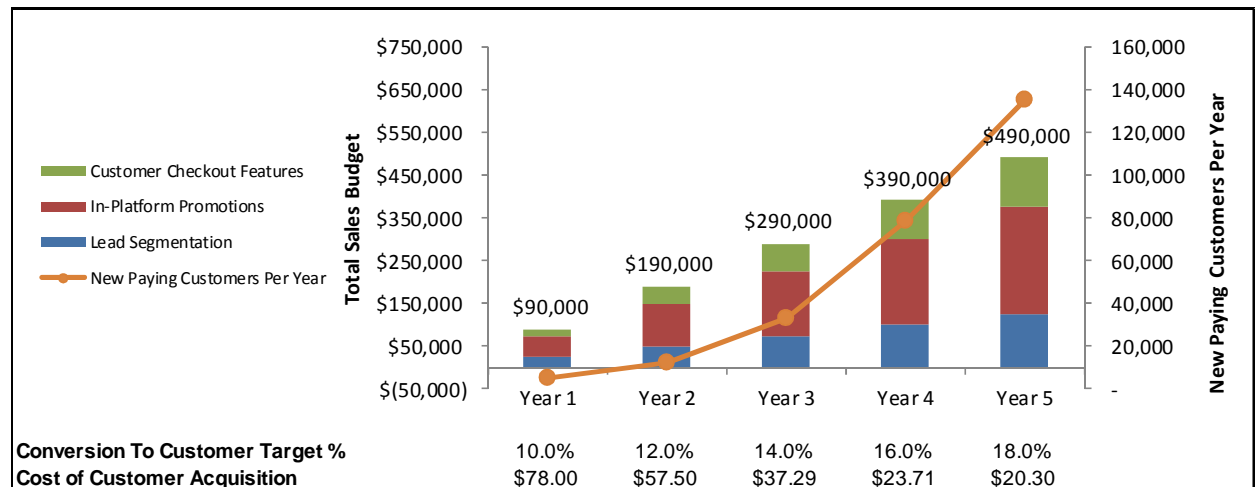
Marketing Spend to Generate Leads

The Company spends time and resources to better understand the most efficient avenues for its marketing spend by category and it expects that it will be able to significantly reduce its Cost per Lead as it scales and learns from experience. The exhibit on the right provides a visual representation of the Company's planned Marketing Budget by category, its CPL projections, and the accompanying growth in new leads per year.

Chart legend:
- Designer-Targeted Marketing
- Outbound Marketing
- 3rd Party Partnerships
- Inbound Marketing
- Leads Generated Per Year

Values: $300,000 (Year 1); $500,000 (Year 2); $950,000 (Year 3); $1,475,000 (Year 4); $2,250,000 (Year 5)

Cost Per Lead Target	Year 1	Year 2	Year 3	Year 4	Year 5
	$6.00	$5.00	$4.00	$3.00	$3.00
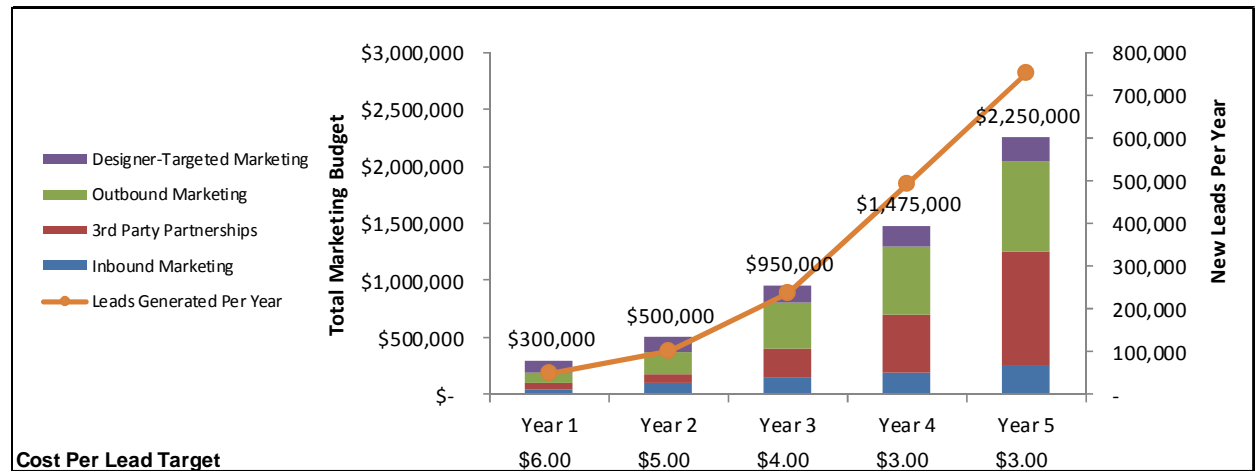
Sales Spend to Convert Leads to Customers

Similarly to FillBee's CPL reduction strategy, the Company makes a concerted effort to better understand the dynamics of converting leads into paying customers. The Company believes that over time it will be able to refine its sales approach, significantly improving its conversion metrics, and consequently reduce its Cost of Customer Acquisition. The exhibit on the right provides a visual representation of the Company's planned Sales Budget by category, its Sales Conversion projections, COCA projections, and the accompanying growth forecast for conversions of new paying customers per year

Chart legend:
- Customer Checkout Features
- In-Platform Promotions
- Lead Segmentation
- New Paying Customers Per Year

Values: $90,000 (Year 1); $190,000 (Year 2); $290,000 (Year 3); $390,000 (Year 4); $490,000 (Year 5)

	Year 1	Year 2	Year 3	Year 4	Year 5
Conversion To Customer Target %	10.0%	12.0%	14.0%	16.0%	18.0%
Cost of Customer Acquisition	$78.00	$57.50	$37.29	$23.71	$20.30

Appendix 5: Comparable Company Analysis & Valuation Analysis

Comparable Company Analysis

($ in millions)

Company Name	Price as of 4/29/12	Enterprise Value(1)	LTM(2) Gross Margin %	Revenue LTM	Revenue NTM(3)	Enterprise Value / Rev Multiple LTM	Enterprise Value / Rev Multiple NTM	EBITDA(4) LTM	EBITDA(4) NTM	Enterprise Value / EBITDA Multiple LTM	Enterprise Value / EBITDA Multiple NTM
Google Inc.	$ 614.98	$ 158,878.4	64.90%	$ 39,975.0	$ 49,418.2	4.0x	3.2x	$ 14,796.0	$ 20,333.1	10.7x	7.8x
Amazon.com Inc.	226.85	96,486.8	22.80%	51,405.0	66,785.7	1.9x	1.4x	1,834.0	3,243.4	52.6x	29.7x
Autodesk, Inc.	39.63	7,745.9	89.70%	2,215.6	2,445.3	3.5x	3.2x	469.8	706.1	16.5x	11.0x
Haverty Furniture Companies Inc.	12.91	246.8	51.70%	621.4	652.0	0.4x	0.4x	23.4	33.2	10.5x	7.4x
Median			58.30%	$ 21,095.3	$ 25,931.8	2.7x	2.3x	$ 1,151.9	$ 1,974.8	13.6x	9.4x

Valuation Analysis

($USD)	Year 1	Year 2	Year 3	Year 4	Year 5
FillBee Valuation Calculations					
FillBee Revenue Projection	$ 31,527	$ 189,484	$ 1,865,417	$ 8,375,922	$ 26,637,868
FillBee Operating Income Projection(5)	$ (564,779)	$ (935,394)	$ (462,773)	$ 2,483,796	$ 13,075,854
Median NTM EV/Rev Comps Multiple(6)	2.3x	2.3x	2.3x	2.3x	2.3x
Median NTM EV/EBITDA Comps Multiple	9.4x	9.4x	9.4x	9.4x	9.4x
Private Company Discount %(7)	10%	10%	10%	10%	10%
FillBee Valuation Estimate	$ 2,000,000	$ 4,000,000	$ 7,000,000	$17,384,786	$110,525,743

The Company will not generate sufficient Revenue or EBITDA in years 1, 2, or 3 to calculate a valuation based on public comparable multiples. Based on preliminary investor feedback, the Company believes it can raise money in years 1, 2, and 3 at $2,000,000, $4,000,000, and $7,000,000 pre-money valuations respectively, if it hits its development and business model milestones.

The Company expects to be valued off of its revenue figures in Year 4 as it begins to scale its sources of income.

The Company expects to be valued off of its EBITDA from Year 5 onwards as it achieves sufficient levels of profitability and free cash flow.

(1) Enterprise Value adjusted for cash and debt on most recent balance sheet.
(2) LTM is short for "Last Twelve Months". All figures from latest twelve months on public financial statements as of 4/29/12.
(3) NTM is short for "Next Twelve Months", figures based on analyst projections as compiled by Capital IQ as of 4/29/12.
(4) EBITDA is short for "Earnings Before Interest Taxes Depreciation and Amortization."
(5) Assumed FillBee operating income as a proxy for EBITDA.
(6) Assumed constant comparable company multiples for Years 1-5.
(7) Assumed a private company discount factor off of public company multiples of 10%.

Year 1 Investment	
Pre-Money Valuation	$2,000,000
Price Per Share	$1.82
New Investment	$750,000
Post-Money Valuation	$2,750,000

	Pre Series A1		Series A1		Post Series A1	
	Shares	FD%	Shares	$ Invested	Shares	FD%
Common Stock						
David Gordon	250,000	22.7%	-	-	250,000	16.5%
Vishal Chaturvedi	250,000	22.7%	-	-	250,000	16.5%
Vasco Mendes de Campos	250,000	22.7%	-	-	250,000	16.5%
Vikram Srivastava	250,000	22.7%	-	-	250,000	16.5%
Series A1 Preferred Stock	-	0.0%	412,500	$750,000	412,500	27.3%
Options (Issued & Unissued)	100,000	9.1%	-	-	100,000	6.6%
Total	**1,100,000**	**100.0%**	**412,500**	**$750,000**	**1,512,500**	**100.0%**

Year 2 Investment	
Pre-Money Valuation	$4,000,000
Price Per Share	$2.64
New Investment	$1,000,000
Post-Money Valuation	$5,000,000

	Pre Series A2		Series A2		Post Series A2	
	Shares	FD%	Shares	$ Invested	Shares	FD%
Common Stock						
David Gordon	250,000	16.5%	-	-	250,000	13.2%
Vishal Chaturvedi	250,000	16.5%	-	-	250,000	13.2%
Vasco Mendes de Campos	250,000	16.5%	-	-	250,000	13.2%
Vikram Srivastava	250,000	16.5%	-	-	250,000	13.2%
Series A1 Preferred Stock	412,500	27.3%	-	-	412,500	21.8%
Series A2 Preferred Stock	-	0.0%	378,125	$1,000,000	378,125	20.0%
Options (Issued & Unissued)	100,000	6.6%	-	-	100,000	5.3%
Total	**1,512,500**	**100.0%**	**378,125**	**$1,000,000**	**1,890,625**	**100.0%**

Year 3 Investment	
Pre-Money Valuation	$7,000,000
Price Per Share	$3.70
New Investment	$1,000,000
Post-Money Valuation	$8,000,000

	Pre Series A3		Series A3		Post Series A3	
	Shares	FD%	Shares	$ Invested	Shares	FD%
Common Stock						
David Gordon	250,000	13.2%	-	-	250,000	11.6%
Vishal Chaturvedi	250,000	13.2%	-	-	250,000	11.6%
Vasco Mendes de Campos	250,000	13.2%	-	-	250,000	11.6%
Vikram Srivastava	250,000	13.2%	-	-	250,000	11.6%
Series A1 Preferred Stock	412,500	21.8%	-	-	412,500	19.1%
Series A2 Preferred Stock	378,125	20.0%	-	-	378,125	17.5%
Series A3 Preferred Stock	-	0.0%	270,089	$1,000,000	270,089	12.5%
Options (Issued & Unissued)	100,000	5.3%	-	-	100,000	4.6%
Total	**1,890,625**	**100.0%**	**270,089**	**$1,000,000**	**2,160,714**	**100.0%**