

*Online and On-the-Run...*

*Beauty Booking Made Simple*



**Pretty Quick™**

**Confidential and Proprietary**

**Business Plan**

**April 29, 2011**

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## 1. Executive Summary

### Company Overview:

Pretty Quick™ is a web and mobile-based community that connects professional beauty service consumers with vetted salons and spas specific to their location. Providing online and mobile appointment-booking for a range of recommended beauty services, technological analogs include OpenTable and ZocDoc in the restaurant and healthcare industries respectively.<sup>1</sup> Motivated by extensive market research against both beauty enthusiasts and salon/spa owners, the team is on track to launch a beta test in Chicago in late spring 2011. As of April 29<sup>th</sup>, they have verbal commitments from three salons<sup>2</sup> to participate in their beta and have received positive feedback from dozens of salon/spa owners.

### End User Problem:

Successful, multi-faceted women play many different roles in their own lives. They thrive on their on-the-go lifestyles, but also make a point to incorporate ‘me time’ into their routine. However, scheduling these moments of self-care can be challenging. A synthesis of both qualitative interviews and two quantitative survey fieldeds against a robust sample of over 300 time-pressed women has uncovered the following pain-point-driven use cases for Pretty Quick<sup>3</sup>:

**Found Time:** Busy professionals and/or full-time mothers find it hard to know when they are going to have time to pamper themselves. When they do ‘find time’ for whatever reason, they want to be able to take advantage of it.

**Convenience:** Interviewees were frustrated with the limitation of only being able to call to book appointments during business hours, as well as the time required to make and keep track of different appointments for different services.

**Trusted Recommendations:** Whether traveling or just looking for a new beauty service provider, women look to people they trust for advice on new places to go.

### Merchant Problem:

Most salon and spa owners are not formally trained business personnel; they have a passion and expertise for beauty and are generally lifestyle entrepreneurs who desire a healthy and stable revenue

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<sup>1</sup> Best practices in their respective verticals, Zoc Doc has raised over \$19 million in venture funding led by Founders Fund, and Open Table’s 2010 annual report boasted sales of \$98.9 million, representing 37% compounded annual growth over the last 5 years

<sup>2</sup> Griffith Parc Salon and Custom Hair Lounge in Lincoln Park, Delle Amiche Salon on Michigan Avenue

<sup>3</sup> Quantitative surveys conducted against 1) 214 women ages 25 – 60 in April and 2) 70 women ages 25 – 60 in February.

Qualitative interviews conducted with 30 target users in Winter 2010. Three rounds of focus groups with 20 ttl target users conducted in April.



stream. The Pretty Quick team has interviewed over 40 salons and spas in the Chicagoland area and discovered three primary merchant problems:

**Underutilized Capacity:** The frequently cited problem is underutilized capacity as a result of both last minute cancellations and reduced demand during off-peak hours. Salons have high fixed costs and spend 46.9% of revenue on wages<sup>4</sup>. Any window when their facilities are not filled and employees are not generating revenue is a wasted opportunity.

**Ineffective and Untargeted Marketing:** Another commonly cited pain-point is frustration with existing third party marketing and advertising vehicles. Salons and spas are reluctant to try marketing and advertising programs that require upfront spend but have no guaranteed results.

**Proliferation of Discount Sites:** While social commerce sites are highly effective awareness and trial generating tools, they have several drawbacks: eroding already thin margins,<sup>5</sup> they result in demand spikes that exceed merchants' short term capacity and attract discount seekers instead of potentially loyal repeat customers.

#### Pretty Quick Solution and Differentiation:

For the end user, Pretty Quick will make it easy to identify, screen, and book beauty appointments on-line and on-the-go. The intuitive, user-oriented website and mobile app will provide extensive location-based search and listings of beauty services based on users' selection of desired treatments, dates and times. Simple navigation will allow users to search "Available Now" last-minute bookings as well as to schedule appointments weeks in advance.

For salons and spas, Pretty Quick's direct access to a dedicated end user community solves the key pain-points of generating appointments during off-peak hours and filling cancellation slots. For low-to medium technology salons still using pen and paper (app. 30% of market), Pretty Quick's cloud-based appointment solution is an all-inclusive scheduling and marketing device. For larger salons that have invested in dedicated customer relationship manager (CRM) software, Pretty Quick will eventually plug into their appointment-booking system in order to provide seamless real-time information for their clients and employees<sup>6</sup>. By controlling their availability and pricing messaging, salon and spa

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<sup>4</sup> Moldvay, Caitlin. *Hair and Nail Salons in the US*. Rep. IBIS World, 2010. Print.

<sup>5</sup> Average industry margins for nail and nail salons are less than 5% according to Moldvay, Caitlin. *Hair and Nail Salons in the US*. Rep. IBIS World, 2010. Print.

<sup>6</sup> This API plug-in model is employed to fast-growing analog start-up in the healthcare space, ZocDoc.



professionals are able to promote their business and ideally convert new customers from the appointment-seeking beauty enthusiast user audience on *prettyquickbeauty.com*.

### Market Opportunity

The beauty industry grosses over \$100 billion dollars annually in the United States,<sup>7</sup> of which \$48 billion flows from the professional beauty services sector, comprised of salon and spa services. Pretty Quick will be focused on the emerging online booking space within the beauty service sector, and estimates their specific market size to be \$300 million, derived by examining the 30 largest population centers in the United States and honing in on the target demographic of female beauty service consuming females ages 25 – 60. Based on quantitative survey data, Pretty Quick assumes these women on average book at least 24 beauty appointments per year and that in the future at least one third of all appointments will be booked online. Both this average number of appointments per year and reported online booking percentage are less than metrics indicated by Pretty Quick's proprietary survey results. This bottom-up market size is calculated based on revenue of \$3 per appointment booked, or 10% fee on an average service price of \$30.<sup>8</sup>

### Competitive Landscape:

Several businesses are competing for salon and spa business management and marketing spend. The market is extremely fragmented with no clear industry leaders in any particular vertical including customer relationship management software<sup>9</sup>, general online scheduling tools, digital and social media marketing companies, discount and deal a day sites, and information aggregators. Pretty Quick's offering is unique because it brings together a vetted network of salons and spas with a robust network of beauty enthusiasts with the functionality of convenient appointment booking. A handful of direct competitors exist in the online salon and spa directory and appointment booking space. LifeBooker, Spaciaty, Spadia, and SpaFinder all offer online beauty appointment booking, often at discounted prices. None of these competitors have a strong national footprint or significant penetration in singular markets. Additionally, only one has released a mobile application that allows for truly local and mobile appointment booking.

### Go-To-Market Strategy:

<sup>7</sup> Based on aggregating salon, spa, and manufacturing market sizes from Moldvay, Caitlin. *Hair and Nail Salons in the US*. Rep. IBIS World, 2010. Print and *Cosmetics and Beauty Product Manufacturing in the US*. Rep. IBIS World, 2011. Print.

<sup>8</sup> \$30 - Weighted average of reported prices of top 4 services most likely to be booked online (hair cut, massage, spa manicure and pedicure, waxing) is 37.50, according to Pretty Quick quantitative survey of 214 consumers. For market size estimates, Pretty Quick adjusted downwards to account for PQ targeting of affluent demographics.

10% of revenue - The percent per booking fee reduces adoption risk for customers as they are only charged when they receive a booking. This model is in line with analogs and competitors, and appropriately reflects the revenue generated to the merchants (vs a flat fee). The 10% rate considers GrubHub's 15% cut and translates it for the beauty industry with slightly smaller margins.

<sup>9</sup> There are over 140 different providers of salon and spa software that manages everything from POS to inventory to employee tracking as well as booking.



The Pretty Quick team is sensitive to the virtuous cycle of salon and spa customer conversion and end-user acquisition that will be required to anchor the business and successfully expand. As a result the team has developed an aggressive marketing plan to build this dual-ended network and dedicated substantial financial resources to sales and marketing.

Pretty Quick is targeting small-to-medium sized salons and spas that are female-targeted and appointment preferred establishments. These salons and spas offer services such as haircuts, massages, waxes, and spa manicures and pedicures. The salons and spas will be targeted based on a high level of expected adoption and compliance, a minimum technology threshold (i.e. internet and computer), attractiveness to end user, and alignment with end-user behavior. In addition to a robust and dedicated direct sales strategy, Pretty Quick will implement a strategic marketing plan to generate awareness and reach the salon and spa owners where they are actively thinking about tools to enhance their business. These include trade shows, professional websites and publications, and social media channels.

In considering the transition from beta mode to the full Chicago market, the team has analyzed various pricing scenarios and has decided on a pricing strategy of 10% of the cost of services booked. This percent of booking model is in line with analogs and competitors, and appropriately reflects the varying revenue generated from different services to the merchants.

The Pretty Quick team is focused on building the end-user side of the network simultaneous to the acquisition of the beta customers. The beta version of the end-user web interface *prettyquickbeauty.com* is scheduled to launch in May and marketing efforts will initially target those beauty enthusiasts who live, work and frequent the beta neighborhoods – Lincoln Park, Old Town, and Gold Coast. Pretty Quick will reach these beauty enthusiasts through a targeted marketing strategy aimed to create awareness and drive trial of Pretty Quick. Pretty Quick will use media vehicles such as print, online, and outdoor advertising to drive broad awareness and targeted promotions via social media and direct marketing to incent trial.

#### Financials and Assumptions:

Pretty Quick anticipates achieving \$30.8 million in revenue during its fifth year of operations by which time it will be in 20 major US cities and have over 180 employees. **(see detailed financial statements in the Appendices)**. Pretty Quick will achieve 27% EBIT margin by year five (in line with industry analogs) and anticipates becoming cash flow positive in year four. The key revenue drivers are penetration, volume, and price. Penetration depends on geographic expansion, number of sales personnel, and effectiveness of sales personnel. Volume is a function of the number and type of appointments booked through Pretty Quick. **(see Appendix for detailed assumptions)**



**Figure 9: Financial Summary**

Year Quarter Month	Unit	Constant value	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Total revenues</b>	<b>\$'000</b>		<b>63</b>	<b>2,983</b>	<b>8,972</b>	<b>20,966</b>	<b>30,824</b>
Total direct expenses	\$'000		(734)	(3,439)	(10,171)	(14,962)	(20,135)
Total overhead costs	\$'000		(335)	(1,354)	(1,676)	(2,075)	(2,329)
<b>TOTAL OPERATING EXPENSES</b>	<b>\$'000</b>		<b>(1,069)</b>	<b>(4,793)</b>	<b>(11,848)</b>	<b>(17,037)</b>	<b>(22,464)</b>
<b>EBITDA</b>	<b>\$'000</b>		<b>(1,006)</b>	<b>(1,810)</b>	<b>(2,876)</b>	<b>3,929</b>	<b>8,360</b>
<i>EBITDA margin</i>	%		-1595.4%	-60.7%	-32.1%	18.7%	27.1%
<b>EBIT</b>	<b>\$'000</b>		<b>(1,017)</b>	<b>(1,826)</b>	<b>(2,918)</b>	<b>3,889</b>	<b>8,311</b>
<i>EBIT margin</i>	%		-1613.5%	-61.2%	-32.5%	18.5%	27.0%
<b>Net Income</b>	<b>\$'000</b>		<b>(1,017)</b>	<b>(1,826)</b>	<b>(2,918)</b>	<b>3,889</b>	<b>5,736</b>
<i>Net Income margin</i>			-1613.5%	-61.2%	-32.5%	18.5%	18.6%
<b>Net change in cash*</b>			<b>(1,051)</b>	<b>(1,866)</b>	<b>(3,108)</b>	<b>3,799</b>	<b>5,646</b>
<b>Cumulative cash flow*</b>			<b>(1,051)</b>	<b>(2,917)</b>	<b>(6,025)</b>	<b>(2,226)</b>	<b>3,419</b>

\* Note: Financing not taken into consideration (no equity financing included)

#### Financing Needs:

Pretty Quick is attempting to secure \$100,000 for a six month proof of concept in Chicago. Pretty Quick anticipates subsequent funding needs of \$1 million for a full scale Chicago launch, \$2 million to launch in a secondary market, and an additional \$3 million for national expansion. The total projected financing needs for 20 cities will be \$6.3 million.

#### Future Growth and Exit:

Pretty Quick management has considered multiple exit opportunities for stakeholders and has identified two plausible exit strategies, acquisition and IPO. Pretty Quick's network of beauty enthusiasts and salons/spas would allow online scheduling engines in other verticals, like OpenTable and ZocDoc, to increase their penetration into the overall scheduling market. Social commerce sites like Groupon and Living Social also present possible acquisition opportunities due to the common business missions of increasing users for small business owners. Finally, management believes that an IPO liquidity event would be likely given the precedent of OpenTable, which raised over \$40 million through an IPO in 2009.

#### Management:

Our diverse management team is uniquely poised to build a destination brand for an engaged nationwide user and salon/spa network, and to lead Pretty Quick to a successful exit for investors. **Coco Meers, Co-Founder and Chief Executive Officer**, (BA Princeton University, MBA Candidate Booth School of Business) brings more than 6 years in marketing and brand management in the beauty industry. While working for the cosmetics industry leader, L'Oreal, in New York and at Paris headquarters, she directed cross-functional teams to bring over ten products from concept to market. **Sandra Susino, Co-**



*Founder and Chief Technical Officer* (BA Princeton University, MS Computer Science Stanford) Sandra brings deep technical knowledge and executive business development leadership to the team. After years of management consulting, she has led several tech-focused new ventures to successful exits, and brings with her a rich network of technology partners and resources. **Shreena Amin**, *Chief Operating Officer* (BA Northwestern University, MBA Candidate Booth School of Business) brings strategy and operations experience to the Pretty Quick team. After three years at JPMorgan, she subsequently served as Director of Budget and Operations for Barack Obama's 2008 Presidential campaign where she helped grow the operations to offices in all fifty states all with over 4000 employees. **Heidi McCollum**, *Chief Marketing Officer* (BA Miami University, MBA Candidate Booth School of Business) Heidi brings extensive experience in new product development, customer acquisition, and advertising and promotions from her career at Kraft Foods where she led the marketing strategy for the \$800MM Kraft Singles brand. **Sorin Sandulescu**, *Chief Financial Officer* (BA ASE Bucharest, MBA Candidate Booth School of Business) brings strong financial and deep analytical thinking to the team. During his 6 year career at Ernst & Young, he has helped large domestic and multinational corporations streamline their business processes, raise funds, and prepare for exits. **Nicole Pearl**, *Chief Beauty Curator* and founder of *thebeautygirl.com*, was a beauty editor in New York and contributing beauty writer to publications such as Allure, Glamour, Self and Harpers Bazaar. As an editorial beauty authority, her reputation as a beauty expert will help legitimize the Pretty Quick promise and ensure our community is always trustworthy for users.

## **2. Company Overview**

Pretty Quick™ is a web and mobile-based community that connects professional beauty service consumers with vetted salons and spas specific to their location. Providing online and mobile appointment-booking for a range of recommended beauty services, technological analogs include OpenTable and ZocDoc in the restaurant and healthcare industries respectively.<sup>10</sup> Facilitating a seamless matching of supply and demand in the \$48 billion beauty services market,<sup>11</sup> Pretty Quick solves documented pain-points on both the end user and merchant side. The founders' driving mission is to help busy, successful women carve out time for self-care despite all the competing demands in their multi-faceted lives.

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<sup>10</sup> Best practices in their respective verticals, Zoc Doc has raised over \$19 million in venture funding led by Founders Fund, and Open Table's 2010 annual report boasted sales of \$98.9 million, representing 37% compounded annual growth over the last 5 years

<sup>11</sup> Moldvay, Caitlin. *Hair and Nail Salons in the US*. Rep. IBIS World, 2010. Print.





Momentum behind Pretty Quick is strong. Motivated by extensive market research against both beauty enthusiasts and salon/spa owners, the team is on track to launch a beta test in Chicago in late spring 2011. As of April 29<sup>th</sup>, they have verbal commitments from three salons<sup>12</sup> to participate in their beta and have received positive feedback from dozens of salon/spa owners. (see Appendix XVI). The team is systematically meeting with hundreds more decision makers in their target zip codes to expand beta participation and refine go-to-market strategy. To ensure their offer resonates with regular consumers of beauty services, the team has refined its solution through qualitative and quantitative feedback from over 300 time-pressed women ages 25-60 in their target end-user segment.<sup>13</sup>

Pretty Quick has diligently worked to cultivate a network of strategic alliances and advisors. After extensive vetting of over 6 potential technology partners, including the cloud-based customer relationship management giant, Salesforce.com, they have identified two technology firms with expertise in real-time scheduling and are currently finalizing joint venture terms with their lead vendor. They have partnered with local beauty influencers like Nicole Pearl of *thebeautygirl.com* to establish credibility as a beauty authority, both in their firm's ability to curate the universe of salons and spas as well as generate excitement among end users. Additionally, they have sought counsel and have corresponded with veteran entrepreneurs in consumer-oriented network effect businesses, including Chuck Templeton, founder of OpenTable, Matt Maloney, co-founder and CEO of GrubHub food delivery business, and Genevieve Thiers, serial entrepreneur behind Sitter City and now Contact Karma.

The Pretty Quick website, *prettyquickbeauty.com*<sup>14</sup>, will begin featuring user-oriented content in mid-May, including a user-friendly directory of the best salons and spas in near-north Chicago. Their first beta customers will begin using the cloud-based scheduling functionality in early June, at which point the team will be exclusively focused on adding both users and merchants to the live network. Beyond proof of concept in near-north neighborhoods, the team plans to execute a full-scale launch in Chicago (over 3,000 salons and spas total). A plan of the carefully architected Chicago ramp-up and subsequent expansion to the top 20 professional beauty service markets follows. After five years, once Pretty Quick reaches a projected critical mass of nation-wide users booking regularly at over 10,000 salons and spas, management intends to capture, analyze, and sell its rich data pool on beauty enthusiast preferences and behavior to cosmetic-industry marketing and product development professionals.

### **3. Management**

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<sup>12</sup> Griffith Parc Salon and Custom Hair Lounge in Lincoln Park, Delle Amiche Salon on Michigan Avenue

<sup>13</sup> Quantitative surveys conducted against 1) 214 women ages 25 – 60 in April and 2) 70 women ages 25 – 60 in February.

Qualitative interviews conducted with 30 target users in Winter 2010. Three rounds of focus groups with 20 ttl target users conducted in April.

<sup>14</sup> [www.prettyquickbeauty.com](http://www.prettyquickbeauty.com) currently owned, as well as several other alternatives, in negotiations for prettyquick.com



Our diverse management team is uniquely poised to build a destination brand for an engaged nationwide user and salon/spa network, and to lead Pretty Quick to a successful exit for investors.

**Coco Meers**, *Co-Founder and Chief Executive Officer*, (BA Princeton University, MBA Candidate Booth School of Business) brings more than 6 years in marketing and brand management in the beauty industry. While working for the cosmetics industry leader, L’Oreal, in New York and at Paris headquarters, she directed cross-functional teams to bring over ten products from concept to market. She is intimately familiar with the demographic and psychographics of beauty consumers in the Pretty Quick target and maintains relationships with potential advertisers from her brand management days.

**Sandra Susino**, *Co-Founder and Chief Technical Officer* (BA Princeton University, MS Computer Science Stanford) Sandra brings deep technical knowledge and executive business development leadership to the team. After years of management consulting at IBM and Deloitte, she has led several tech-focused new ventures to successful exits, and brings with her a rich network of technology partners and resources.

**Shreena Amin**, *Chief Operating Officer* (BA Northwestern University, MBA Candidate Booth School of Business) brings strategy and operations experience to the Pretty Quick team. After three years at JPMorgan executing multi-billion dollar structured finance transactions for large corporate clients, she subsequently served as Director of Budget and Operations for Barack Obama’s 2008 Presidential campaign where she helped grow the operations from a single Chicagoland office to offices in all fifty states all with over 4000 employees. Shreena will utilize her analytical and industry research skills to develop a competitive pricing strategy and optimize product development. She will develop strong and disciplined sales processes, salon/spa vetting processes, and customer service operations that are also cost effective and efficient. She will also institute a data driven performance management culture.

**Heidi McCollum**, *Chief Marketing Officer* (BA Miami University, MBA Candidate Booth School of Business) Heidi brings extensive experience in new product development, customer acquisition, and advertising and promotions from her career at Kraft Foods where she led the marketing strategy for the \$800MM Kraft Singles brand. Notably, she won an Advertising Campaign of the Year award for pioneering a new campaign strategy that drove exceptional results in the market. Heidi will lead the *Pretty Quick* sales and marketing strategy to acquire both salon and spa customers and end-users necessary to build both end of the dual network.

**Sorin Sandulescu**, *Chief Financial Officer* ( BA ASE Bucharest, MBA Candidate Booth School of Business) brings strong financial and deep analytical thinking due to his mixed background in consulting and corporate finance. During his 6 year career at Ernst & Young, he has helped large domestic and



multinational corporations in streamlining their business processes, access European and banking funding and prepare them for future selling. Sorin will use his skills to develop Pretty Quick's financial operations and to help it raise the funds needed to implement its go to market strategy.

**Nicole Pearl**, *Chief Beauty Curator* and founder of *thebeautygirl.com*, was a beauty editor in New York and contributing beauty writer to publications such as Allure, Glamour, Self and Harpers Bazaar. As an editorial beauty authority, her reputation as a beauty expert will help legitimize the Pretty Quick promise and ensure our community is always trustworthy for users.

#### 4. User Problem

Successful, multi-faceted women play many different roles in their own lives (career, family, friends, romance). They thrive on their busy schedules and on-the-go lifestyles, but also make a point to try to incorporate 'me time' into their routine. These women feel energized and restored by nurturing themselves with a variety of professional beauty treatments. However, scheduling these moments of self-care can be challenging. A synthesis of both qualitative interviews and a quantitative survey fielded against a robust sample of over 300 time-pressed women has uncovered the following pain-point-driven use cases for Pretty Quick:

**Found Time:** Busy professionals and/or full-time mothers find it hard to know when they are going to have time to pamper and take care of themselves. When they do 'find time' for whatever reason, they want to be able to take advantage of it.

- "Found-time" insight emerged as the #1 need-gap in the target survey. 70% of respondents agreed, "When I have a last minute opening in my schedule, I wish I could know which salons/spas around me had openings."
- Lucy, 31, Mother of 4-month old and Northwestern University 3<sup>rd</sup> Year law student:

*I was in desperate need of a hair cut the other day and had a very small window in between class and relieving the nanny. I needed to find someone who could take me immediately.* Verbatim from one-on-one interview 12.10

**Convenience:** Interviewees were frustrated with the limitation of only being able to call to book appointments during business hours, as well as the time required to make and keep track of different appointments for different services.

- This emerged as the #2 need gap from target survey: 56% of women agreed, "Would like to have one place online to schedule all beauty and self-care appointments."



- Merritt, 30, University of Chicago Business School student:

*While planning my monthly beauty appointments, I had to make 5 different calls to wax and nail salons to coordinate everything on the same day. Verbatim from one-on-one interview 12.10*

**Trusted Recommendations:** Whether traveling or just looking for a new beauty service provider, women look to people they trust for advice on new places to go. The promise of a beauty community whose members' opinions and built-in beauty editor's advice they could trust was very attractive to interviewees and survey respondents.

- The #1 most considered factor when looking to make a new beauty appointment is "recommendations from friends and family" (90% of survey respondents ranked #1).
- Phoebe, 32, Antique Broker

*I just moved to Chicago from New York and have absolutely no idea where to go for my beauty appointments. I trust my close friends and beauty magazine reviews but that's hard to find in a new city. Verbatim from one-on-one interview 12.10*

Today, a few high-tech salons and spas offer on-line booking through their own website, but many salons and spas are still using pen and paper (approximately 33% according to Pretty Quick research) or out-dated software local to their computers (approximately 50%) to manage bookings. 94% of women surveyed by Pretty Quick are still using the telephone to schedule beauty service appointments but 72% would prefer to switch to on-line booking.<sup>15</sup>

## 5. Merchant Problem

Most salon and spa owners are not formally trained business personnel; they have a passion and expertise for beauty and are generally lifestyle entrepreneurs who desire a healthy and stable revenue stream. The Pretty Quick team has interviewed over 40 salons and spas in the Chicagoland area, primarily in the Lincoln Park, Gold Coast, and River North neighborhoods (see Appendix XVI) and discovered three primary merchant problems.

- 1.) **Underutilized Capacity:** The most consistently and frequently cited problem is underutilized capacity as a result of both last minute cancellations and reduced demand during off-peak

<sup>15</sup> Pretty Quick April survey conducted against 214 female respondents ages 25-60 who regularly consume professional beauty treatments



hours. Salons have high fixed costs and spend 46.9% of revenue on wages<sup>16</sup>. Any window when their facilities are not filled and employees are not generating revenue is a wasted opportunity. Almost all salons and spas interviewed had no strategy to fill appointment vacancies caused by cancellations within 24 to 48hrs of scheduled service. The frequency of last minute cancellations varied substantially from merchant to merchant. Additionally, most salons and spas reported that their busiest times were Thursday and Friday evenings and Saturdays during the day where demand often exceeded capacity. Salons and spas experienced limited demand during the morning and afternoon hours from Sunday through Thursday and expressed interest in marketing tools that would allow them to fill short term appointment vacancies during these time periods.

- 2.) **Ineffective and Untargeted Marketing:** Another commonly cited pain-point is frustration with existing third party marketing and advertising vehicles. Salons and spas are reluctant to try marketing and advertising programs that require upfront spend but have no guaranteed results. Additionally, salons and spas do not have a good understanding on which marketing and advertising strategies are effective and drive loyal traffic. Salons and spas expressed interest in highly targeted marketing and advertising strategies with a preference for pricing tied to performance.
- 3.) **Proliferation of Discount Sites:** Salons and spas expressed frustration with popular discount and deal sites like Groupon and Living Social. While they are highly effective awareness and trial generating tools, they have several drawbacks: eroding already thin margins,<sup>17</sup> they result in demand spikes that exceed merchants' short term capacity and attract discount seekers instead of potentially loyal repeat customers. At Colette Salon on Walton Street in Chicago, one service provider shared that they ran a 50% off Groupon on the popular Brazilian Keratin straightening treatment (\$300, 3-hour-long treatment for \$150). They received 30 redemptions and thus spent 90 man-hours (9 full working days) of their limited employee-base for which they were compensated barely more than cost.

## 6. Pretty Quick™ Solution and Differentiation

For the end user, Pretty Quick will make it easy to identify, screen, and book beauty appointments on-line and on-the-go. The intuitive, user-oriented website and mobile app will provide extensive

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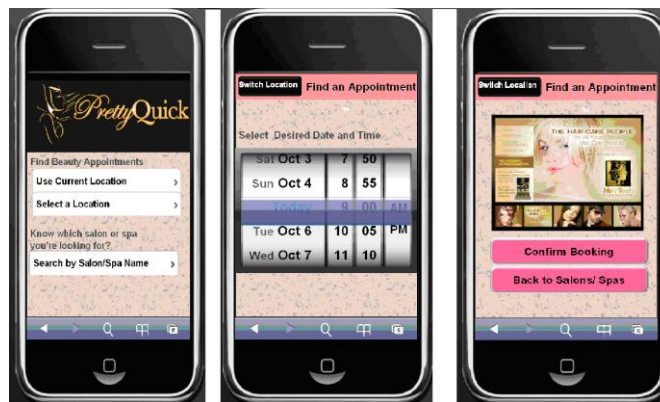
<sup>16</sup> Moldvay, Caitlin. *Hair and Nail Salons in the US*. Rep. IBIS World, 2010. Print.

<sup>17</sup> Average industry margins for nail and nail salons are less than 5% according to Moldvay, Caitlin. *Hair and Nail Salons in the US*. Rep. IBIS World, 2010. Print.



location-based search and listings of beauty services based on users' selection of desired treatments, dates and times. Initially, users will be able to search, browse, and book appointments in the following range of services: hair cut, hair color, hair style, wax, tanning, massage, and facial.<sup>18</sup> Simple navigation will allow users to search "Available Now" last-minute bookings as well as to schedule appointments weeks in advance. Users can even set up recurring appointments with their favorite service providers.<sup>19</sup> When a user is ready to book, she will review the salon and/or spa's cancellation policy and must accept that she understands before booking. Pretty Quick will send her reminder texts and/or emails based on her preferences.

**Figure 1: End User Mobile App Prototype**



Despite the founders' commitment to simplicity and functionality, Pretty Quick is not a strictly utilitarian booking site, and its sustainable competitive advantage rests on the founding team's experience with and research against users' motivations and behavior around beauty bookings.

**Beauty Brand Destination:** Pretty Quick's primary point of difference is its commitment to becoming a meaningful beauty brand for time-pressed, urban, affluent end users. Influenced by its co-founder's consumer-oriented branding experience, Pretty Quick's beauty brand DNA will be manifested in three ways:

1. Pretty Quick will only feature "approved" salons and spas to ensure that users can expect a minimum quality standard. Reinforced by survey data, users report tremendous frustration with

<sup>18</sup> Post-launch, Pretty Quick management intends to expand services offered to higher pricepoint services our discriminating users are consuming with greater frequency: laser hair removal, eyelash extensions, Botox and fillers.

<sup>19</sup> Quantitative survey reveals that this feature is appealing for categories with high loyalty levels like haircut and color.



locating good salons and spas. Pretty Quick's curatorial promise will eliminate some of the fear associated with trying a new place.

2. Unlike most of its competitors, Pretty Quick will connect users to a wide range of total beauty providers across all categories. Merchants will not be limited to just spas, allowing users to truly take care of all beauty needs in one place.
3. Pretty Quick will unroll community-building features as early as mid-May and will expand them over time. The site design will look and feel like a beauty-oriented experience, with rich, aspirational imagery and exclusive editorial content created by our Chief Beauty Curator. Within the Pretty Quick community, users will be able to share stylist recommendations and tips to Facebook® or Twitter® friends

**Focus on Real-Time:** Pretty Quick's out-of—the-gate positioning in the market will hinge on the number-one most communicated end user need, the desire to book "spur-of-the-moment" appointments in real-time. Overwhelmingly in qualitative and quantitative research, beauty enthusiast users report a strong desire to know which recommended service providers around them have availabilities that correspond with their down-time. In subsequent roll-outs of the website and application, users will be able to receive real-time alerts of promotions at salons/spas close to users' locations (using geo-location technology) and opt in for priority access to cancellation notices for must-have treatments. No other direct competitor emphasizes these real-time capabilities.

**Focus on Mobile:** Pretty Quick understands that busy, time-pressed women are increasingly disconnected from their computers or laptops, but connected to their mobile phones when last-minute openings occur in their days. Product development will focus heavily on best-in-class mobile applications across platforms. For the beta test, the team is working on a mobile-friendly web page with plans to launch a mobile application immediately upon launch.

This commitment to being a destination beauty brand, offering real-time connections to merchants, and having best-in-class mobile technology positions Pretty Quick as an empowering tool that makes it efficient and enjoyable to take care of self, but most importantly, it positions Pretty Quick as the beauty booking destination to increase traffic for local merchants.

For salons and spas, Pretty Quick's direct access to a dedicated end user community solves the key pain-points of generating appointments during off-peak hours and filling cancellation slots. For low-to medium technology salons still using pen and paper, Pretty Quick's cloud-based appointment solution is an all-inclusive scheduling and marketing device. For larger salons that have invested in dedicated customer relationship manager (CRM) software, Pretty Quick will eventually plug into their





appointment-booking system in order to provide seamless real-time information for their clients and employees.

Until Pretty Quick gains the scale necessary to approach potential CRM partners about an API plug-in, salons and spas not using Pretty Quick for all their scheduling needs will manually upload their available appointment inventory to take advantage of Pretty Quick's inventory-clearing capabilities. Most salons and spas that Pretty Quick has approached who already use an integrated software system reported their willingness to manually upload their availability if it would translate downtime into revenue-earning time. In this scenario with Pretty Quick as a complementary tool to a base CRM, Pretty Quick will send the stylist or receptionist (portal owner designated by the salon/spa) both an email and text message asking them to immediately remove all appointments booked through [PrettyQuickbeauty.com](http://PrettyQuickbeauty.com) in their regular system.

**Figure 1: Service Provider Mobile Interface**



For all customers, whether they rely on Pretty Quick as a calendaring utility or an unbooked-inventory clearing vehicle, salon/spa personnel will use the above portal log-in to upload availability into the Pretty Quick calendar. Salon and spa owners will also be able to control their logo, business information, services offered, personal statement/ philosophy, pricing per service, etc. By controlling their availability and pricing messaging, salon and spa professionals are able to promote their business and ideally convert new customers from the appointment-seeking beauty enthusiast user audience on [prettyquickbeauty.com](http://prettyquickbeauty.com).



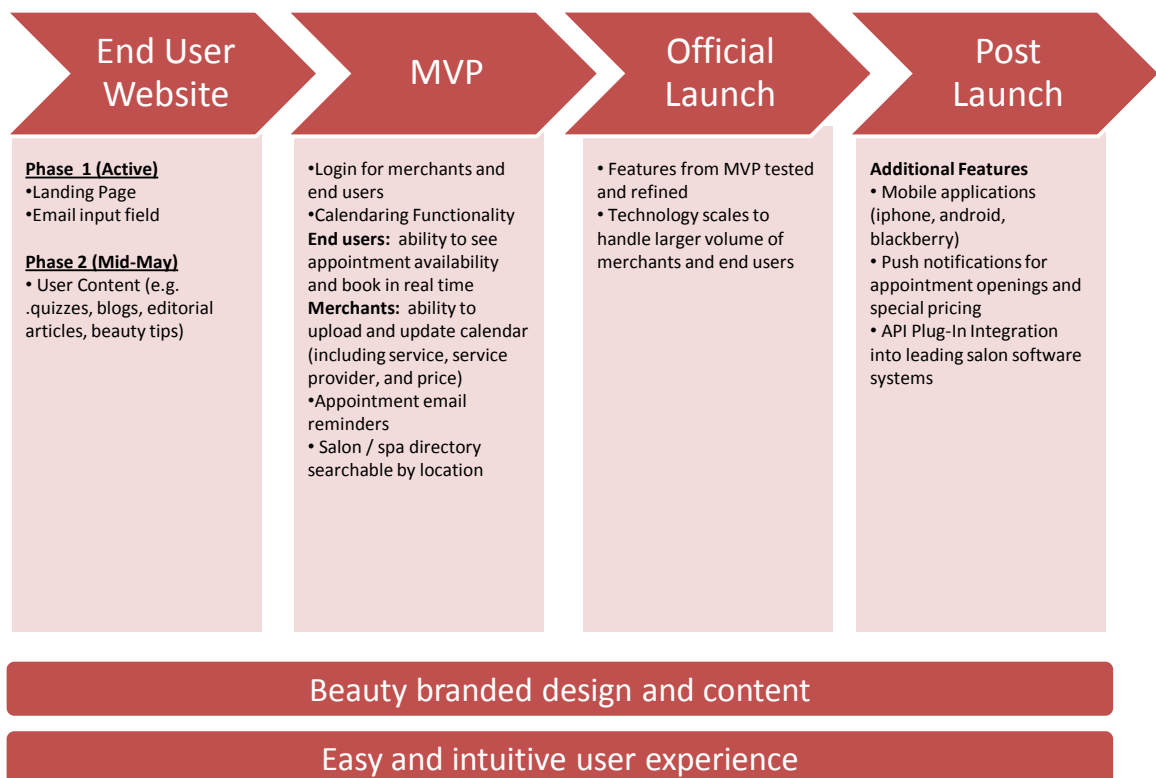


## 7. Technology Strategy

Pretty Quick management has engaged in a comprehensive sourcing and vetting process of over 6 different technology vendors, and is in final stage negotiations with 2 potential partners. Both final-stage joint venture considerations have deep prior experience in online scheduling and a detailed understanding of this nuanced intersection between operational and promotional software. Both have proprietary intellectual property available to customize for the Pretty Quick opportunity to ensure speed-to-market, and are prepared to jointly pursue patenting for any beauty-specific applications of past and future development. As of April 29th, management will decide between technology partners within days, based on thoughtful considerations of partnership terms and their evaluation of long-term disruptive capacity in the trending mobile, real-time space.

Once their technology partner is in place, Pretty Quick has designed a staged roll-out to immediately jumpstart the network effect by building traction first with end users and then with beta customers:

**Figure 3: Technology Roll-Out Plan**



## 8. Market Opportunity



The beauty industry grosses over \$100 billion dollars annually in the United States,<sup>20</sup> of which \$48 billion flows from the professional beauty services sector, comprised of salon and spas services. Salons and spas respectively comprise 73% and 23% of the total beauty service sector in terms of revenue. There are over 840,000 beauty service businesses in the U.S. including salons, spas, and booth renters. The salon industry is expected to grow at a steady rate of approximately 3.2% per year over the next five years<sup>21</sup>. The spa industry is expected to growth at a healthy rate of 17% per year<sup>22</sup>. The spa segment demonstrated resiliency as a premium service that achieved growth even during the 2008 and 2009 economic downturn.

The Pretty Quick market opportunity lies in the intersection between beauty services industry business management and marketing/advertising spend. The spend on business management is evidenced by the crowded and highly fragmented salon and spa customer relationship management software space. The marketing spend is evidenced by a typical salon or spa currently spending an average of 2.4% of revenues on the advertising, aggregating to over \$1.1 billion annually.<sup>23</sup> Pretty Quick will initially be focused on the emerging online booking space within the beauty service sector, an estimated \$300 million market. The market size is derived by examining the 30 largest population centers in the United States and honing in on the target demographic of female beauty service consuming females ages 25 – 60. Pretty Quick assumes these women on average book at least 24 beauty appointments per year and that in the future at least one third of all appointments will be booked online. Both this average number of appointments per year and reported online booking percentage are less than metrics indicated by Pretty Quick survey data. This bottom-up market size is calculated based on revenue of \$3 per appointment booked, or 10% fee on an average service price of \$32.<sup>24</sup>

## 9. Competitive Landscape

Several businesses are competing for salon and spa business management and marketing spend. The market is extremely fragmented with no clear industry leaders in any particular vertical including customer relationship management software, general online scheduling tools, digital and social media

<sup>20</sup> Based on aggregating salon, spa, and manufacturing market sizes from Moldvay, Caitlin. *Hair and Nail Salons in the US*. Rep. IBIS World, 2010. Print and *Cosmetics and Beauty Product Manufacturing in the US*. Rep. IBIS World, 2011. Print.

<sup>21</sup> Moldvay, Caitlin. *Hair and Nail Salons in the US*. Rep. IBIS World, 2010. Print.

<sup>22</sup> "ISPA Releases 2009 U.S. Spa Industry Statistics." *www.experienceispa.com*. ` July 2009. Web. 28 Apr. 2011.

<sup>23</sup> Salon advertising spend of revenues: Moldvay, Caitlin. *Hair and Nail Salons in the US*. Rep. IBIS World, 2010. Print.



























<sup>24</sup> \$30 – Weighted average of reported prices of top 4 services most likely to be booked online(hair cut, massage, spa manicure and pedicure, waxing) is 37.50, according to Pretty Quick quantitative survey of 214 consumers. For market size estimates, Pretty Quick adjusted downwards to account for PQ targeting of affluent demographics.

10% of revenue - The percent per booking fee reduces adoption risk for customers as they are only charged when they receive a booking. This model is in line with analogs and competitors, and appropriately reflects the revenue generated to the merchants (vs a flat fee). The 10% rate considers GrubHub's 15% cut and translates it for the beauty industry with slightly smaller margins.



marketing companies, discount and deal a day sites, and information aggregators. Pretty Quick's offering is unique because it brings together a vetted network of salons and spas with a robust network of beauty enthusiasts with the functionality of convenient appointment booking. Customer relationship management software, basic online scheduling tools, and digital and social media marketing companies have no network effect benefits. Discount and deal a day sites exacerbate salon and spa's existing challenges of thin margins and uneven demand. Information aggregators are purely informational, not always trusted, and lack the functionality of online booking or displaying granular pricing information.

**Figure 4: Competitive Landscape**

CRMs	Online scheduling tools	Digital / Social Media Marketing	Discount Sites	Information Aggregators
        	 	    	     	   





A handful of direct competitors exist in the online salon and spa directory and appointment booking space. LifeBooker, Spacuity, Spadia, and SpaFinder all offer online beauty appointment booking, often at discounted prices. None of these competitors have a strong national footprint or significant penetration in singular markets. Additionally, only one has released a mobile application that allows for truly local and mobile appointment booking.

- **LifeBooker** is a strong beauty branded site currently focused on the New York and Los Angeles markets, with a larger footprint in New York. Lifebooker has exclusively focused on these two limited geographic markets in the four years since founding. Appointment search and booking are secondary to the discount and deal promotion. Deals are prominently featured on the site's landing page.



- **Spaciety** which launched in July 2010 is a direct competitor in the Chicago market. It has 34 merchants in the Chicagoland area. Spaciety is a clean website with a simple and intuitive interface. Spaciety only lists appointments available in the coming two weeks and the availability listed is not exhaustive for a single salon or spa. Spaciety also requires customers booking appointments to pay online at time of booking.
- **Spadia** is an online appointment booking engine primarily focused on spa services that neglects the much larger hair services sectors. It has failed to reach significant penetration in any single geographic market. Over one third of its merchants are in New York City and no other city has more than 15 merchants signed up.
- **SpaFinder** is the only one with significant penetration in terms of both number of cities and number of merchants. However, its core business is in spa giftcards and deal promotion. It features appointment booking capability for very limited number of spas (less than 5% of all spa clients) for limited number of services in disparate locations. Without significant geographic or service concentration, it has not proven to be a valuable appointment search tool for end users. The site is also messy and cluttered and prominently displays unrelated third party advertising.

**Figure 5: Direct Competitors**

	Number of Cities	Number of Merchants	Real Time Online Booking	Mobile Application	Beauty Branded	Customer Service	Discount and Deal Promotion
	2	346	●	⏻	●	●	●
	4	66	●	⏻	⏻	⏻	⏻
	16	163	●	⏻	⏻	⏻	⏻
	>50	9,259	●	●	⏻	⏻	⏻

## 10. Marketing and Sales

The Pretty Quick team is sensitive to the virtuous cycle of salon and spa customer conversion and end-user acquisition that will be required to anchor the business and successfully expand. As a result the team has developed a strategic marketing plan to build this dual-ended network.

### *Salon and Spa Acquisition*

The Pretty Quick team is currently focused on progressing the Chicago beta test. Since December, the team has conducted over 40 interviews with local salon and spa personnel to build relationships and identify potential partners. Recently the team secured three beta customers (Griffith Parc Salon, Delle



Amiche Salon, and Custom Hair Lounge) who have verbally committed to using Pretty Quick once the technology is built. The team's goal is to acquire 30 total salon and spa customers for the beta test focusing on three specific neighborhoods in the Chicago area (Lincoln Park, Old Town, Gold Coast). Similar to the model that GrubHub and ZocDoc followed in Chicago and New York respectively, the team will start in a consolidated geographic area to best activate the dual-ended network of both customers and end-users. During the beta phase Pretty Quick will be offered at no cost to the customers to establish credibility and prove the concept.

In considering the transition from beta mode to the full Chicago market, the team has analyzed various pricing scenarios and has decided on a pricing strategy of 10% of the cost of services booked. This percent of booking model is in line with analogs and competitors, and appropriately reflects the varying revenue generated from different services to the merchants. The 10% rate is lower than competitors to encourage a gain in market share among the salons and spas. The percent per booking price reduces a major barrier to entry for the salons and spas as they are only charged when they receive a booking through Pretty Quick. This percent per booking model has been successfully implemented by the closest competitor, Lifebooker.com currently operating in New York and LA, and has been applauded by salon and spa business owners. This is also the pricing model of the successful analog, Grub Hub, which currently commands a 15% per booking fee.

Pretty Quick is targeting small-to-medium sized salons and spas that are female-targeted and appointment preferred establishments. These salons and spas offer services such as haircuts, massages, waxes, and spa manicures and pedicures. The salons and spas will be targeted based on a high level of expected adoption and compliance, a minimum technology threshold (i.e. internet and computer), attractiveness to end user, and alignment with end-user behavior. During the beta test the Pretty Quick management team will go door-to-door meeting with salon and spa owners to introduce the technology and sell Pretty Quick. With the full launch of the Chicago market an experienced four person sales team will be hired to focus on acquiring expanding Pretty Quick through the rest of the market. In addition to this direct sales strategy, Pretty Quick will also implement a strategic marketing plan to generate awareness and reach the salon and spa owners where they are actively thinking about tools to enhance their business. These include trade shows, professional websites and publications, and social media channels.

**Figure 6: Strategic Marketing plan for Chicago Salons and Spas**

<u>Trade</u>	<u>Professional</u>
--------------	---------------------



<ul style="list-style-type: none"> <li>• Trade shows (e.g., America's Beauty Show in Chicago)</li> <li>• Trade journals and websites (e.g., <i>Modern Salon</i>)</li> </ul>	<ul style="list-style-type: none"> <li>• Websites for professional tools and equipment (e.g., Century Beauty Supply)</li> </ul>
<p style="text-align: center;"><b><u>PR and Social</u></b></p> <ul style="list-style-type: none"> <li>• Media kit to local publications and industry bloggers (e.g., <i>Chicago Social</i> , thebeautygirl.com)</li> </ul>	<p style="text-align: center;"><b><u>Search</u></b></p> <ul style="list-style-type: none"> <li>• Beauty and industry related keywords (e.g., salon advertising, spa trends, salon tools)</li> </ul>

*\*See appendix for detailed marketing plan and associated costs*

### *End User Acquisition*

The success of Pretty Quick depends not only on a broad network of salons and spas but also on a robust end-user base. As presented in the Solution section, Pretty Quick's differentiation from competitors such as Spaciety and Lifebooker will come not just from the enhanced functional features such as mobile booking but also from the editorial beauty voice and exclusively curated list of spas and salons.

To give Pretty Quick this authentic editorial voice, Nicole Pearl, local beauty influencer, joined the team as strategic partner and Chief Beauty Curator. Nicole was a beauty editor for over 10 years at the epicenter of the industry in New York, where she wrote for national publications including *Allure*, *Marie Claire*, *In Style*, and many more. Nicole regularly appears on TV as a top beauty expert and has been a guest speaker for national beauty-related corporations. A recent Chicago transplant, she has her own website, *thebeautygirl.com* through which she has cultivated her brand as Chicago's beauty guru.

The Pretty Quick woman is a successful, but time-pressed urban woman. She is a beauty enthusiast who spends \$1,000+ annually on professional beauty services, visiting a salon or spa on average once per month<sup>25</sup>. The frustrations she feels when trying to schedule her beauty appointments are those that Pretty Quick will directly address – finding those last minute appointments at quality salons and spas with the convenience to book in one place, on her time. Pretty Quick will focus marketing efforts on a distinct segment of these beauty enthusiasts – women with flexible schedules. These women include full-time graduate students, stay-at-home mothers, and work-from-home professionals. What these

<sup>25</sup> IBISWorld Industry Report 81211, Hair & Nail Salons in the US, December 2010 Caitlin Moldvay



three groups of women have in common is the ability to directly address the salon and spa pain points – filling off-peak hours and last minute cancellations.

The Pretty Quick team is focused on building this end-user side of the network simultaneous to the acquisition of the beta customers. The beta version of the end-user web interface *prettyquickbeauty.com* is scheduled to launch in May and marketing efforts will initially target those beauty enthusiasts who live, work and frequent the beta neighborhoods – Lincoln Park, Old Town, and Gold Coast. Pretty Quick will reach these beauty enthusiasts through a targeted marketing strategy aimed to create awareness and drive trial of Pretty Quick. Pretty Quick will use media vehicles such as print, online, and outdoor advertising to drive broad awareness and targeted promotions via social media and direct marketing to incent trial.

**Figure7: Strategic Marketing plan for Chicago Beauty Enthusiasts**

<u>PR and Social</u>	<u>Event</u>
<ul style="list-style-type: none"> <li>Facebook advertising</li> <li>Chicago beauty and lifestyle blogger outreach led by Nicole Pearl</li> <li>Media kit to local publications and beauty and lifestyle bloggers (e.g., <i>Red Eye</i>, <i>Chicago Scene</i>)</li> </ul>	<ul style="list-style-type: none"> <li>Launch event at Rockit Bar and Grill</li> <li>Promotional materials at Chicago events (e.g., First Friday's at Art Institute, Akira Fashion Show)</li> <li>Makeup demonstrations and promotion by Nicole Pearl (e.g., at Old Town Art Festival)</li> </ul>
<u>Direct Marketing</u>	<u>Media</u>
<ul style="list-style-type: none"> <li>Promotional materials (e.g., residential buildings, office buildings, PTA/PTO organizations)</li> <li>Salon and spa marketing to their customers via promotional materials</li> </ul>	<ul style="list-style-type: none"> <li>Print and online advertisements with local Chicago publications (e.g., <i>Red Eye</i>, <i>Lucky</i>)</li> <li>Transit advertising (e.g., 'L', taxi cabs, buses)</li> <li>On-line advertising (e.g., people.com)</li> <li>Targeted keyword search</li> </ul>

\*See appendix for detailed marketing plan and associated costs

## **11. Financials and Assumptions**

Pretty Quick anticipates achieving \$30.8 million in revenue during its fifth year of operations by which time it will be in 20 major US cities and have over 180 employees. **(see detailed financial statements in the Appendices)**. Pretty Quick will achieve 27% EBIT margin by year five (in line with industry analogs) and anticipates becoming cash flow positive in year four. The key revenue drivers are penetration, volume, and price. Penetration depends on geographic expansion, number of sales



personnel, and effectiveness of sales personnel. Volume is a function of the number and type of appointments booked through Pretty Quick. (see Appendix for detailed assumptions)

**Figure 9: Financial Summary**

Year Quarter Month	Unit	Constant value	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Total revenues</b>	<b>\$'000</b>		<b>63</b>	<b>2,983</b>	<b>8,972</b>	<b>20,966</b>	<b>30,824</b>
Total direct expenses	\$'000		(734)	(3,439)	(10,171)	(14,962)	(20,135)
Total overhead costs	\$'000		(335)	(1,354)	(1,676)	(2,075)	(2,329)
<b>TOTAL OPERATING EXPENSES</b>	<b>\$'000</b>		<b>(1,069)</b>	<b>(4,793)</b>	<b>(11,848)</b>	<b>(17,037)</b>	<b>(22,464)</b>
<b>EBITDA</b>	<b>\$'000</b>		<b>(1,006)</b>	<b>(1,810)</b>	<b>(2,876)</b>	<b>3,929</b>	<b>8,360</b>
<i>EBITDA margin</i>	%		-1595.4%	-60.7%	-32.1%	18.7%	27.1%
<b>EBIT</b>	<b>\$'000</b>		<b>(1,017)</b>	<b>(1,826)</b>	<b>(2,918)</b>	<b>3,889</b>	<b>8,311</b>
<i>EBIT margin</i>	%		-1613.5%	-61.2%	-32.5%	18.5%	27.0%
<b>Net Income</b>	<b>\$'000</b>		<b>(1,017)</b>	<b>(1,826)</b>	<b>(2,918)</b>	<b>3,889</b>	<b>5,736</b>
<i>Net Income margin</i>			-1613.5%	-61.2%	-32.5%	18.5%	18.6%
<b>Net change in cash*</b>			<b>(1,051)</b>	<b>(1,866)</b>	<b>(3,108)</b>	<b>3,799</b>	<b>5,646</b>
<b>Cumulative cash flow*</b>			<b>(1,051)</b>	<b>(2,917)</b>	<b>(6,025)</b>	<b>(2,226)</b>	<b>3,419</b>

\* Note: Financing not taken into consideration (no equity financing included)

**Figure 9: Key Revenue Assumptions**

<b>Penetration</b>	
Number of cities	20
Number of salespeople (at maturity)	54
Sales conversion rate (at maturity)	30%
Attrition rate	7.5%
<b>Volume</b>	
Average number of appointments booked per salon per day (at maturity)	4
Weighted average price of service booked	\$3.75
<b>Price</b>	
Percentage fee of price of service booked	10%

Pretty Quick's primary cost drivers are sales people, marketing, and customer service. Both sales and customer service are personnel heavy. By year five, Pretty Quick anticipates spending over \$10MM annually on sales and customer service staff compensation. The other main cost is a robust and multi-faceted marketing campaign targeted at both end users and merchants.

Pretty Quick is attempting to secure \$100,000 for a six month proof of concept in Chicago. Pretty Quick anticipates subsequent funding needs of \$1 million for a full scale Chicago launch, \$2 million to launch in a secondary market, and an additional \$3 million for national expansion. The total projected financing needs for 20 cities will be \$6.3 million.





## **12. Future Growth and Exit**

Pretty Quick management has considered multiple exit opportunities for stakeholders and has identified two plausible exit strategies, acquisition and IPO. Pretty Quick's projected network of beauty enthusiasts and salons/spas (over 24,000 merchants nation-wide) would allow online scheduling engines in other verticals, like OpenTable and ZocDoc, to increase their penetration into the overall scheduling market, and cross-promote their existing portfolios with the attractive demographics in the Pretty Quick user base. Social commerce sites like Groupon and Living Social also present possible acquisition opportunities due to the common business missions of increasing users for small business owners. The ability to book a salon or spa treatment bought through a social commerce discount site would strengthen that player's competitive advantage. Finally, management believes that an IPO liquidity event would be likely given the precedent of OpenTable, which raised over \$40 million through an IPO in 2009.

## **13. Risks and Mitigation**

*Groupon Now:* Pretty Quick considers the ability to connect merchants and consumers in real-time to be a critical technological differentiator. Groupon's launch of "Groupon Now" raises concerns that the trend towards "real-time" will be spear-headed by the social commerce giant. Pretty Quick will reinforce its destination as a beauty brand, and seek to quickly onboard dedicated beauty enthusiasts whose scarce commodity – relative to the Groupon user - is time, and not money.

*Competitive Risk:* Existing CRM providers, particularly beauty focused players such as MindBody, can focus efforts on end-user community building after realizing PQs benefits. These players are more diversified and can absorb costs of stiff competition. We believe that PQs early mover advantage in focusing on community building and mobile technology will be crucial in defending this threat.

*Acceptance:* There is a strong trend across the industries in accepting the smart mobile technologies and understanding the benefits of concentrated online customer base. However, the fragmented nature of beauty industry makes it very difficult to generate mass acceptance of a product. Nevertheless, the industry also works on „what is the competition doing“ principle; so if we can generate value from our community it will attract attention across the market.



*Community Dilution:* A strong and growing online community is based on an attractive value proposition. Pretty Quick is committed to balancing business objectives with continually growing its community (i.e. providing relevant but not too much advertising, good content that addresses community concerns)



**Appendix I – Income Statement – 5 Year Forecast – Unit Model (Houston)**

Year Quarter Month	Unit	Constant value	Year 1	Year 2	Year 3	Year 4	Year 5
<b>REVENUES</b>							
Booking revenues	\$'000		-	1,049	3,073	3,270	3,450
<b>Total revenues</b>	<b>\$'000</b>		-	<b>1,049</b>	<b>3,073</b>	<b>3,270</b>	<b>3,450</b>
% increase	%				193.0%	6.4%	5.5%
<b>EXPENSES</b>							
<b>Direct Expenses</b>							
Salaries	\$'000		-	(966)	(966)	(966)	(966)
Marketing and advertising	\$'000		-	(634)	(620)	(620)	(620)
Travel and transportation	\$'000		-	(25)	(25)	(25)	(25)
Mobile telephony subscription	\$'000		-	(5)	(5)	(5)	(5)
Server webhosting	\$'000		-	(2)	(2)	(2)	(2)
<b>Total direct expenses</b>	<b>\$'000</b>		-	<b>(1,633)</b>	<b>(1,618)</b>	<b>(1,618)</b>	<b>(1,618)</b>
% increase	%				-0.9%	0.0%	0.0%
<b>Overhead costs</b>							
Salaries	\$'000		-	-	-	-	-
Marketing and advertising	\$'000		-	-	-	-	-
Rent	\$'000		-	-	-	-	-
Office supplies	\$'000		-	-	-	-	-
Insurance	\$'000		-	-	-	-	-
Management travel and transportation	\$'000		-	-	-	-	-
Legal	\$'000		-	-	-	-	-
Telecommunication	\$'000		-	-	-	-	-
<b>Total overhead costs</b>	<b>\$'000</b>		-	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>\$'000</b>		-	<b>(1,633)</b>	<b>(1,618)</b>	<b>(1,618)</b>	<b>(1,618)</b>
<b>EBITDA</b>	<b>\$'000</b>		-	<b>(584)</b>	<b>1,455</b>	<b>1,651</b>	<b>1,832</b>
EBITDA margin	%			-55.7%	47.3%	50.5%	53.1%
Depreciation	\$'000		-	(1)	(1)	(1)	(1)
Amortization	\$'000		-	-	-	-	-
<b>EBIT</b>	<b>\$'000</b>		-	<b>(584)</b>	<b>1,454</b>	<b>1,651</b>	<b>1,831</b>
EBIT margin	%			-55.7%	47.3%	50.5%	53.1%
Interest revenue	\$'000						
Interest expense	\$'000						
<b>EBT</b>	<b>\$'000</b>		-	<b>(584)</b>	<b>1,454</b>	<b>1,651</b>	<b>1,831</b>
EBT margin	%			-55.7%	47.3%	50.5%	53.1%
Income tax payable	\$'000		-	(234)	582	660	733
Tax loss carryforward	\$'000		-	(2,842)	(496)	-	-
Income tax paid	\$'000		-	-	(348)	(660)	(733)
<b>Net Income</b>	<b>\$'000</b>		-	<b>(584)</b>	<b>1,106</b>	<b>991</b>	<b>1,099</b>
Net Income margin				-55.7%	36.0%	30.3%	31.8%

## Appendix II – Income Statement – Year 1

Year		2011	2011	2011	2011	2011	2011	2011	2012	2012	2012	2012	2012
Quarter		2	3	3	3	4	4	4	1	1	1	2	2
Month	Unit	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12
<b>REVENUES</b>													
Booking revenues	\$'000	-	-	-	-	-	-	-	4	5	7	19	28
<b>Total revenues</b>	<b>\$'000</b>	-	-	-	-	-	-	-	<b>4</b>	<b>5</b>	<b>7</b>	<b>19</b>	<b>28</b>
% increase	%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	19.9%	30.2%	177.6%	44.8%
<b>EXPENSES</b>													
<b>Direct Expenses</b>													
Salaries	\$'000	-	-	-	-	-	-	-	(63)	(63)	(72)	(72)	(81)
Marketing and advertising	\$'000	(11)	(5)	(5)	(5)	(5)	(5)	(5)	(90)	(51)	(69)	(54)	(69)
Travel and transportation	\$'000	-	-	-	-	-	-	-	(1)	(1)	(2)	(2)	(2)
Mobile telephony subscription	\$'000	-	-	-	-	-	-	-	(0)	(0)	(0)	(0)	(0)
Server webhosting	\$'000	-	-	-	-	-	-	-	(0)	(0)	(0)	(0)	(0)
<b>Total direct expenses</b>	<b>\$'000</b>	<b>(11)</b>	<b>(5)</b>	<b>(5)</b>	<b>(5)</b>	<b>(5)</b>	<b>(5)</b>	<b>(5)</b>	<b>(154)</b>	<b>(115)</b>	<b>(143)</b>	<b>(127)</b>	<b>(152)</b>
% increase	%		-53.4%	0.0%	0.0%	0.0%	0.0%	0.0%	2838.2%	-25.2%	24.0%	-11.0%	20.0%
<b>Overhead costs</b>													
Salaries	\$'000	-	-	-	-	-	-	-	(46)	(46)	(46)	(46)	(46)
Marketing and advertising	\$'000	(1)	-	(10)	-	-	-	-	(22)	(20)	(10)	-	(10)
Rent	\$'000	-	-	-	-	-	-	-	(1)	(1)	(1)	(1)	(1)
Office supplies	\$'000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Insurance	\$'000	(1)	-	-	-	-	-	-	-	-	-	-	-
Management travel and transportation	\$'000	-	-	-	-	-	-	-	(0)	(0)	(0)	(0)	(0)
Legal	\$'000	(8)	-	-	-	-	-	-	(1)	(1)	(1)	(1)	(1)
Telecommunication	\$'000	-	-	-	-	-	-	-	(1)	(1)	(1)	(1)	(1)
<b>Total overhead costs</b>	<b>\$'000</b>	<b>(11)</b>	<b>(1)</b>	<b>(11)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(71)</b>	<b>(69)</b>	<b>(59)</b>	<b>(49)</b>	<b>(59)</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$'000</b>	<b>(22)</b>	<b>(6)</b>	<b>(16)</b>	<b>(6)</b>	<b>(6)</b>	<b>(6)</b>	<b>(6)</b>	<b>(225)</b>	<b>(184)</b>	<b>(202)</b>	<b>(176)</b>	<b>(212)</b>
<b>EBITDA</b>	<b>\$'000</b>	<b>(22)</b>	<b>(6)</b>	<b>(16)</b>	<b>(6)</b>	<b>(6)</b>	<b>(6)</b>	<b>(6)</b>	<b>(221)</b>	<b>(179)</b>	<b>(195)</b>	<b>(157)</b>	<b>(184)</b>
EBITDA margin	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-5030.7%	-3404.1%	-2849.5%	-827.2%	-668.7%
Depreciation	\$'000	-	-	-	-	-	-	-	(0)	(0)	(0)	(0)	(0)
Amortization	\$'000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
<b>EBIT</b>	<b>\$'000</b>	<b>(23)</b>	<b>(7)</b>	<b>(17)</b>	<b>(7)</b>	<b>(7)</b>	<b>(7)</b>	<b>(7)</b>	<b>(222)</b>	<b>(180)</b>	<b>(196)</b>	<b>(158)</b>	<b>(185)</b>
EBIT margin	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-5055.8%	-3425.0%	-2865.8%	-833.0%	-672.8%
Interest revenue	\$'000												
Interest expense	\$'000												
<b>EBT</b>	<b>\$'000</b>	<b>(23)</b>	<b>(7)</b>	<b>(17)</b>	<b>(7)</b>	<b>(7)</b>	<b>(7)</b>	<b>(7)</b>	<b>(222)</b>	<b>(180)</b>	<b>(196)</b>	<b>(158)</b>	<b>(185)</b>
EBT margin	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-5055.8%	-3425.0%	-2865.8%	-833.0%	-672.8%
Income tax paid	\$'000	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Income</b>	<b>\$'000</b>	<b>(23)</b>	<b>(7)</b>	<b>(17)</b>	<b>(7)</b>	<b>(7)</b>	<b>(7)</b>	<b>(7)</b>	<b>(222)</b>	<b>(180)</b>	<b>(196)</b>	<b>(158)</b>	<b>(185)</b>
Net Income margin	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-5055.8%	-3425.0%	-2865.8%	-833.0%	-672.8%

### Appendix III – Income Statement – Year 2

Year		2012	2012	2012	2012	2012	2012	2012	2013	2013	2013	2013	2013
Quarter		2	3	3	3	4	4	4	1	1	1	2	2
Month	Unit	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
<b>REVENUES</b>													
Booking revenues	\$'000	38	101	129	167	200	226	288	315	341	367	393	419
<b>Total revenues</b>	<b>\$'000</b>	<b>38</b>	<b>101</b>	<b>129</b>	<b>167</b>	<b>200</b>	<b>226</b>	<b>288</b>	<b>315</b>	<b>341</b>	<b>367</b>	<b>393</b>	<b>419</b>
% increase	%	37.3%	167.3%	27.2%	29.6%	20.1%	12.9%	27.6%	9.2%	8.4%	7.7%	7.1%	6.6%
<b>EXPENSES</b>													
<b>Direct Expenses</b>													
Salaries	\$'000	(161)	(161)	(161)	(161)	(161)	(161)	(161)	(161)	(161)	(161)	(161)	(161)
Marketing and advertising	\$'000	(136)	(120)	(116)	(120)	(119)	(118)	(119)	(123)	(116)	(120)	(119)	(118)
Travel and transportation	\$'000	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mobile telephony subscription	\$'000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Server webhosting	\$'000	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
<b>Total direct expenses</b>	<b>\$'000</b>	<b>(302)</b>	<b>(286)</b>	<b>(283)</b>	<b>(286)</b>	<b>(285)</b>	<b>(284)</b>	<b>(285)</b>	<b>(290)</b>	<b>(283)</b>	<b>(286)</b>	<b>(285)</b>	<b>(284)</b>
% increase	%	98.3%	-5.4%	-1.2%	1.1%	-0.3%	-0.4%	0.4%	1.7%	-2.4%	1.1%	-0.3%	-0.4%
<b>Overhead costs</b>													
Salaries	\$'000	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(98)	(98)
Marketing and advertising	\$'000	-	(10)	-	(10)	-	(10)	-	(22)	(20)	(10)	-	(10)
Rent	\$'000	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Office supplies	\$'000	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Insurance	\$'000	(1)	-	-	-	-	-	-	-	-	-	-	-
Management travel and transportation	\$'000	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Legal	\$'000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Telecommunication	\$'000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
<b>Total overhead costs</b>	<b>\$'000</b>	<b>(106)</b>	<b>(115)</b>	<b>(105)</b>	<b>(115)</b>	<b>(105)</b>	<b>(115)</b>	<b>(105)</b>	<b>(127)</b>	<b>(125)</b>	<b>(115)</b>	<b>(105)</b>	<b>(115)</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$'000</b>	<b>(409)</b>	<b>(401)</b>	<b>(388)</b>	<b>(401)</b>	<b>(390)</b>	<b>(399)</b>	<b>(390)</b>	<b>(417)</b>	<b>(408)</b>	<b>(401)</b>	<b>(390)</b>	<b>(399)</b>
<b>EBITDA</b>	<b>\$'000</b>	<b>(371)</b>	<b>(300)</b>	<b>(259)</b>	<b>(235)</b>	<b>(190)</b>	<b>(173)</b>	<b>(102)</b>	<b>(102)</b>	<b>(67)</b>	<b>(34)</b>	<b>3</b>	<b>20</b>
EBITDA margin	%	-980.6%	-297.0%	-201.8%	-140.9%	-95.0%	-76.7%	-35.4%	-32.5%	-19.6%	-9.3%	0.8%	4.8%
Depreciation	\$'000	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Amortization	\$'000	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
<b>EBIT</b>	<b>\$'000</b>	<b>(372)</b>	<b>(301)</b>	<b>(261)</b>	<b>(236)</b>	<b>(191)</b>	<b>(175)</b>	<b>(103)</b>	<b>(104)</b>	<b>(68)</b>	<b>(35)</b>	<b>2</b>	<b>19</b>
EBIT margin	%	-984.1%	-298.3%	-202.9%	-141.7%	-95.7%	-77.3%	-35.9%	-32.9%	-20.0%	-9.6%	0.4%	4.5%
Interest revenue	\$'000	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	\$'000	-	-	-	-	-	-	-	-	-	-	-	-
<b>EBT</b>	<b>\$'000</b>	<b>(372)</b>	<b>(301)</b>	<b>(261)</b>	<b>(236)</b>	<b>(191)</b>	<b>(175)</b>	<b>(103)</b>	<b>(104)</b>	<b>(68)</b>	<b>(35)</b>	<b>2</b>	<b>19</b>
EBT margin	%	-984.1%	-298.3%	-202.9%	-141.7%	-95.7%	-77.3%	-35.9%	-32.9%	-20.0%	-9.6%	0.4%	4.5%
Income tax paid	\$'000	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Income</b>	<b>\$'000</b>	<b>(372)</b>	<b>(301)</b>	<b>(261)</b>	<b>(236)</b>	<b>(191)</b>	<b>(175)</b>	<b>(103)</b>	<b>(104)</b>	<b>(68)</b>	<b>(35)</b>	<b>2</b>	<b>19</b>
Net Income margin	%	-984.1%	-298.3%	-202.9%	-141.7%	-95.7%	-77.3%	-35.9%	-32.9%	-20.0%	-9.6%	0.4%	4.5%

## Appendix IV

### Cash Flow Statement – Year 1

Year		2011	2011	2011	2011	2011	2011	2011	2012	2012	2012	2012	2012
Quarter		2	3	3	3	4	4	4	1	1	1	2	2
Month	Unit	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12
<b><u>Operating Activities</u></b>													
Net Income	\$'000	(23)	(7)	(17)	(7)	(7)	(7)	(7)	(222)	(180)	(196)	(158)	(185)
Depreciation	\$'000	-	-	-	-	-	-	-	0	0	0	0	0
Amortization	\$'000	1	1	1	1	1	1	1	1	1	1	1	1
(Increase)/decrease in working capital	\$'000	2	(1)	1	(1)	-	-	-	8	(3)	0	(3)	1
<b>Cash Flow from Operating Activities (CFO)</b>	<b>\$'000</b>	<b>(20)</b>	<b>(7)</b>	<b>(15)</b>	<b>(7)</b>	<b>(6)</b>	<b>(6)</b>	<b>(6)</b>	<b>(213)</b>	<b>(182)</b>	<b>(195)</b>	<b>(161)</b>	<b>(183)</b>
<b><u>Investing Activities</u></b>													
Capital expenditures	\$'000	(30)	-	-	-	-	-	-	(16)	-	(1)	-	(1)
<b>Cash Flow from Investing Activities (CFI)</b>	<b>\$'000</b>	<b>(30)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16)</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>(1)</b>
<b>CASH FLOW AVAILABLE FOR FINANCING ACTIVITIES</b>		<b>(50)</b>	<b>(7)</b>	<b>(15)</b>	<b>(7)</b>	<b>(6)</b>	<b>(6)</b>	<b>(6)</b>	<b>(229)</b>	<b>(182)</b>	<b>(196)</b>	<b>(161)</b>	<b>(184)</b>
<b><u>Financing Activities</u></b>													
Equity injection	\$'000	100	-	-	-	-	-	-	1,000	-	-	-	-
Issuance / (repayment) of revolver	\$'000	-	-	-	-	-	-	-	-	-	-	-	-
<b>Cash Flow from Financing Activities (CFF)</b>	<b>\$'000</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN CASH*</b>	<b>\$'000</b>	<b>50</b>	<b>(7)</b>	<b>(15)</b>	<b>(7)</b>	<b>(6)</b>	<b>(6)</b>	<b>(6)</b>	<b>771</b>	<b>(182)</b>	<b>(196)</b>	<b>(161)</b>	<b>(184)</b>
Beginning cash balance	\$'000	-	50	42	27	20	14	7	1	772	590	394	233
Ending cash balance	\$'000	50	42	27	20	14	7	1	772	590	394	233	49

## Appendix V

### Cash Flow Statement – Year 2

Year		2012	2012	2012	2012	2012	2012	2012	2013	2013	2013	2013	2013
Quarter		2	3	3	3	4	4	4	1	1	1	2	2
Month	Unit	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
<b><u>Operating Activities</u></b>													
Net Income	\$'000	(372)	(301)	(261)	(236)	(191)	(175)	(103)	(104)	(68)	(35)	2	19
Depreciation	\$'000	0	0	0	0	0	0	0	0	0	0	0	0
Amortization	\$'000	1	1	1	1	1	1	1	1	1	1	1	1
(Increase)/decrease in working capital	\$'000	3	(8)	(4)	(4)	(5)	(2)	(8)	(1)	(4)	(4)	(4)	(3)
<b>Cash Flow from Operating Activities (CFO)</b>	<b>\$'000</b>	<b>(367)</b>	<b>(308)</b>	<b>(264)</b>	<b>(238)</b>	<b>(195)</b>	<b>(176)</b>	<b>(110)</b>	<b>(103)</b>	<b>(71)</b>	<b>(38)</b>	<b>(1)</b>	<b>18</b>
<b><u>Investing Activities</u></b>													
Capital expenditures	\$'000	(12)	-	-	-	-	-	-	-	-	-	-	-
<b>Cash Flow from Investing Activities (CFI)</b>	<b>\$'000</b>	<b>(12)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOW AVAILABLE FOR FINANCING ACTIVITIES</b>		<b>(379)</b>	<b>(308)</b>	<b>(264)</b>	<b>(238)</b>	<b>(195)</b>	<b>(176)</b>	<b>(110)</b>	<b>(103)</b>	<b>(71)</b>	<b>(38)</b>	<b>(1)</b>	<b>18</b>
<b><u>Financing Activities</u></b>													
Equity injection	\$'000	2,000	-	-	-	-	-	-	-	-	-	-	-
Issuance / (repayment) of revolver	\$'000	-	-	-	-	-	-	-	-	-	-	-	-
<b>Cash Flow from Financing Activities (CFF)</b>	<b>\$'000</b>	<b>2,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN CASH*</b>	<b>\$'000</b>	<b>1,621</b>	<b>(308)</b>	<b>(264)</b>	<b>(238)</b>	<b>(195)</b>	<b>(176)</b>	<b>(110)</b>	<b>(103)</b>	<b>(71)</b>	<b>(38)</b>	<b>(1)</b>	<b>18</b>
Beginning cash balance	\$'000	49	1,670	1,362	1,098	860	665	489	379	275	204	166	165
Ending cash balance	\$'000	1,670	1,362	1,098	860	665	489	379	275	204	166	165	183

## Appendix VI

### Income Statement – 5 Year Forecast

Year Quarter Month	Unit	Constant value	Year 1	Year 2	Year 3	Year 4	Year 5
<b>REVENUES</b>							
Booking revenues	\$'000		63	2,983	8,972	20,966	30,824
<b>Total revenues</b>	<b>\$'000</b>		<b>63</b>	<b>2,983</b>	<b>8,972</b>	<b>20,966</b>	<b>30,824</b>
% increase	%			4629.9%	200.8%	133.7%	47.0%
<b>EXPENSES</b>							
<b>Direct Expenses</b>							
Salaries	\$'000		(349)	(1,932)	(5,746)	(8,497)	(11,442)
Marketing and advertising	\$'000		(376)	(1,442)	(4,234)	(6,182)	(8,312)
Travel and transportation	\$'000		(7)	(50)	(148)	(220)	(296)
Mobile telephony subscription	\$'000		(1)	(10)	(29)	(42)	(57)
Server webhosting	\$'000		(1)	(5)	(14)	(21)	(28)
<b>Total direct expenses</b>	<b>\$'000</b>		<b>(734)</b>	<b>(3,439)</b>	<b>(10,171)</b>	<b>(14,962)</b>	<b>(20,135)</b>
% increase	%			368.2%	195.8%	47.1%	34.6%
<b>Overhead costs</b>							
Salaries	\$'000		(230)	(1,176)	(1,446)	(1,794)	(1,998)
Marketing and advertising	\$'000		(73)	(92)	(92)	(92)	(92)
Rent	\$'000		(5)	(46)	(79)	(109)	(133)
Office supplies	\$'000		(12)	(24)	(36)	(48)	(60)
Insurance	\$'000		(1)	(1)	(1)	(1)	(1)
Management travel and transportation	\$'000		(1)	(3)	(5)	(7)	(10)
Legal	\$'000		(11)	(6)	(6)	(6)	(6)
Telecommunication	\$'000		(3)	(6)	(12)	(18)	(30)
<b>Total overhead costs</b>	<b>\$'000</b>		<b>(335)</b>	<b>(1,354)</b>	<b>(1,676)</b>	<b>(2,075)</b>	<b>(2,329)</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$'000</b>		<b>(1,069)</b>	<b>(4,793)</b>	<b>(11,848)</b>	<b>(17,037)</b>	<b>(22,464)</b>
<b>EBITDA</b>	<b>\$'000</b>		<b>(1,006)</b>	<b>(1,810)</b>	<b>(2,876)</b>	<b>3,929</b>	<b>8,360</b>
EBITDA margin	%		-1595.4%	-60.7%	-32.1%	18.7%	27.1%
Depreciation	\$'000		(1)	(6)	(32)	(41)	(49)
Amortization	\$'000		(10)	(10)	(10)	-	-
<b>EBIT</b>	<b>\$'000</b>		<b>(1,017)</b>	<b>(1,826)</b>	<b>(2,918)</b>	<b>3,889</b>	<b>8,311</b>
EBIT margin	%		-1613.5%	-61.2%	-32.5%	18.5%	27.0%
Interest revenue	\$'000						
Interest expense	\$'000						
<b>EBT</b>	<b>\$'000</b>		<b>(1,017)</b>	<b>(1,826)</b>	<b>(2,918)</b>	<b>3,889</b>	<b>8,311</b>
EBT margin	%		-1613.5%	-61.2%	-32.5%	18.5%	27.0%
Income tax payable	\$'000		(407)	(731)	(1,167)	1,555	3,324
Tax loss carryforward	\$'000		(1,462)	(11,588)	(24,201)	(19,665)	(1,025)
Income tax paid	\$'000		-	-	-	-	(2,575)
<b>Net Income</b>	<b>\$'000</b>		<b>(1,017)</b>	<b>(1,826)</b>	<b>(2,918)</b>	<b>3,889</b>	<b>5,736</b>
Net Income margin			-1613.5%	-61.2%	-32.5%	18.5%	18.6%



## Appendix VII

### Balance Sheet – 5 Year Forecast

Year Quarter Month	Unit	Constant value	Year 1	Year 2	Year 3	Year 4	Year 5
<b>ASSETS</b>							
<b>Current assets:</b>							
Cash and cash equivalents	\$'000		49	183	275	4,074	9,719
Accounts receivable	\$'000		3	52	158	259	365
<b>Total current assets</b>	<b>\$'000</b>		<b>53</b>	<b>235</b>	<b>433</b>	<b>4,333</b>	<b>10,084</b>
<b>Non current assets:</b>							
Tangible assets, net	\$'000		16	22	134	136	136
Intangible assets, net	\$'000		20	10	0	0	0
<b>Total non current assets</b>	<b>\$'000</b>		<b>36</b>	<b>32</b>	<b>134</b>	<b>136</b>	<b>136</b>
<b>TOTAL ASSETS</b>	<b>\$'000</b>		<b>89</b>	<b>267</b>	<b>568</b>	<b>4,469</b>	<b>10,220</b>
<b>LIABILITIES</b>							
Accounts payable	\$'000		6	10	29	42	58
Short term debt	\$'000		-	-	-	-	-
Long term debt	\$'000		-	-	-	-	-
<b>Total liabilities</b>	<b>\$'000</b>		<b>6</b>	<b>10</b>	<b>29</b>	<b>42</b>	<b>58</b>
<b>EQUITY</b>							
Common stock	\$'000		1,100	3,100	6,300	6,300	6,300
Retained earnings	\$'000		(1,017)	(2,844)	(5,762)	(1,873)	3,863
<b>Total equity</b>	<b>\$'000</b>		<b>83</b>	<b>256</b>	<b>538</b>	<b>4,427</b>	<b>10,163</b>
<b>TOTAL LIABILITIES AND OWNER'S EQUITY</b>	<b>\$'000</b>		<b>89</b>	<b>267</b>	<b>568</b>	<b>4,469</b>	<b>10,220</b>

## Appendix VIII

### Cash Flow Statement – 5 Year Forecast

Year Quarter Month		Year 1	Year 2	Year 3	Year 4	Year 5
	Unit					
<b><u>Operating Activities</u></b>						
Net Income	\$'000	(1,017)	(1,826)	(2,918)	3,889	5,736
Depreciation	\$'000	1	6	32	41	49
Amortization	\$'000	10	10	10	-	-
(Increase)/decrease in working capital	\$'000	3	(44)	(88)	(89)	(89)
<b>Cash Flow from Operating Activities (CFO)</b>	<b>\$'000</b>	<b>(1,003)</b>	<b>(1,855)</b>	<b>(2,963)</b>	<b>3,841</b>	<b>5,695</b>
<b><u>Investing Activities</u></b>						
Capital expenditures	\$'000	(48)	(12)	(145)	(42)	(49)
<b>Cash Flow from Investing Activities (CFI)</b>	<b>\$'000</b>	<b>(48)</b>	<b>(12)</b>	<b>(145)</b>	<b>(42)</b>	<b>(49)</b>
<b>CASH FLOW AVAILABLE FOR FINANCING ACTIVITIES</b>		<b>(1,051)</b>	<b>(1,866)</b>	<b>(3,108)</b>	<b>3,799</b>	<b>5,646</b>
<b><u>Financing Activities</u></b>						
Equity injection	\$'000	1,100	2,000	3,200	-	-
Issuance / (repayment) of revolver	\$'000	-	-	-	-	-
<b>Cash Flow from Financing Activities (CFF)</b>	<b>\$'000</b>	<b>1,100</b>	<b>2,000</b>	<b>3,200</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN CASH</b>	<b>\$'000</b>	<b>49</b>	<b>134</b>	<b>92</b>	<b>3,799</b>	<b>5,646</b>
Beginning cash balance	\$'000	-	49	183	275	4,074
Ending cash balance	\$'000	49	183	275	4,074	9,719

\* Note: Financing taken into consideration (equity plug included)

## Appendix IX

### Detailed Assumptions

#### Financial Model Assumptions

Category	Level	Assumption	Value	Rationale
Revenue and Costs	Headquarters	Unit Multiplier	Varies	Equally weighted average ratio of city's population to base case city population and ratio of city's total number of salons and spas to base case city's total number of salons and spas.
Cost (Human Resources)	General	Chief Beauty Curator Annual Salary	\$80,000	Confirmed with former Allure beauty editor, market rate for senior beauty editor who has worked for 10+ years in beauty publishing and/ or beauty fashion PR. Will oversee media relations and editorial managers in each city.
Cost (Human Resources)	General	Chief Technology Architect Annual Salary	\$150,000	CTO, Sandra Susino, collaborated with colleagues to confirm this is a competitive rate for an experienced, talented head engineer. Post proof of concept phase, all technology brought inside the company.
Cost (Human Resources)	General	Technical Specialist Annual Salary	\$95,000	Increase tech team over time as needs escalate: Yr 1 - Chief Architect + 1 Specialist (complementary mobile skills to architect for Iphone + droid + Bberry suite) Yr 2 - Chief Architect + 1 Specialist Yr 3 - Chief Architect + 2 Specialists Yr 4 - Chief Architect + 3 Specialists Yr 5 - Chief Architect + 4 Specialists
Cost (Human Resources)	General	IT Support Annual Salary	\$60,000	Market rate for general technology infrastructure support
Cost (Marketing)	General	Salon and Spa Acquisition		see appendix
Cost (Marketing)	General	End User Acquisition		see appendix
Cost (Overhead)	General	Main Office Rent (Monthly)	\$6,050	Rent scales as number of non-sales employees at headquartes grows from 14 to 27. Starts at \$2500 per month. Rates commensurate with Class B market rate of \$20/ square foot and 100 square feet required per person, (utilities included) Model assumes binding annual lease. Consulted vice-president of KTC Properties real estate investment firm on rates
Cost (Overhead)	General	Customer Service Center Rent (Monthly)	\$7,000	Rent scales as number of CS employees grows from 18 to 94. Starts at \$2000 monthly rent. Commensurate with Class C market rate of \$15/ square foot and 100 square feet required per person (based on 2/3 of ttl customer service employees due to staggered shifts). Utilities included. Consulted vice-president of KTC Properties real estate investment firm on rates
Cost (Overhead)	General	Office Supplies (Monthly)	\$5,000	Increases as business grows, Starts at \$1000 per month. Office supplies to include: business cards, pens, paper, coffee machine, letterhead, whiteboards, lunches, toner, etc
Cost (Overhead)	General	Furniture Expenses per person	\$300	Furniture needs scale as personell grows. Per person allowance accounts for shared space furniture needs like conference tables, etc.
Cost (Overhead)	General	Insurance (Annual)	\$1,000	
Costs (Capital Expenditure)	General	Printers	\$4,000	Printers and copiers purchased at launch for lump sum of \$2000, and increased after 3 years of operations .
Costs (Customer Service)	Unit	Customer Service Staff per unit	7.00	Sufficient staff for 24 hour customer service telephone and online support for both merchants and end users.
Costs (Customer Service)	General	Customer Service Staff Annual Salary	\$90,000	Gross salary comensurate with market rates and adjusted down for start-up. Includes 20% buffer on net salary to cover taxes and benefits.
Costs (Human Resources)	General	Human Resource Director Annual Salary	\$80,000	Gross salary comensurate with market rates and adjusted down for start-up. Includes 20% buffer on net salary to cover taxes and benefits.

## Appendix X

### Detailed Assumptions (Cont.)

Category	Level	Assumption	Value	Rationale
Costs (Human Resources)	General	Human Resource Manager	\$72,000	Gross salary comensurate with market rates and adjusted down for start-up. Includes 20% buffer on net salary to cover taxes and benefits.
Costs (Legal)	General	Upfront Legal Costs	\$8,000	Legal quote for upfront costs for incorporation, drafting of basic contracts, and terms and service.
Costs (Legal)	General	Monthly Retainer	\$500	Estimated monthly legal retainer.
Costs (Marketing)	Headquarters	Marketing Director Salary	\$144,000	Gross salary comensurate with market rates and adjusted down for start-up. Includes 20% buffer on net salary to cover taxes and benefits.
Costs (Marketing)	Headquarters	Marketing Brand Manager Salary	\$90,000	Gross salary comensurate with market rates and adjusted down for start-up. Includes 20% buffer on net salary to cover taxes and benefits.
Costs (Marketing)	Headquarters	Marketing Analyst Salary	\$66,000	Gross salary comensurate with market rates and adjusted down for start-up. Includes 20% buffer on net salary to cover taxes and benefits.
Costs (Servers)	Unit	Servers	\$2,500	Upfront investment in servers in Chicago. \$200 in webhosting per month per city added as well, scaled according to city multiplier
Costs (Technology)	General	Computer hardware and software for new employees	\$800	Wholesale computer and software market price for new employees.
Costs (Telecommunications)	General	Mobile Phone Monthly Service Charge	\$100	Monthly service charge for employee cellular and data plans. Assumes device will be included free in price of contract.
Costs (Travel + Transportation)	General	Management Team	\$800	Management team travel to meet with investors, conduct trainings, visit satellite cities. Scales from \$200 to \$800 per month as company grows.
Costs (Travel + Transportation)	Unit	Travel Costs per Salesperson per month	\$520	Estimated \$200 for gas, \$150 for automobile insurance and maintenance, and \$170 for air travel.

## Appendix XI

### Detailed Assumptions (Cont.)

Category	Level	Assumption	Value	Rationale
Revenue (pricing)	Unit	Percentage Fee of Services Booked	\$0	The percent per booking fee reduces risk for our customers to adopt Pretty Quick as they only are charged when they receive a booking. This model is in line with analogs and competitors, and appropriately reflects the revenue generated to the merchants. The 10% rate is lower than competitors encouraging a gain market share
Revenue (Sales)	Unit	Number of Pitches per Salesperson per Month	80	Estimate an individual salesperson pitches 4 salons or spas per day for 20 work days per month. Remaining days dedicated to administrative costs. Number of pitches per day starts at 3 and increases to 4 as sales personnel identify more potential targets and become more efficient.
Revenue (Sales)	Unit	Number of Salespeople per unit city	4	Analogue GrubHub estimates 5 sales people per city. Pretty Quick adjusted downwards as there are fewer salons and spas per city relative to restaurants.
Revenue (Sales)	Unit	Maximum number of Salons and Spas per city	70%	Estimated percentage of total salons / spas in a given metropolitan market (excludes greater greater metropolitan and suburban area) that meet Pretty Quick vetting criteria.
Revenue (Sales)	Unit	Salon and Spa Customer Annual Attrition Rate	7.5%	Qualitative estimate based on analogue Open Table's attrition rate of less than 1% and anecdotal estimate of 15% from advisor for service sector start-ups.
Revenue (Sales)	Unit	Sales Conversion Rate	30%	Estimated conversion rate increases from initial 12% to 30% over time as sales personnel become more effective. 30% is reasonable given absence of upfront costs for trial and pay for performance model.
Revenue (volume)	Unit	Average Price Per Booking	\$37.5	Weighted average of services booked based on quantitative survey of 214 consumers. Top 4 services respondents would be most likely to book on Pretty Quick hair cut, massage, spa manicure and pedicure, waxing: average price paid for each service weighted by average # of appointments booked per year by service as a percentage of total average appointments booked per year
Revenue (volume)	Unit	# of bookings per day per salon/spa	\$4	Increases over time: Beta: .5 bookings per day per salon/spa Month 1-3: 1 booking per day per salon/spa Month 4-6: 2 bookings per day per salon/spa After Month 6: 4 bookings per day per salon/spa Rationale: - more than 1 stylist per salon and spa (84% have 5-9) - behavior conversion, users will repeat book - likely will have integrated into leading CRM/ scheduling tools so more appointments will be visible - aggressive marketing spend to increase user awareness
Revenue and Costs	Unit	Unit City	Houston, TX	Large domestic market with healthy ration of salons and spas to population. No direct competitors currently in market.

## Appendix XII

### Salon and Spa Marketing Plan Costs

<b>Beta (3 Neighborhoods)</b>				
Trade marketing	Trade show	America's Beauty Show (Chicago) <a href="http://tradeshow.free-press-release.com/exhibition,3351,americas-beauty-show-2011/">http://tradeshow.free-press-release.com/exhibition,3351,americas-beauty-show-2011/</a>	\$10,000 (HQ cost)	1x cost
Targeted search	Beauty and industry keywords	Salon advertising, spa advertising, salon tools, spa trends, hair trends	\$900	Monthly
Direct marketing materials	Sales collateral	Leave-behind brochures	\$700 \$300 in design (HQ cost)	1x cost
<b>Chicago Market</b>				
PR	Media kits	Chicago industry publications, industry bloggers <i>Press Releases &amp; Feature Stories</i> <i>Customized Cover / Pitch Letters</i> <i>Biographies – Spokespeople/Nicole Business Story</i>	\$900	1x cost
Trade marketing	Trade shows	The Makeup Show (Chicago) <a href="http://tradeshow.free-press-release.com/exhibition,3351,americas-beauty-show-2011/">http://tradeshow.free-press-release.com/exhibition,3351,americas-beauty-show-2011/</a>	\$20,000 (HQ cost)	1x cost
Other trade marketing – print & on-line	Trade magazines and websites	<i>Modern Salon, American Salon, DaySpa Magazine, National Hair Journal, The Hair Industry Connection</i> and associated websites	\$10,000 (HQ cost) \$5,000 in design (HQ cost)	6x cost
On-line	Professional websites	Centurybeautysupply.com, nationwide beauty.com, sallyhanson.com <i>Geographically targeted to Chicago</i>	\$1,800	Monthly
Targeted search	Beauty and industry keywords	Salon advertising, spa advertising, salon tools, spa trends, hair trends	\$3,600	Monthly
Direct marketing materials	Sales collateral	Leave-behind brochures	\$900	Monthly

#### Cost Assumptions:

1. Trade show average price: \$10,000 <http://www.tradeshowhandbook.com/trade-show-costs.html>

2. Promotional materials average print cost: \$1 per 8x11 size  
<https://www.printingforless.com/brochureseight.html>
3. Average cost per click for beauty and industry keywords: average \$1.20  
[https://adwords.google.com/o/Targeting/Explorer?\\_\\_u=10000000000&\\_\\_c=10000000000&ideaRequestType=KEYWORD\\_IDEAS#search.none](https://adwords.google.com/o/Targeting/Explorer?__u=10000000000&__c=10000000000&ideaRequestType=KEYWORD_IDEAS#search.none)
4. Average PR media kit price: \$1000 for limited local release per discussion with associate at Edelman PR agency in Chicago
5. Average media costs by type: <http://www.docstoc.com/docs/1924107/Types-of-Advertising-Media>

## Appendix XIII

## End User Marketing Plan Costs

<b>Beta (3 Neighborhoods)</b>				
Social media	Facebook	Facebook advertising RewardShare incentive program	\$1,000	Monthly
PR	Media kits	<i>Red Eye, Chicago Scene, thebeautygirl.com Press Releases &amp; Feature Stories Customized Cover / Pitch Letters Biographies – Spokespeople/Nicole Business Story</i>	\$1,000	1x cost
Outdoor	'L' stations	Platform advertising (Fullerton, Clark)	\$4,000	1x cost
Event	Local establishments	Soft launch party at Old Town Social	\$5,000	1x cost
Targeted search	Beauty and lifestyle keywords	Hair salon + zip code, hair salon + neighborhood, neighborhood +hair reviews, spas on + major streets, etc.	\$1,000	Monthly
Direct marketing	Postcards	Promotional materials for Pretty Quick	\$8,000 <i>\$300 in design (HQ cost)</i>	1x cost
<b>Chicago Market</b>				
Social Media	Facebook	Facebook advertising RewardShare promotion	\$4,500	Monthly
PR	Media kits	<i>Red Eye, Chicago Scene Press Releases &amp; Feature Stories Customized Cover / Pitch Letters Biographies – Spokespeople/Nicole Business Story</i>	\$2,700	1x cost
Outdoor	'L' trains, taxis, buses, bus stops	Transit advertising: 'L' – Chicago, Belmont, Jackson Bus & 'L' – on-board advertising Bus shelters – Clark/Division	\$18,000	Monthly





Event	Local establishments	Launch party at Rokit Bar and Grill Make-up demonstrations by Nicole Pearl at Lincoln Park Akira First Fridays at Art Institute	\$15,000 \$1,800 \$450	1x cost 4x cost 4x cost
Print	Beauty and lifestyle magazines	<i>Chicago Scene, Chicago Social, Lucky (Chicago issue), Red Eye, Newcity Chicago</i>	\$18,000 \$7,000 in design (HQ cost)	6x cost
On-line	Beauty and lifestyle websites	people.com, usweekly.com, allure.com, cosmopolitan.com, chicagoscene.com, chicagosocial.com	\$13,500	Monthly
Targeted search	Beauty and lifestyle keywords	Hair salon + zip code, hair salon + neighborhood, neighborhood +hair reviews, spas on + major streets, etc.	\$6,300	Monthly
Direct marketing materials	Postcards	Promotional materials for Pretty Quick	\$2,700	Monthly

Cost Assumptions:

1. Facebook advertising cost: \$500 per month targeted to Chicago area only  
<http://www.facebook.com/ads/create/>
2. Rewardshare promotional cost: per discussion with RewardShare CEO
3. Promotional materials average print cost: \$0.25 per postcard  
<https://www.printingforless.com/cardspostcards.html>
4. Average cost per click for beauty and industry keywords: average \$1.20  
[https://adwords.google.com/o/Targeting/Explorer?\\_u=1000000000&\\_c=1000000000&ideaRequestType=KEYWORD\\_IDEAS#search.none](https://adwords.google.com/o/Targeting/Explorer?_u=1000000000&_c=1000000000&ideaRequestType=KEYWORD_IDEAS#search.none)
5. Average PR media kit price: \$3000 for full local release per discussion with associate at Edelman PR agency in Chicago

Average media costs by type: <http://www.docstoc.com/docs/1924107/Types-of-Advertising-Media>

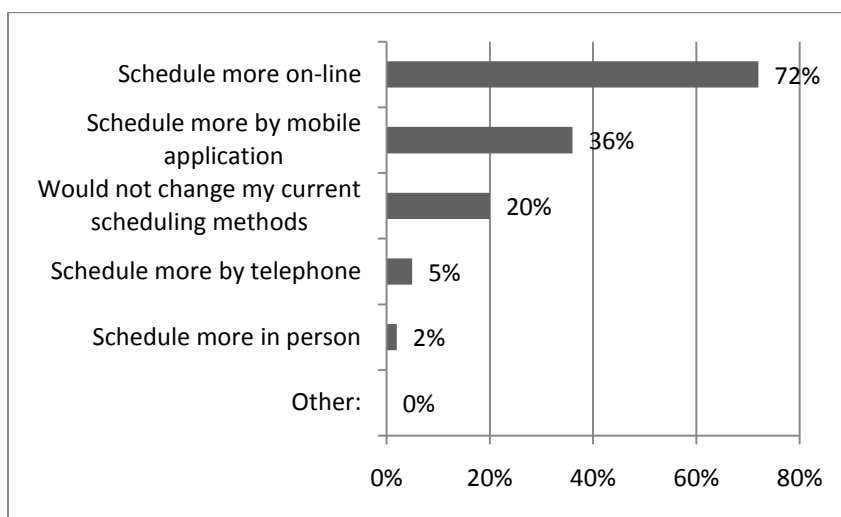
## Appendix XIV

### Quantitative End User Survey Results:

Survey fielded against 200+ Beauty Enthusiasts April 2011:

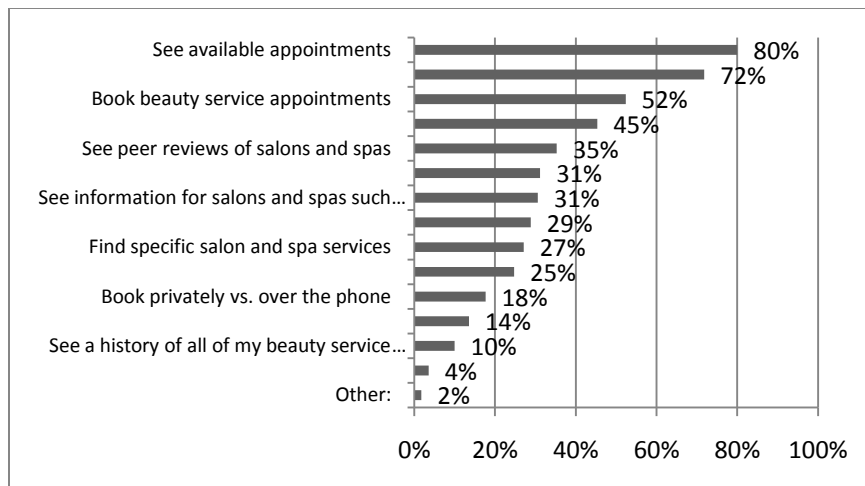
*For the beauty services that you schedule ahead of time (do not just walk in for), if you had the option how would you schedule differently? Select all that apply:*

**72% of end-users wish they could schedule more on-line and 36% more by mobile application**



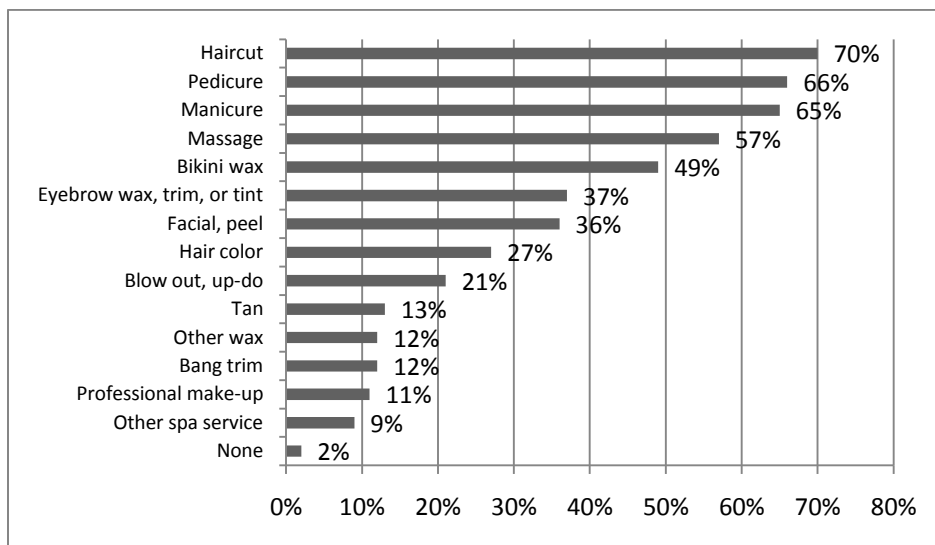
*What do you think would be most useful about this service [Pretty Quick]? Rank your top three:*

**Seeing available appointments and being able to book immediately online were top benefits of Pretty Quick**



*Which appointments do you think you might use this service for? Check all that apply:*

**Haircuts, manicures/pedicures, massages, and waxes ranked highest in the services for which end-users would use Pretty Quick**



## Appendix XV

### End User Verbatims from Survey and Focus Groups:

*Is there anything you especially like or dislike about how you currently schedule beauty service appointments?*

- I like to call early in the morning or late at night when I'm not at work/school and always have to leave a message
- Sometimes can't remember the name of the person I had last time
- Have to ask for their availability individually by time and date and that takes too long to coordinate with my schedule
- I would like to have access to see all available appointments
- Would like to see how busy a salon or stylist is; want to see the full availability to pick the best time for me, but also know that I'm not being squeezed in
- I HATE having to call and try to find times that work for me & the beautician
- The awkwardness of making personal phone calls in my otherwise silent department
- I can never find same day appointments and I hate planning in advance
- I hate looking up the phone numbers. I probably would schedule more if I could just do this online, because I sit at a computer all day anyway



## Appendix XVI

### Salons and Spas Interviewed:

	Name	Address	Zipcode	Phone	Website
1	Abeille Beauty	2504 North Clark Street	60614	773-904-8710	
2	Amazing Faces & All-Star Nails	1150 N State St	60610	(312) 662-8794	<a href="http://www.amazingfaces.biz">www.amazingfaces.biz</a>
3	Arbre	1244 N Wells St	60610	(312) 274-9935	
4	Art + Science	1554 N Milwaukee Ave	60622	(773) 227-4247	<a href="http://www.artandsciencesalon.com">www.artandsciencesalon.com</a>
5	Cellular Intelligence	100 East Walton St # 400W	60611	(312) 255-1495	<a href="http://cimespa.com/">http://cimespa.com/</a>
6	Charles Ifergan	106 E Oak	60611	(312) 642-4484	<a href="http://www.charlesifergan.com/">http://www.charlesifergan.com/</a>
7	Chroma	3944 West Touhy Avenue	60712	847-568-9191	<a href="http://www.chromasalonspa.com/">http://www.chromasalonspa.com/</a>
8	Custom Hair Lounge	2107 N Cleveland	60614	(773) 818-6643	
9	Delle Amiche	980 N Michigan Ave # Mezz2	60611	(312) 337-2665	<a href="http://www.delleamichsalon.com">www.delleamichsalon.com</a>
10	Elysian Spa	11 East Walton Street	60611	312-266-3700	<a href="http://www.elysianhotels.com/spa-and-health-club/">http://www.elysianhotels.com/spa-and-health-club/</a>
11	Emmet Rode Salon and Spa	1940 N Lincoln Ave	60614	773-750-7726	<a href="http://www.emmettode.com/">http://www.emmettode.com/</a>
12	Fancy Nails	22 E Elm St	60611	(312) 951-8305	none
13	Fuga	3853 North Southport Avenue	60613	(773) 880-1280	<a href="http://www.salonfuga.com/">http://www.salonfuga.com/</a>
14	Griffith Parc Salon	2551 North Clark Street, Suite 100	60614	(312) 977-9177	<a href="http://www.griffithparcsalon.com">www.griffithparcsalon.com</a>
15	Heavenly Massage	1163 N State St	60610	(312) 202-0213	<a href="http://www.heavenlymassage.com/">www.heavenlymassage.com/</a>
16	Honey				
17	James Patrick	30 E Division Street	60610	(312) 944-0410	
18	James Patrick Manicuring	30 E Division St	60610	(312) 266-6174	
19	Joseph Michael's Salon and Spa	1313 N Ritchie Ct	60610	(312) 482-9800	<a href="http://www.josephmichaels.net">www.josephmichaels.net</a>
20	Marianne Strokirk				
21	Massage Envy	1845 North Clybourn	60614		
22	Maxine	712 N Rush St	60611	(312) 957-8908	<a href="http://www.maxinesalon.com">www.maxinesalon.com</a>
23	Old Town Nails	1433 N Wells St Frnt	60610		
24	Salon 1800 Old Town	157 W North Ave	60610	(312) 951-1802	
25	Salon Duo	1400 N Lake Shore Dr # 3	60610	312 664 8710	<a href="http://www.salonduo1400.com/">http://www.salonduo1400.com/</a>
26	Salon Lashe	34 E Oak St	60611	(312) 867-3600	<a href="http://www.salonlashe.com">www.salonlashe.com</a>
27	Salon Rouge	1628 North Wells Street	60614	(312) 274-1316	<a href="http://www.salonrougechicago.com/">http://www.salonrougechicago.com/</a>
28	Salon Soca	1400 W Webster	60614	773-244-0999	<a href="http://www.salonsoca.com/">http://www.salonsoca.com/</a>
29	Spa Emila	21 W Elm	60610	312) 951-7415	<a href="http://www.spaemilia.com/us/index.php">http://www.spaemilia.com/us/index.php</a>
30	Streets of London	1907 W Diversey Pkwy	60614	(773) 248-1114	
31	Swerve Salon	1419 N Wells	60610	(312) 255-0255	<a href="http://swervesalon.com/">http://swervesalon.com/</a>
32	Tousle	1445 N Wells St	60610	(312) 573-0278	<a href="http://tousle-salon.com/">http://tousle-salon.com/</a>
33	Trim	2503 N Lincoln Ave	60614	(773) 525-8746	<a href="http://www.trimwax.com/">http://www.trimwax.com/</a>
34	Trim	1629 N Milwaukee Ave	60622	(773) 276-8746	<a href="http://www.trimwax.com/">http://www.trimwax.com/</a>
35	ULTA Salon Cosmetics & Fragrance	2754 N Clybourn Ave	60614	(773) 472-6720	
36	Urban Spa Studio	2232 N Clybourn Ave	60614	(312) 404-4979	
37	V&H One Hundred and Fifty	2551 N Clark St	60614	(773) 248-0883	
38	Vera Volli Spa Inc	2300 N Lincoln Park W	60614	(773) 477-1144	
39	Vickie's Nails	11 E Elm St	60611	(312) 787-8878	
40	Webster Point	1820 W Webster Ave	60614	(773) 227-7866	
41	Xsalont	2551 N Clark St	60614	(773) 281-2026	

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### EDUCATION

#### THE UNIVERSITY OF CHICAGO BOOTH SCHOOL OF BUSINESS

Chicago, IL

##### *Master of Business Administration*

Sep 2010 – Jun 2012

- Dean's Honor List Autumn Quarter 2010
- Selected out of over 150 students to serve as LEAD Facilitator, responsible for preparing and delivering Chicago's introductory Leadership Development curriculum and ensuring a community-oriented first-year experience
- Concentrations: Entrepreneurship, Marketing Management, and Finance
- Active member: Entrepreneurship and Venture Capital Group, Marketing Group

#### PRINCETON UNIVERSITY

Princeton, NJ

##### *Bachelor of Arts in English Literature; French Language Concentration*

Sep 2000 – Jun 2004

- Graduated *Magna Cum Laude* and awarded prestigious senior thesis prize for study of postcolonial literary theory and Southern literature
- President, Communications Chair, and 4-year member of diSiac Dance Company
- Studied abroad in London through Boston University's School of International Marketing, Summer 2002

### EXPERIENCE

#### NINE NATURALS LLC, *Maternity-focused Haircare Startup, 1<sup>st</sup>-Place New Venture Challenge 2009*

Chicago, IL

##### *Marketing Consultant*

Dec 2009 - Jun 2010

- Re-positioned hair-care product line to grow business from beta-phase to projected \$500,000 in national sales
- Created new product concept and developed a data-driven plan for pricing and distribution changes
- Sourced three vendors out of a pool of hundreds for key functions including formula, packaging, and design

#### L'OREAL SA

Paris, France

##### *International Brand Manager*

Aug 2007 - May 2009

##### *Garnier Fructis Hair-Care International Product Development and Marketing Strategy Group*

- Returned positive growth to €500MM hair-care business across six continents by developing global marketing strategies and managing local market implementation
- Directed cross-functional team to launch €1MM product line in the fine hair segment, successfully reversing decline in Europe and Russia by capturing 3 percentage points of incremental market-share in key countries
- Built best-in-class 3-year innovation pipeline driven by market opportunities and consumer insights
- Managed advertising agency on creation of three global TV and Print campaigns for media release in multiple languages and cultural contexts

#### L'OREAL USA

New York, NY

##### *Assistant Brand Manager*

Jan 2006 – Aug 2007

##### *Maybelline New York Cosmetics North American Marketing Group, Lip Category and Consumer Education*

- Promoted three times within three years at L'Oreal USA before awarded competitive international assignment at company headquarters in Paris
- Managed all aspects of \$80MM Lip business to successfully attain #1 growth position (+15%) against a flat category in 2006. Accountabilities included competitive and trend analysis, 3-year portfolio strategy planning, support plan engineering & execution, and national retailer relationship management
- Led cross-functional team to launch two major innovations: reformulation of heritage lipstick and introduction of first-to-market 16-hour lip gloss. Managed research planning and analysis, packaging and formula development, forecasting, cost of goods and margins modeling, and 360 degree integrated promotional plans
- Coordinated Maybelline New York's website overhaul with digital agency resulting in 30% sales increase

##### *Marketing Assistant*

Jul 2004 – Jan 2006

##### *Maybelline New York Cosmetics North American Marketing Group, Lip and Eye Category*

- Launched entry into \$147 MM long-wear lip color segment with direct responsibility for allocating \$21MM media budget, designing in-store merchandise, tracking daily performance, and planning line extensions
- Identified opportunity and successfully persuaded management to renovate heritage eye shadow, resulting in 40% sales increase upon implementation

### ADDITIONAL

- Co-Founder and Co-Chair of The Joffrey Ballet Auxiliary Board, a dynamic group of 150+ young professionals who support the ballet through event programming and volunteer opportunities. Since inception in January 2009, membership has grown by 200% and 2010 fundraising is on track to surpass \$100,000 goal
- Passions include watching and practicing ballet, traveling internationally, and reading Southern fiction
- Fluent in conversational and business French

## SANDRA SUSINO

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### Executive Summary

Served in venture growth and strategic business development for several companies, 100% of which were acquired (Microsoft), merged (SANZ), or won major media awards (Codie, Grammy). Former Strategy & Operations management consultant (IBM, Deloitte); featured industry speaker. Education: Stanford (MS Computer Science), Princeton (BA English), Harvard (CERT Business Management, Business Leadership).

### Experience

#### Independent Consulting & Affiliate Partner

**Miami, FL / Chicago IL / New York, NY**

Venture Growth Consultant

2008 - Present

- Provide consulting services regarding venture growth strategy, operations, development, operations and execution
- Serve as a featured speaker for MENG (Marketing Executives Networking Group), Hispanic Marketing & Public Relations radio, and the host of the "Silicon Valley – Midwest Mobile Tech" event
- Evaluate opportunities, develop, executive produce media, & manage several projects for traditional (i.e. Viacom, VH1, MTVu) & digital media (i.e. YouTube, iTunes) networks

#### INGage Networks

**Miami, FL**

Director of Business Development (presently Independent Affiliate Partner)

2007 - 2008

- Conduct Venture Growth activities & evangelize this Codie Award-winning company ("Best Social Networking Solution" - online/mobile)
- Clients included HGTV/Scripps network, ABC, CBS, FoxNews, Kodak, Adidas

#### Deloitte Consulting LLP

**New York, NY**

Manager, Strategy & Operations

2004 - 2006

- Lead operations and strategy teams primarily for media, entertainment and technology clients
- Example: for global media conglomerate, manage & lead international teams to complete business assessment, managed critical response team, and supervised worldwide quality for over 400 sites

#### Massive Incorporated (acquired by Microsoft)

**New York, NY**

Director of Business Development

2003 - 2004

- Build and maintain Enterprise Partnerships; develop and implement an effective strategy regarding Product & Business development, increase brand awareness in the electronic entertainment industry, conduct outreach to Marketing, Ad Agency and Entertainment industry targets

#### Metropolis DVD (partners with Sterling Sound)

**New York, NY**

Account Executive, Business Development

2002 - 2003

- Build and maintain Enterprise Partnerships and Client relationships involving production, interactive media/DVD design, creative development, and technical execution
- Top projects included DVD's for Lenny Kravitz, Ben Harper, Smashing Pumpkins, and MTV
- Serve as an Ambassador & speaker for this Grammy-winning company at industry conferences

#### ITIS Services (merged with SANZ)

**South Norwalk, CT**

Senior Project Manager, Director of Top Accounts

2000 - 2001

- For international commodities trader, lead \$2 million project (and a team of over 30 people) to implement a storage area network and migrate/relocate data center
- For government securities trader, manage project to assess current storage technology infrastructure and recommend improvements

#### IBM

**Santa Monica, CA**

Manager, Certified Business Transformation & Improvement Consultant

1996 - 1998

- Lead various cross-industry projects, working with cross-functional international teams; consistently earned top client satisfaction ratings and repeat business
- For aircraft engine manufacturer, characterize and identify the product design process to reduce cycle time and labor hours in support of incoming information technology
- For a networking hardware division, identify in six weeks more than \$2 million in client savings, including reductions in warranty costs (41%), cycle time (33%), and development expense (17%)

- For IBM, lead Change Management project to provide a disciplined process to manage change and communication across hundreds of corporate reengineering projects; co-authored whitepaper
- For IBM, lead global team on Customer Data Transition project to consolidate disparate customer master record systems into one source for customer information
- For a Procurement Commodity Council, define and analyze parts lifecycle processes; conduct process-modeling sessions across five sites covering 11 commodities and five divisions

## **Education**

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Stanford University, MS Computer Science with Business focus, GPA: 3.94/4.00

**Palo Alto, CA**

Princeton University, BA English, Phi Beta Kappa, Distinguished Woman's Award, GPA: 3.8/4.0

**Princeton, NJ**

## **Additional Certifications and Other Interests**

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-Fulbright Scholar (built one of the first hypermedia sites in the entire Asia Pacific Region; based in Auckland, New Zealand)

-Harvard Certifications in Business Leadership and Business Management

-IBM Certification in Business Transformation

-Deloitte Certification in Ethics

-Executive Producer, original content writer & performer of original media (VH1, MTV, Pandora, iTunes)

-The Second City (Chicago & Hollywood: improvisational acting, music improvisation, public speaking)



## SHREENA AMIN

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### EDUCATION

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#### THE UNIVERSITY OF CHICAGO BOOTH SCHOOL OF BUSINESS

Chicago, IL

*Master of Business Administration*

Sep 2010 - Jun 2012

- Concentration in Entrepreneurship and Finance
- Member of Entrepreneurship & Venture Capital Group, Media Entertainment and Sports Group, and Net Impact
- First place in Leadership in Crisis Case Competition

#### NORTHWESTERN UNIVERSITY

Evanston, IL

*Bachelor of Arts in Economics and Psychology*

Sep 2000 - Mar 2004

- GPA: 3.5/4.0, Dean's List for 4 Quarters, Appointed Undergraduate Leadership Program Teaching Assistant
- Studied at the London School of Economics (Summer 2002) and Johns Hopkins University (Summer 1999)

### EXPERIENCE

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#### CHICAGO PUBLIC SCHOOLS

Chicago, IL

*Violence Prevention Strategy Project Manager*

Oct 2009 - Sep 2010

- Developed culture transformation strategy for lowest performing and most violent Chicago public high schools
- Collaborated with two pilot school principals and staff to customize, promote, and execute transformation plans
  - Regularly presented at school level staff meetings and trainings
  - Assisted with recruitment, screening, interviewing, and selection of new hires at school level
- Pilot schools achieved 10% improvement in attendance and 33% reduction in violent misconducts over first 6 months
- Created strategic spending plan for \$30 million project budget
- Led qualitative, data driven, and public performance management of newly implemented programming

#### OBAMA FOR AMERICA

Chicago, IL

*Director of Budget and Operations*

Aug 2008 - Oct 2009

- Co-managed largest Presidential campaign budget in United States history
  - Designed and maintained dynamic financial models to reflect the campaign's evolving field strategy
  - Collaborated with state leadership and operations to analyze expenditures and manage states' cash flow
  - Optimized return on campaign spending by strategically managing vendors, negotiating favorable contract terms, and implementing quality control financial operations procedures
- Developed and executed post election financial strategy
  - Achieved over \$1.2 million dollars in savings through invoice review and vendor negotiations
  - Recuperated over \$3.2 million in media and internet advertising refunds
  - Led resolution of over 1,800 uncashed checks valued at over \$1.9 million
- Managed wind-down staff, oversaw special projects, and interfaced with legal team and Federal Election Commission
- Engaged as Budget and Operations Consultant for the Democratic National Committee

#### JPMORGAN SECURITIES, INC.

Chicago, IL

*Investment Banking Analyst*

Aug 2004 - Jul 2007

- Structured and executed securitization facilities across various geographic jurisdictions and asset types
- Participated in all phases of transaction execution: creation of marketing materials and pitch books, client meetings, data analyses, financial modeling, due diligence, internal and rating agency credit approval, and legal documentation
- Conducted in-depth credit analyses, recommended risk ratings, and actively monitored portfolio of over twenty transactions (including six international transactions) exceeding aggregate asset value of \$20 billion
- Consistently ranked in top tier of analyst class
- Select transaction experience:
  - Large Japanese Automaker: JPMorgan lead \$4.1 billion restructure of auto loan and lease transaction
  - Large Japanese Motorized Vehicle Company: JPMorgan agented \$1.2 billion equipment lease transaction

### ADDITIONAL INFORMATION

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- Passionate cook and restaurant aficionado, dined at world renowned restaurants such as the French Laundry and Alinea
- Organized Kanye West, Common, and Lupe Fiasco incentive concert for Chicago Public School students
- Ran marathon to fundraise for Asha for Education, a charity supporting education for underprivileged children in India
- Avid sports fan and Chicago Bulls season ticketholder for past four years

## HEIDI R. MCCOLLUM

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### EDUCATION

#### THE UNIVERSITY OF CHICAGO BOOTH SCHOOL OF BUSINESS

Chicago, IL

*Master of Business Administration in Marketing, Entrepreneurship, Managerial and Organizational Behavior* Sep 2010 – Jun 2012

- Member of Marketing Group, Entrepreneurship Group, Emerging Markets Group, and Media and Entertainment Group
- Volunteer with Dean's Student Admissions Committee and mentor for the undergraduate Women in Business group
- Selected to co-chair Brand Week career trek

#### MIAMI UNIVERSITY

Oxford, OH

*Bachelor of Science in Marketing*

Aug 2001 – May 2005

- Marketing Club co-chair, Kappa Kappa Gamma Sorority Vice President, Dance Marathon co-chair
- Study abroad in Differdange, Luxembourg; Miami University European Center (fall 2003)

### EXPERIENCE

#### MASALA WALA – Contemporary Indian Grill

Chicago, IL

*Marketing and Brand Strategy*

Nov 2010 – current

- Developing marketing strategy for new fast casual Indian food concept; first restaurant to launch summer 2011

#### KRAFT FOODS

Glenview, IL

*Senior Associate Brand Manager*

Nov 2008 – Jul 2010

- Led agency team to develop new Kraft Singles advertising campaign; drove baseline velocity increase +12 percent points
- Won Disney's 2009 Advertising Campaign of the Year award for digital campaign created for Kraft Singles and familyfun.com; campaign delivered target consumer click rates of 1.2% exceeding Kraft benchmark of 0.1%
- Collaborated with sales to create new product strategy for the dollar and discount channel; elevated strategy to become a multi-category platform expected to deliver \$15MM in additional revenue
- Launched two flavor extensions for the Velveeta brand; new products expected to deliver \$5MM in additional revenue
- Negotiated partnership between Kraft Singles and the Jonas Brothers and led development of joint promotion; digital campaign achieved record number of landing page visits and consumers spent above average time on the page
- Led team to create a 3 year sodium reduction strategy for the Velveeta brand; achieved expected 10% reduction in year one

*Associate Brand Manager*

Dec 2007 – Oct 2008

- Led 20+ member cross functional team to implement a quality improvement initiative on Kraft Singles; accelerated launch timeline five months and delivered product reformulation at 20% below expected cost
- Created strategic partnership between Kraft Singles and Campbell's Soup; developed joint advertising resulting in positive mentions in *USA Today* and *Wall Street Journal*

*Brand Assistant*

Apr 2007 – Nov 2007

- Managed project team to update Kraft Singles package graphics. New graphics surpassed all testing metrics

#### THE NIELSEN COMPANY

Glenview, IL

*Analyst*

Jun 2006 – Mar 2007

- Led competitive analysis of new category for Kraft; delivered insights and recommendations on product mix and promotional strategies that supported new product launch
- Researched emerging Probiotic health trend and presented analysis to senior Kraft Consumer Insights Managers and Brand Directors; analysis was shared globally and supported the launch of a new multi-category brand

*Associate Analyst*

Jun 2005 – May 2006

- Developed framework to identify Kraft product opportunities in growing consumer segment; project resulted in new targeted advertising to consumer segment
- Analyzed Kraft product declines for largest brand in the business unit; identified source of declines and quantified impact to the brand. Resulted in new product launch to recapture lost volume

### ADDITIONAL

- Volunteered with Habitat for Humanity following Hurricane Katrina to rebuild homes in Slidell, Louisiana
- Avid global traveler and adventurer; most recently sledged down a volcano in Nicaragua
- Completed three marathons and volunteered with Chicago Area Runners Association (CARA) to lead groups of new runners
- Amateur hobby includes mastering all forms of Latin street dancing

## SORIN IONUT SANDULESCU

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+1-312-841-0559 | sorin.sandulescu@chicagobooth.edu

### EDUCATION

#### THE UNIVERSITY OF CHICAGO BOOTH SCHOOL OF BUSINESS

Chicago, IL

*Master of Business Administration. Concentrations in Finance, Analytic Finance and Accounting*

*Sep 2010 – Jun 2012*

- Awarded the JP Morgan Chase Fellowship
- Active member of the Investment Banking and European Business Groups
- Participated in the IPO Challenge case competition. Selected as Ambassador

#### ACADEMY OF ECONOMIC STUDIES

Bucharest, Romania

*Diploma in Economics. Concentration in International Business*

*Oct 2002 – Aug 2006*

- Graduated in the top 5% of the class: general average 9.6/10
- Granted Dean's Merit Scholarship for 6 out of 8 semesters
- Award winner with a research paper in International Economics

### EXPERIENCE

#### ERNST & YOUNG

Bucharest, Romania

*Senior Associate 1, 2 and Supervisor / Transaction Advisory Service*

*Jan 2008 – Jul 2010*

Valuation and Business modeling

- Prepared feasibility studies and structured business plans for companies in energy, cables, glass, mortar, printing and car pieces manufacturing. Advised on € +200M investment projects. Selected projects:
  - National Printing House of Romania – € 150M investment in biometric passport production equipment
  - Sorgenia Spa – € 32M investment in a wind energy parkDeveloped financial projections and complex operating financial models. Ran sensitivity and scenario analyses to assess the feasibility and risk of the investments
- Conducted extensive industry research and financial due-diligence to appraise management projections
- Performed DCF, precedent transactions and market comparables analyses for valuation of companies in telecom, IT and packaging, including a successful € +16M start-up
- Advised management on financing structure of real estate investment projects in excess of € 300M. Calculated and analyzed the performance indicators and prepared presentations
- Provided fairness opinions on more than 15 valuations of different types of real-estate properties for audit engagements
- Teamed up with overseas offices (Sofia, Athens, Istanbul, Prague, London, Frankfurt) and coordinated cross functional groups from business advisory, tax and legal departments to increase service delivery effectiveness
- Led teams of 1 to 3 junior and/or senior associates on each project. Assessed their performance and mentored them

Mergers and Acquisitions

- Supervised sell side mandates in 2 industries:
  - Coordinated a team of 4 to draft info memo and teaser, conducted due diligence, researched potential strategic and financial buyers and completed business valuation for a leader of the Romanian plastic packaging market (€ 7M sales)
  - Concluded info memo and teaser, identified and contacted strategic buyers for a Romanian leading ERP integrator
- Drafted and oversaw the creation of 5 pitch books in 5 different industries

*Associate, Senior Associate 1 / Business Advisory Services*

*Sep 2006 – Dec 2007*

- Assisted management in improving operational model and core banking system during the reorganization of Romania's largest bank (€ +17BN in assets) following acquisition. Prepared impact studies and realigned business processes
- Managed a project that reorganized a bank's IT branch system leading to improved profit monitoring and sales target setting. Streamlined the relationship between banking systems developers and business representatives
- Audited procedure compliance and handled tests of control for 12 bank branches that led to a reduction in operational risk

*Intern / Business Risk Services*

*Sep 2004 – Aug 2006*

- Collaborated in a team of 12 and carried out business process analysis and reengineering, drafted testing scenarios and tested core banking system. Built effective relationships with client's representatives that contributed to gaining 3 other new projects

### ADDITIONAL

- Chartered Financial Analyst (CFA) Level 3 Candidate. Certified Business Appraiser
- Volunteered during university years for the Econosofia Student club. Organized different conferences and student events
- Languages: Romanian (native), English (fluent), French (moderate), Italian (working knowledge)
- Avid soccer and tennis player (leader of the soccer team at Ernst & Young Romania), enthusiast player of strategy computer games (Starcraft, Total War), passionate business book reader

## Appendix XX

### Geographic Expansion Plan

Year 1	Year 2	Year 3	Year 4	Year 5
Chicago 1/12	Houston 6/12	New York 6/13 Los Angeles 10/13 San Diego 2/14	Dallas / Ft Worth 6/14 San Francisco 8/14 Las Vegas 10/14 Phoenix 12/14 Boston 2/15 Miami 4/15	Atlanta 6/15 Baltimore 7/15 Washington DC 8/15 Denver 10/15 Minneapolis 11/15 Philadelphia 1/16 Charlotte 2/16 Seattle 3/16 San Antonio 4/16
Launch roll-out based on # of salons and spas per city according to Yellow Pages, with some adjustments for considerations such as PR and media hubs, tourist and business travel destinations, geographic externalities, and market perception.				