**CartPilot**

A multi-channel, vertically-integrated consumer product launch platform

1. **Executive Summary**

The rules of the retail game have changed. Consumer products and brands have never been easier to launch due to technological innovation and the emergence of third-party service providers. Brands “born online” (known as digitally-native vertical brands, or “DNVBs”) are surpassing traditional retail brands by operating superior business models.

For example, popular brands like Bonobos, Everlane and Casper emerged as companies born and built online. Despite selling commodified, physical products and competing against brick-and-mortar stores, these companies gained market traction by operating a more cost-efficient, highly variable cost-based business model. The number of such products and brands that can be build is virtually unlimited, assuming one has the sophistication and relationships to launch a DNVB.

The emergence DNVBs over the past few years can be attributed to numerous executional aids and infrastructure previously available only to much larger organizations. Most notably among these aids are:

• the accessibility of manufacturers on a global scale

• inexpensive and transparent freight forwarding

• third-party distribution and logistics providers

• web-based payment services

• cost-per-click bidding

CartPilot provides the sophistication and relationships necessary to launch DNVBs. CartPilot (or the “Company”) is a multi-channel consumer product launch platform that packages existing relationships and supply chain components into an easy-to-use dashboard for product designers, entrepreneurs and other curators of DNVBs.

1. **Company Summary**

CartPilot is the ultimate consumer product launch platform. The CartPilot product includes both a consumer-facing front-end and client-facing dashboard. Our team maintains a Github repository (cartpilot.github.io) to push updates on a continuous basis. The front-end is built on Bootstrap. It includes a branded navigational header with links to the product feed (“Feed”), product submission form (“Submit an Idea”) and informational page about the company and its team (“About Us”). The landing page also includes a jumbotron, abridged product feed, and containers with links to the product submission and about us pages. The footer includes the same links as the header in addition to FAQs (Schedule A), privacy policy, terms of use, social media profiles and a newsletter signup (termed the “Launchpad”).

The Feed includes a sortable, infinitely-scrollable feed of approved product submissions with names, images, short descriptions and links to their respective carts. The Submit an Idea page requires sign-in for access. Once a user has registered and logged into the platform, the user is met with an interactive product interview (Schedule B). Once a product has been submitted, it is sent to CartPilot for review. All submissions are approved or rejected within a 24 to 48-hour window of due diligence. Due diligence involves a holistic view of the product viability in addition to evaluation of freight costs (ocean, air and FTL/LTL on per-unit basis); pick, pack and ship costs; cost-per-click bid costs; estimated volume; licensing and distribution viability and interest amongst CartPilot followers. If approved, a product is onboarded through the aforementioned channels. Onboarding requires up to 30 days and involves freight forwarding, warehouse integration, front-end development and cost-per-click bid campaign management. Additional services such as licensing and distribution may require longer timeframes. Holistic product evaluation involves projected volume and level of propriety (Schedule C). Upon completion of the product submission, it would also be possible for our team to build and integrate APIs with the freight forwarder, Google AdWords and Analytics, 3PL and Shopify (or our proprietary alternative) to automate much the onboarding process. We could also build a proprietary solution to handle all of the aforementioned API calls on an employee-facing dashboard.

Customers may opt to received financing for their product as well. CartPilot can provide debt or equity financing to products it deems worthy of funding. In this capacity, CartPilot may also act as a venture capitalist.

1. **Leadership**

Our team of four completed its undergraduate studies at the University of Illinois at Urbana-Champaign and the University of Chicago. Our Founder and CEO has an entrepreneurial background and holds a Finance degree from the University of Illinois. Our CFO/COO and CPO maintain consulting backgrounds at KKR Capstone and A.T. Kearney’s Sourcing and Procurement practice, respectively, and hold degrees in Economics from UChicago. Our prospective CTO will hold a B.S. in Computer Science or Computer Engineering from the University of Illinois at Urbana-Champaign and will have spent time as a software engineer at a large technology firm.

1. **Business Strategy**

We intend to drive traffic and interest to CartPilot via paid and organic search, display, mobile and video advertising. We intend to use existing product launches as a promotional tool and accrue a following on social media and email. CartPilot will monetize its product by initiating profit-splitting and/or buy/sell agreements with clients. In a profit split, we would onboard a product and evaluate optimal pricing less ad spend (costs-per-acquisition) less cost of goods sold (FOB price plus freight plus 3PL costs). The resulting net income would be paid out on a 30-day rolling basis to clients via an 80/20 split between CartPilot and the client with CartPilot receiving the former. This would be subject to change and would be similar to Uber’s rideshare agreements with drivers. The buy/sell agreement would see clients provide goods at an agreed upon wholesale price to CartPilot and CartPilot would capture the net income from optimal pricing less ad spend. As brands gain traction, costs-per-acquisition would be diluted by organic sales of product. Products with ad spend greater than gross margin would be aided by CartPilot’s following and pushed more aggressively to its followers. Additional sales channels would also mitigate cost-per-click bid risk. Ideal products would be tied to intellectual property, sold in high volume and operate in markets with few or no substitutes. These would also be ripe for debt or equity financing.

Our team has aided in the bootstrapped launch of several consumer products including the POWERDECAL®, AEROTRAP® and VOYADESK® franchises. POWERDECAL® is a proprietary LED-backlit automotive decal with light and motion sensors, which allow it to function at night with the motion of a vehicle. The product is licensed by the National Football League, Major League Baseball, National Basketball Association, National Hockey League and over 200 collegiate institutions. It has been sold extensively in the domestic retail market, most notably on QVC and powerdecal.com, which was built by our team. It was also featured on the first and third seasons of ABC’s Shark Tank.

The AEROTRAP® is an OEM insect trap product currently sold by Wal-Mart, Groupon and Amazon, and we maintain an active presence on aerotrap.com. VOYADESK® is an OEM height-adjustable desk product managed exclusively at voyadesk.com. Prominent customers include T-Mobile, Deutsche Bank, Morgan Stanley and Stihl. Our cost-per-click bid campaigns have netted over 44MM impressions to date and we are able to capture search and display traffic profitably. All three products have launched under our management between July 2014 and July 2017.

Our team maintains relationships with numerous vendors whom we intend to include as outlets for products submitted to the CartPilot platform. Our supply chain relationships include domestic and international manufacturers of consumer goods, Flexport as a technologically-enabled freight forwarding solution and Rakuten Super Logistics as a low-cost alternative to Fulfillment by Amazon and other third-party logistics providers. Flexport provides an easy to use dashboard for ocean, air and LTL shipments. Users can also submit a database of suppliers and warehouses to easily repeat shipments, and shipping quotes are usually provided in under 48 hours. Rakuten Super Logistics provides low-cost picking and packing based on dimensional box weight and passes through volume shipping discounts via UPS, FedEx and DHL as a service to customers. They also provide LTL freight as a service. Our team is able to switch forwarders and third-party logistics suppliers with ease should lower cost alternatives become available. This may also be done on a per-product basis. We are also able to stock products in our office-to-be in Chicago, where UberRUSH and Postmates can guarantee delivery on demand.

By way of licensing via the National Football League, Major League Baseball, National Basketball Association, National Hockey League and over 200 collegiate institutions, we have also built a relationship with Rico Industries, Inc. (“Rico”). Rico is a Niles, IL-based supplier of licensed goods to major domestic retailers. They are the licensee for the POWERDECAL® product and have an open channel for licensing additional products through the four major North American sports leagues and colleges. The POWERDECAL® product has also been featured on zulily, ABC’s Shark Tank, Good Morning America (“Deals and Steals” with Tory Johnson) and The View (“View Your Deal”) on multiple occasions. We would continue to push products on these platforms. Flash sales have no impact on the functionality of our e-commerce platforms and our 3PL is able to handle the spikes in traffic seamlessly.

The AEROTRAP® product line is distributed by a Northbrook, IL-based company called Optimum Fulfillment, LLC (“Optfill”). Optfill procures and ships products from its warehouse in Peru, IL to most North American big box retailers (Schedule D). By shipping via LTL from Rakuten Super Logistics to Optfill, the AEROTRAP® line is managed with little to no overhead. It is also funded by cost-per-click bids in the $0.30 to $0.36 range. Similarly, the VOYADESK® line is bootstrapped by cost-per-click bids in the $1.60 to $1.81 range. Large quantity corporate buys can also be shipped by LTL.

1. **Industry**

Traditional big box retailers maintain enormous barriers to entry and limited to no autonomy. The DNVB model has emerged to disrupt the traditional retail model and consumer behavior has shifted to accommodate its rise. Internet retail sales now account for over 21% of the $5,484.9bb retail industry.

We aim to supplant competitors by offering customers greater ease of access and autonomy on the CartPilot platform. Platforms like Amazon Seller Central and Groupon Goods are reasonably accessible, but Amazon Seller Central requires users to maintain strict standards and if these are not upheld, a user is suspended or banned from the platform. Groupon Goods does not allow submissions to its platform without cross-listing on another retailer’s site, which bars many entrepreneurs-to-be from entry. Both platforms require users to build their own supply chains. Groupon and Amazon also offer proprietary e-commerce solutions, but these allow for a level of autonomous product management similar to that of brick-and-mortar big box stores.

Crowdfunding platforms like Kickstarter and Indiegogo also require a DIY solution to supply chain management and while they may provide backing for the launch of a product, they do not offer licensing and distribution opportunities. Shark Tank participants may receive many of the same opportunities as CartPilot clients, but participants are bidding for air time rather than ad impressions.

Product designers are free to investigate their own supply chain solutions, but we believe we have done most of the heavy lifting beyond the design and sourcing phase of supply chain management. We offer an outsourced solution to the problem that is scaling product development. In this capacity, we hope to achieve a mutually beneficial relationship with entrepreneurs.

1. **Market**

Our product is in demand by a number of import/exporters, product designers and entrepreneurs. Shopify, a popular e-commerce platform for prospective Internet entrepreneurs, proclaims that over 400K businesses are managed on its platforms and its active user base exceeds 1MM users. The platform is also responsible for over $34BB in transactional value. Over 2MM active third-party sellers on Amazon sold over 2BB items in 2014. According to Flexport, the sum of all goods imported to the United States in 2016 was over $2,189BB. We intend to capture the above markets by automating much of the heavy-lifting and supply chain management required of Shopify store managers; reaching customers beyond Amazon’s walled garden though search, display, mobile and video traffic; and managing supply chains beyond the sourcing phase of product development.

Our market would extend to CartPilot followers and customers, similar to Kickstarter’s loyal following of backers and shoppers. The trend of “kickstarting” or “piloting” a product would further encourage user submissions. We would be also able to collect sales commissions or referral fees on client platforms. In this capacity, CartPilot’s following would create a network effect, furthering its value add to client submissions.

1. **Financial Overview and Projections**

We are seeking an equity or debt-backed investment of up to $2MM. Our team members reside in Chicago and New York, and we hold a strategic vision for the future of CartPilot. Our budget includes legal fees, funding costs for worthy products and salaries to incentive our founding team given the opportunity costs. We also anticipate up to $2,500 per month in digital overhead and office space costs.

We believe the CartPilot product would be an attractive pickup for larger e-commerce companies like Amazon or Groupon. Amazon sources its own private labeled products under the AmazonBasics and Pinzon brands, and could become interested in a firm that handles sourcing of less commodified products. Wal-Mart has also recently initiated a series of e-commerce company acquisitions in accordance with their disruptive effect on its business. Most notably among these are Bonobos and Jet.com. An IPO would also be compelling if we were able to grow and scale EBITDA to a large enough size. Companies like Shopify and Alibaba recently completed IPOs to raise public funding.

**Appendix**

**Schedule A**

FAQs

What is CartPilot?

CartPilot is the ultimate product launch platform. We turn great ideas into great products. Our team has extensive experience in launching consumer products and managing supply chains. We also aid in distribution and licensing.

Who uses CartPilot?

CartPilot is used by designers, inventors, and entrepreneurs. If you have a great idea for a product (or service), we’d love to help.

We also provide a feed to promote recently launched products to our followers.

What do I need to get started?

You need only a great idea for a product (or service) and our team can help fill in the blanks. Most submissions have completed the design and sourcing phase of product development, but we’re happy to help with those, too.

How long does it take to launch a product?

Our team will review your submission and follow up with a notice of approval (or rejection) within 24-48 hours. Once approved, our team will spend up to 30 days onboarding your product. Additional services like licensing and distribution may require a longer timeframe.

Does CartPilot provide financing?

Yes, we do! Prior to launch, you may elect to receive debt or equity financing for your product. If approved, debt financing allows you to retain ownership, but you will be required to make interest payments. Equity financing requires you to sell an ownership interest in your product.

We also provide merchant cash advances to existing products.

Does CartPilot provide crowdfunding?

No, unfortunately we do not provide crowdfunding.

How do I protect my idea?

Our best product submissions are tied to one or more forms of intellectual property (trademark, utility patent, etc.). We highly recommend this, but we are happy to accept (and approve) generic products as well.

**Schedule B**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Form** | Digital | Physical |  |  |  |  |
| **Name** |  |  |  |  |  |  |
| **Short Description** |  |  |  |  |  |  |
| **Long Description** |  |  |  |  |  |  |
| **Images (1000px min)** | Image 1 | Image 2 | Image 3 | Image 4 | Image 5 |  |
| **Trademark?** | Yes | No |  |  |  |  |
| **Trademark No.** |  |  |  |  |  |  |
| **Patent?** | Yes | No |  |  |  |  |
| **Patent No.** |  |  |  |  |  |  |
| **Licenses?** | Yes | No |  |  |  |  |
| **Licenses** |  |  |  |  |  |  |
| **Variants?** | Yes | No |  |  |  |  |
| **Variants (SKU(s))** |  |  |  |  |  |  |
| **UPC(s)** |  |  |  |  |  |  |
| **Country of Origin** |  |  |  |  |  |  |
| **Location(s)** |  |  |  |  |  |  |
| **Case Pack** |  |  |  |  |  |  |
| **Carton Size** |  |  |  |  |  |  |
| **NW/GW** |  |  |  |  |  |  |
| **20'/40'/40'HQ** |  |  |  |  |  |  |
| **Pricing** |  |  |  |  |  |  |
| **MSRP** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **Wants** |  |  |  |  |  |  |
| **Cart** | Yes | No |  |  |  |  |
| **Licensing** | NFL | MLB | NBA | NHL | College | Other |
| **Distribution** | Schedule D | |  |  |  |  |
| **Financing** | Debt | Equity |  |  |  |  |

**Schedule C**

|  |  |  |
| --- | --- | --- |
|  | **Generic** | **Proprietary** |
| **High Volume** | ??? | Stars |
| **Low Volume** | Dogs | ??? |

**Schedule D**

|  |  |  |  |
| --- | --- | --- | --- |
| **Current Accounts** | **Description of Account** | **Status** | **Vendor** |
| BJs Wholesale - C96 | Club/Online Retailer | not active today |  |
| Bon Ton Stores |  | Active |  |
| Boscovs - C125 | Online Retailer | Active |  |
| Brookstone.com - C83 | Catalog/Online Retailer | Active |  |
| Costco.com - C33 | Online Retail | not active today |  |
| eBags | Online retailer | Active |  |
| Fingerhut.com - C41 | Catalog/Online Retailer | Active |  |
| Groupon - C102 | Deal of the Day Retailer | promotional only |  |
| HSN.com - C53 | Online Retail/Home Shopping | Active |  |
| JC Penney |  | Active |  |
| Jet.com | Owned by Walmart | Active |  |
| Kmart.com - C40 | Mass Market Online Retailer | Active |  |
| Kohls.com - C29 | Mass Market Online Retailer | Active |  |
| Lowes.com - C112 | Online Retailer | Active |  |
| Overstock.com - C19 | Online Retail | Active |  |
| QVC |  | not active today |  |
| Sears.com - C39 | Online Retail | Active |  |
| Sharper Image |  | just active 9-15-16 |  |
| Target.com - C11 | Mass Market Online Retailer | Active |  |
| Toys R Us.com - C51 | Online Retailer | Active |  |
| Walmart.com - C45 | Mass Market Online Retailer | Active |  |
| Wayfair (Formerly CSN Stores) - C57 | Online Retail | home goods only |  |

**Clayton A. Teufel**

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**Education**

**University of Illinois at Urbana-Champaign**

*Bachelor of Science in Finance* August 2012 – May 2015

* GPA: 3.4/4.0
* ACT: 33 Composite, 12 Writing
* Complemented degree with proficiency certification in Bloomberg, MATLAB, Moody’s KMV, Morningstar Direct, S&P Capital IQ and Oracle Crystal Ball
* Graduated in six semesters

**Experience**

**3F Digital, LLC** Chicago, Illinois

*Founder and Manager* July 2014 – Present

* Raised start-up financing and managed all aspects of corporate formation and business operations during third year of undergraduate studies
* Formed strategic partnerships with Google, MailChimp, Shopify and Zendesk to implement proprietary e-commerce platforms, targeted cost-per-acquisition campaigns, content marketing strategies and email marketing campaigns
* Ranked within 88th percentile among over 5,000 Google Partner digital marketing and development agencies in North America for client revenue
* Developed six proprietary e-commerce platforms in HTML/CSS/JS; aggregated over 2,100,000 page views; over 600,000 user sessions and over 420,000 unique visitors; converted over 5% of all visits into sales or visitor engagements
* Implemented global sourcing model for client firms in the consumer goods industry including two companies as featured on ABC’s Shark Tank
* Sourced ocean freight and LTL quotes for client firms; managed all operations, inventory, profit/loss, financial reporting, vendor and banking relationships
* Established and maintained social media accounts with aggregate following in excess of 40,000 accounts across five platforms
* Grew email marketing lists from 0 users to over 36,000 aggregate opted-in users; achieved open rates of 23.1% on all mass email marketing campaigns with opt-in rates exceeding 50.0%
* Closed over 13,000 product support tickets with an average response time under 24 hours by implementing macro-based response system via Zendesk
* Coordinated third-party logistics with facilities in Olean, New York; Lithia Springs, Georgia and Henderson, Nevada; achieved an average per order handling time under 24 hours
* Successfully coordinated sales events on zulily, ABC’s Good Morning America and The View
* Grew client platform sales from $0 to over $3.6 million during the first 30 months of operations

**Interests**

competitive hockey • recreational kickball and softball • alpine skiing

**Chief Procurement Officer**

**EDUCATION**

|  |  |
| --- | --- |
| **University of Chicago** | Chicago, IL |
| *Bachelor of Arts in Economics; Minor in English Literature* | Graduated June 2014 |
| * GPA: 3.42/4.0 (Dean’s List) * Relevant coursework: Financial Accounting, Corporate Finance, Investments, Econometrics, Statistical Models & Methods | |

**EXPERIENCE**

|  |  |
| --- | --- |
| **A.T. Kearney Inc.** | Chicago, IL |
| *Management Consultant – Senior Analyst* | Sept 2014 – Present |
| **Strategic Sourcing and Procurement Expertise**   * Delivered 6 high-value network sourcing and transformation projects on a combined logistics spend of >$458MM, identifying >$46MM of cost reduction opportunities, working with >28 stakeholders and performing various roles from analytics lead to workstream lead * Strategized and executed a negotiation with a warehousing supplier to prevent $1.5MM in cost increases for a large potato processing company in a captive situation * Negotiated contracts on behalf of a luxury jewelry retail client with two large suppliers in a difficult duopolistic market, achieving savings targets of $1.8MM   **Client-Management Competencies**   * Led three sourcing work streams – was responsible for conducting stakeholder interviews and leading weekly project meetings, and eventually brokered a consensus between different stakeholders on procurement decisions worth ~$5MM EBIT improvement   **Technological / Data Analytic Competencies**   * Implemented an auto-correlation function on data in SQL to determine the seasonality of certain transportation lanes in a truckload and multimodal RFP for a national broad line food retailer * Routinely delved into large datasets (>5 gigabytes, >2 million rows) to identify patterns about a business’ operations and form hypotheses about operational improvements | |
| **Economic Development Board** | Singapore |
| *Project Officer, Precision Engineering Division* | Aug. 2013 – Sept. 2013 |
| * Conducted industry research on the Precision Engineering industry to support industry client relationships * Researched the international service robots market size, value chain, and ecosystem, and recommended to the board that Singapore could target to add ~$500M to the value of the economy yearly by entering the service robotics industry | |
| **The Straits Times** | Singapore |
| *Money Desk Journalist* | Nov. 2009 – June 2010 |
| * Interviewed business leaders in banking, fund management and property on financial trends and strategy for Singapore’s largest daily newspaper; regularly pitched stories to the editor and was eventually put in charge of writing the daily stock market column * Wrote a commentary on the commodities boom of 2009, putting together narrative and data from interviewing economists and industry contacts | |
| **Republic of Singapore Air Force, Field Defence Squadron** | Singapore |
| *Platoon Sergeant, 2nd Sergeant (2SG), Training Specialist* | Jan. 2008 – Nov. 2009 |
| * Led a team of 4 Sergeants to conduct field defence training for the squadron’s platoon of 40 specialists and enlistees * Weapons trainer for pilots, airbase technicians, and field defence troopers; Proficient in P226 pistol, GP machine gun, M16 rifle | |

**OTHER SKILLS**

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| * **Languages**: Chinese (native), English (native) * **Skills**: Microsoft Word, Excel, PowerPoint; R; SQL, Tableau, VBA |