

# DUETTO

Duetto, LLC

765 West Adams Street, Unit 2103,  
Chicago, IL 60661

**duettochildcare.com**  
(under construction)

# CONFIDENTIAL

**Business Plan**  
December 4, 2015

**Team Members**  
Sapna Parmar, Esq.  
Jack D. Yamin, Esq.

**Contact**  
info@duettochildcare.com  
(312) 919 - 5707  
(917) 392 - 3430

# DUETTO

## Table of Contents

- Company Overview
- Market Need
- Duetto Services
  - The Concept*
  - The Three C's*
  - Stage of Development*
- Market
  - Market Overview*
  - Go-to-Market Strategy*
  - Competitor Analysis*
- Market Advantage
- Management and Advisors
- Financial Projections
- Uses of Funding
- Appendix
  - Citations*
  - Personnel Needs*

## Company Overview: What is Duetto?

Duetto offers customized, *on-site* child care services adapted specifically to address the unique needs of legal professionals who are always on the clock.

Duetto was formed by two corporate lawyers at some of the nation's largest law firms. Though "BigLaw" firms employ thousands of lawyers throughout the country, very few have adequately addressed the need for balance between the demands of the legal industry and the responsibilities of parenthood.

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## Market Need

### A Shifting Legal Industry

Over the past 30 years, the legal industry has gone through significant change:

- The number of lawyers has more than tripled.
- The number of women entering the legal profession has increased rapidly. Today, 50% of law school graduates are women.

As a result, law firms are hiring more women than ever before, and elevating more of them to partnership and more *broadly, there are more two-working parent families than ever before, making up over 60% of all American families.*

### Law Firms Struggle to Keep up.

**Despite these changes to the legal landscape, firms have been notoriously slow to adapt to these realities and women are affected most acutely,** the attrition rate for women at large law remains very high. Though men and women graduate from law school in roughly the same numbers, women account for a mere 15% of equity partners in American law firms. Worse, 42% of women end up leaving the legal profession altogether. And while some obstacles that women face are institutional rather than logistical (see McKinsey & Company 2015 Women in the Workplace Study), many female lawyers cite work/family challenges as the primary factor for their departure from the legal field, and report that their employers have not done enough to support them in the process.

**Law firms' attempt to solve these problems have fallen flat.** Part-time or reduced-hour arrangements have not helped attrition levels that remain unprecedented in almost every other industry. This most likely is a result of a glaring reality of the legal industry—the billable hour. The legal industry is one in which efficiency can sometimes be relegated to a secondary concern, since most lawyers get paid for the time they spend, not the result they obtain. As a result, part-time or reduced-hour initiatives not only fail to alleviate the problem, they can be career-killers.

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Backup daycare options are only helpful in case of emergencies. And the reality of back-up day care is that it forces the parent, in a pinch, to drop off their child in a place that they are unfamiliar with, with caregivers they have never met.

And longer maternity/paternity leave doesn't address the day-to-day struggle that parents face *after* they go back to work and need to balance work demands with parental responsibilities.

## Law Firms Suffer Significant Losses as a Result of Attrition

*Opportunity Costs:* The attrition rates relating to female associates and partners greatly reduces law firms' talent pool for future (and present) leaders. In a survey of the top law firms in Chicago, 40% of firms stated that more than 20% of their top "rainmakers" were women. In short, the financial success of many law firms **already** depends on retaining female talent.

*Retraining Costs:* For every associate that leaves a legal position, it can cost a firm anywhere between 150% to 400% of that associate's salary (depending on seniority) to train another lawyer. These retraining costs become exponentially more expensive as lawyers gain experience. **These retraining costs amount to approximately \$3 billion per year for law firms in the U.S.**

*Loss of Clients:* Law firms that don't meet their clients' diversity requirements also stand to lose business. Many corporate clients have protocols and requirements for diversity in their lawyers—among them, Walmart, Boeing, American Airlines, and General Motors. Collectively, that amounts to billions of dollars in legal fees that firms might miss out on if their diversity initiatives are not robust enough.

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## Duetto Services – What does Duetto Offer?

### The Concept

Duetto was developed to address (i) the profound struggles that legal professionals endure in trying to balance the rigors of legal practice with parental obligations, and (ii) the inevitable consequence to law firms—high attrition rate, low morale, and significant losses in revenue and productivity.

Through a simple, yet deeply nuanced and thoughtful approach, Duetto brings comfort and convenience when it comes to child care. By combining high-quality child care and the convenience of on-site facilities, Duetto's model will promote increased family connections, workplace morale, and employee productivity.

### The “Duetto Method” : *Connection, Convenience, Curriculum*

#### Connection - “The Strongest Bond”

At its core, Duetto is about strengthening bonds between parent and child by offering parents and children more opportunities to physically and digitally connect throughout the day.

- Separation anxiety will be reduced for both parent and child just by the comforting thought that the other is near.
- Both children and parents will feel more connected and secure knowing that in the case of illness or emergency, the other is only a few floors away.
- Parents will be able to more fully connect with their children if, instead of taking a half-hour lunch break in the cafeteria, for example, they can share a meal with their child.
- Given the uptick in the number of female professionals who breastfeed their children, the bond that is developed through nursing can be preserved, even while the mother manages a demanding job.
- Parents and children can make up for lost time in unexpected places—the commute to and from home and short breaks throughout the day, for example.

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Aside from the *quantity* of these connections, their quality will also be improved. Instead of seeing each other at the end of a long work day (if at all), when parents are cranky and children are exhausted, parents and children will be able to see each other throughout the day, when each are at their best.

## ***Connection through Technology.***

Schools and child care facilities have undergone a technology shift in recent years, and Duetto plans to outpace these efforts. The Duetto PictureDay mobile application will enable parents to catch a glimpse of their child's activities and accomplishments through daily updates and photos.

Duetto plans to implement technology functions that will enable parents to connect with their children by allowing them, through digital touchpoints, to carve out time for their children throughout the day—whether it be for lunch, or a quick check-in.

## **Convenience - “Mommy’s Right Here!”**

The availability of an on-site facility greatly reduces the stresses associated with childcare. Parents save time in the morning by foregoing the extra stop to a separate location before reporting to work—and because many child care centers open at precisely the same time that lawyers are expected to be available, parents can save several hours every morning.

Duetto facilities will be open later, to accommodate the often long hours that are a part of law practice, thus allowing parents to attend a client dinner, get in a few extra hours of work, or run some errands without feeling rushed, and without paying the nanny for an extra two hours of work.

The convenience of an on-site facility will reduce the (inevitable) situations in which a nanny cancels or runs late. Breastfeeding mothers will be able to nurse their infants, instead of worrying about pumping milk.

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## Curriculum - “We Do Our Homework”

Duetto will partner with child psychologists at Northwestern University and educational institutions throughout Chicago to develop a curriculum geared towards maximizing the learning potential during children’s most formative years.

Given the popularity of the Montessori method amongst professionals, the Duetto Method will build on the Montessori approach to teaching (which is not trademarked), but will supplement it through advisor recommendations and ongoing research.

Duetto will ensure that every caretaker will be handpicked through a carefully-crafted vetting process and background checks, and that each employee will undergo a formal and established training process geared specifically for the applicable role and the age of the child they care for.

Class sizes will be small, and appropriate caregiver-to-child ratios will be maintained strictly.

## Stage of Development

Duetto is currently in a research phase. While the market need (as described below) is clear, the precise nature of the arrangements with law firms, the details of the curriculum, and the technology aspects are currently being developed.

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## Market

### Market Overview

On-site child care facilities are not foreign in the corporate world. An on-site child care facility has been rolled out in one major New York law firm, which boasts a reputation as being one of the best firms in the world. Unsurprisingly, this child care facility was established by the first female to become a partner at the firm. One of her proudest accomplishments was the creation of the child care center, which bears her name, and which she saw as a beacon for the success of women in the field of law.

### Go-to-Market Strategy - “But How Do we Duett?”

#### Stage I

Duetto will form a strategic relationship with a market-moving law firm to pilot its first Duetto site (law firms tend to follow industry leaders, hence the constant reference with what’s “market” among legal professionals and law firms). Duetto’s pilot target is Sidley Austin LLP, the second largest law firm in Chicago, housing approximately 500 attorneys working out of the Chicago office alone. Because Sidley is a market mover amongst Chicago law firms and markets itself as a family-friendly firm, it is the ideal strategic partner. In addition, Sidley’s Committee for the Promotion and Retention of Women is a powerful juggernaut in intra-firm politics and carries significant authority within the firm.

Next, Duetto plans to develop a research methodology that can be applied to each law firm, to determine demand and cost for Duetto’s services.

Duetto also plans to develop a Montessori-based educational curriculum with the help of Montessori-trained teachers. Duetto also plans to partner with the Northwestern University psychology department (both founders are graduates of Northwestern Law) so that Duetto’s educational curriculum can incorporate the advice and recommendations of the psychologists.

Finally, Duetto plans to work with IT consultants to develop a beta version of our PictureDay app.



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## Stage 2

At Stage 2, Duetto plans to roll out our services at the pilot firm.

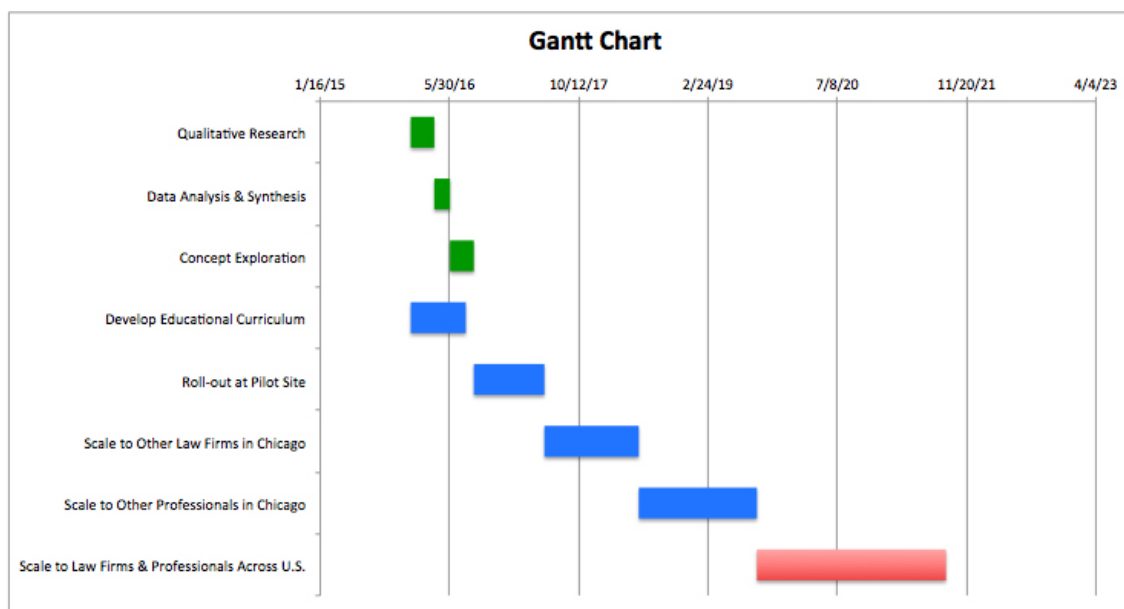
At this stage, Duetto will study the ways in which parents and children interact during the day, in order to leverage technology to improve the interactions through digital touch points, and perfect the PictureDay application.

## Stage 3

At Stage 3, Duetto plans to scale (i) first to other law firms in Chicago with 200 or more attorneys, and (ii) then to law firms in other major cities in the U.S.

There is no reason, however, that the Duetto Method is limited to the legal industry.

Doctors, bankers, consultants, and other professionals face the same issues that lawyers do, and are not immune from long and unpredictable hours.



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## Competitor Analysis

	<u>Duetto</u>	Nanny	Au Pair	Montessori	Daycare
Connection	<b>Y</b>	N	N	N	N
Vetting	<b>Y</b>	N	N	<b>Y</b>	N
Convenience	<b>Y</b>	<b>Y</b>	<b>Y</b>	N	N

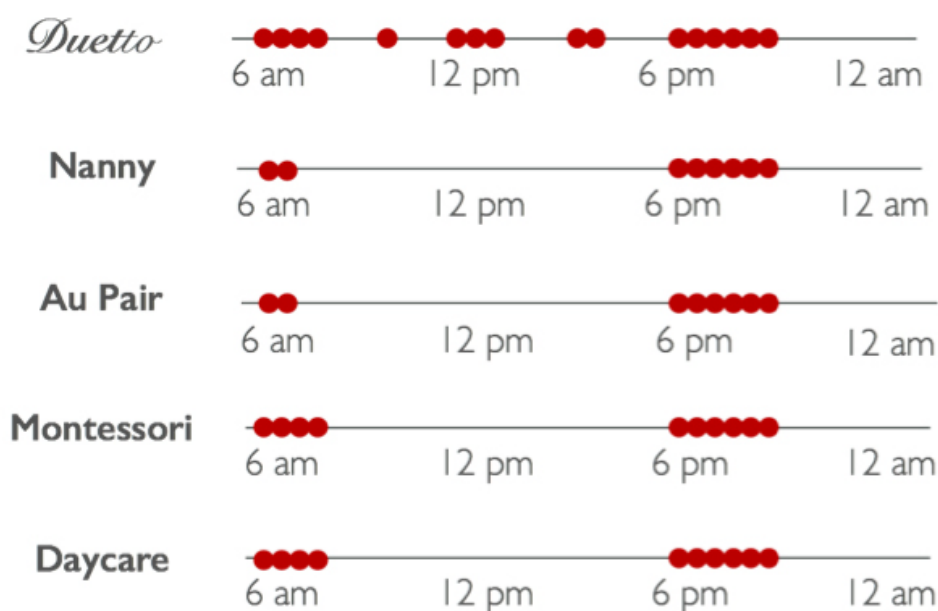
There are almost no direct in-office competitors today. There are only alternatives. Consider personal assistants, such as nannies and au pairs. Costs are often prohibitive, and working parents must make significantly more money in order to feel that the expense of a nanny or an au pair is worth it. Vetting issues are pervasive, and since the caretakers often take care of the children at home, there is no supervision or other checks on their competency, and children often miss out on the benefits of early socialization, which is well documented in literature on child psychology. Au pairs often receive no formal educational training, and often have to contend with substantial language and cultural barriers.

Consider Montessori and other daycare options. Location might be inconvenient for parents, and daycare facilities are often not located in business districts because of cost considerations. Class sizes are often very large because of the great demand for high-quality child care. Application processes are often lengthy, burdensome, and expensive, and there's no guarantee that a child will be accepted into the more prestigious programs offered. Parents often find themselves on waitlists, and are forced to plan for such arrangements even years in advance.

With all of the alternatives, children and their parents only get to spend time together during the stress of getting ready in the morning or when the day is winding to a close. But Duetto opens up the day to parents. Because childcare services are located on site at the law firm, there are many more opportunities for parents and kids to connect throughout the day. None of the other options can compare.

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## Market Advantage - “Why We Duet Better”

Duetto has clear and distinct market advantages. First, the cost of rent will be very low or non-existent. Many law firms maintain significant areas of unused boardroom space, and they will be incentivized to use that unused boardroom space to build out Duetto facilities in an effort to accommodate their employees and attract talent. Law firms will also be incentivized to use any cost savings in overhead to help subsidize the cost of Duetto services. Firms are losing billions of dollars each year in retraining costs because female associates are leaving in droves; it is much cheaper for firms to subsidize childcare costs than to continue paying the exorbitant costs associated with rampant productivity losses and low morale.

Second, once Duetto establishes a location at a law firm, it will have a monopoly over the childcare services at that firm.

Third, Duetto will scale quickly because the legal market is very competitive for legal talent. If a market mover like Sidley Austin or Kirkland and Ellis rolls out on-site childcare services, other law firms will quickly join the trend. And since the vast majority of large firms have big offices in other U.S. cities, there is a good chance that these firms will want to add on-site childcare services to other office locations.

Finally, law firms can reap major tax advantages for providing on-site childcare facilities. In essence, firms can write off costs incurred to operate the facility. And if law firms tack on a monetary subsidiary to help employees pay for childcare costs, they can deduct another \$5,000 per employee.

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## Management Team and Advisors

### Current Management Team

CEO – Sapna Parmar

COO – Jack Yamin



**Sapna Parmar, Esq.** - Sapna is a Certified Public Accountant, and spent years working at Deloitte & Touche LLP. She is thus uniquely situated—and highly qualified—to navigate the financial implications of a start-up business. Sapna earned her Bachelor of Commerce degree from the University of Toronto, where she graduated with high distinction, and her J.D. from Northwestern Pritzker School of Law, where she graduated cum laude.



**Jack D. Yamin, Esq.** - Jack worked as a consultant to a wide range of business—including start-ups and large corporations—prior to joining law school, and understands the realities of running and managing business in an array of various industries. Jack earned his Bachelor of Arts degree from Binghamton University, where he graduated summa cum laude, and earned his J.D. from Northwestern Pritzker School of Law, where he graduated cum laude. Perhaps most relevant, however, is Jack's personal experience—he is the parent of an 18-month old, and understands the difficulties of managing a heavy workload while raising a child.

Sapna Parmar and Jack Yamin are uniquely positioned to carry out the Duetto vision and concept. Both are graduates of Northwestern Pritzker School of Law, and have practiced in the legal industry for years, at some of the nation's largest law firms. Their experiences in the legal industry have allowed them to gain a deep, yet broad understanding of the legal profession, the business considerations that motivate the legal industry, and the personal experiences of other attorneys and legal professionals. Jack and Sapna both draw on extensive business experience prior to law school, much of which can be brought to bear on Duetto's financial and operational objectives.

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## Advisory Board



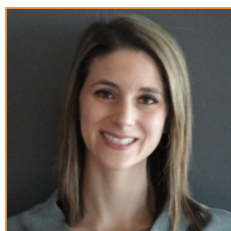
**Jonathan Gunn, *Strategy Advisor*** – Mr. Gunn is the President and Co-Founder of BriteSeed, LLC. Jonathan earned Doctoral degrees in Biomaterials Engineering and Nanotechnology from the University of Washington and a Juris Doctor from Northwestern Pritzker School of Law.



**Muneeb Bokhari, *Technology Advisor*** – Mr. Bokhari is the founder of Digiplastic Industries, an interactive media agency, serving clients such as Kobe Bryant, the NFL, and ESPN, and makers of Shrtwv, an anonymous location-based communication platform. He earned his Juris Doctor from Northwestern Pritzker School of Law.



**Esther Barron, *Legal Advisor*** – Ms. Barron is a Clinical Professor of Law at Northwestern Pritzker School of Law where she earned her Juris Doctor and also serves as the Director of the Blumn Legal Clinic Entrepreneurship Law Center. She is currently a mentor for I87I.



**Emily Klear, *Curriculum Advisor*** – Ms. Klear is a licensed family therapist and completed her clinical training at the Family Institute's Bette D. Harris Family and Child Clinic. She earned her Bachelor of Arts in Psychology and History from the University of Michigan and her Master of Science in Marriage and Family Therapy from Northwestern University.

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## Financial Projections

### Demand for Services

DEMAND FOR SERVICES	
Number of Associates at Pilot Site (Ages 25-40)	218
% of Associates that Make Partner	30.0%
% of Americans that Want Kids	96.0%
% of Kids in America Under 5 Years Old	28.4%
% of Parent that Utilize Non-Relative Childcare Options	60.2%
Average Number of Kids Per Family	2.6
Total Associates that will Utilize Duetto Services	28
% of all Associates That Will Utilize Duetto Services Each Year	12.84%

### Roll-Out at Pilot Site – Sidley Austin LLP

PILOT SITE - SIDLEY AUSTIN LLP			
REVENUE PROJECTIONS PER YEAR			
	Conservative	Average	Aggressive
Service Revenue Per Child	45,000	45,000	45,000
Number of Associates at Sidley Austin LLP	218	218	218
% of all Associates That Will Utilize Duetto Services	0.10	0.13	0.16
Total Revenue Each Year	981,000.00	1,275,300.00	1,569,600.00
COST PROJECTIONS PER YEAR			
Rent Expense	0	0	0
General/Administrative Expense	200,000.00	150,000.00	100,000.00
Maintenance Expense	50,000.00	30,000.00	10,000.00
Liability Insurance	8,000.00	5,000.00	2,000.00
Salaries/Payroll	280,000.00	210,000.00	70,000.00
Supplies	40,000.00	25,000.00	10,000.00
Technology-Related Expenses	60,000.00	50,000.00	40,000.00
Total Costs Each Year	638,000.00	470,000.00	232,000.00
PROFITS PER YEAR	343,000.00	805,300.00	1,337,600.00

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## Financial Projections (continued)

Scale to Top 350 Law Firms in the U.S. with 100+ Attorneys

REVENUE PROJECTIONS PER YEAR			
	Conservative	Average	Aggressive
Service Revenue Per Child	45,000	45,000	45,000
Number of Associates at Top 350 Law Firms in U.S.	67,363	67,363	67,363
% of all Associates That Will Utilize Duetto Services	0.10	0.13	0.16
Total Revenue Each Year	303,133,500.00	394,073,550.00	485,013,600.00
COST PROJECTIONS PER YEAR			
Rent Expense	0	0	0
General/Administrative Expense	70,000,000	52,500,000	35,000,000
Maintenance Expense	17,500,000	10,500,000	3,500,000
Liability Insurance	2,800,000	1,750,000	700,000
Salaries/Payroll	122,500,000	73,500,000	24,500,000
Supplies	14,000,000	8,750,000	3,500,000
Technology-Related Expenses	2,000,000	1,500,000	1,000,000
Total Costs Each Year	228,800,000.00	148,500,000.00	68,200,000.00
<b>PROFITS PER YEAR</b>	<b>74,333,500.00</b>	<b>245,573,550.00</b>	<b>416,813,600.00</b>



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## Use of Funding

**IMMERSION & DISCOVERY:** in this phase, Duetto plans to spend time understanding the frame work that aligns the business goals and technology platforms needed to support user experience and market needs.

### QUALITATIVE RESEARCH

Stakeholder in-depth interviews: research will start with stakeholder in-depth interviews. Research will begin with telephone interviews of 6-8 stakeholders. The conversations will provide Duetto with an idea of the use, value, basic workflow challenges and overall product interactions implicated by the Duetto business model.

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Applied Ethnography: site visits to 2-3 legal environments

- Study the layout of major law firm offices to understand the process, interactions, challenges, and goals of the specific goals identified.
- Artifact assessment – to learn what tools are currently being used in what applications, and how existing options are evaluated.

**ANALYSIS & SYNTHESIS:** data will be analyzed and synthesized in order to clearly communicate research findings and actionable opportunity areas for concept exploration.

- Process / Workflow Map(s) – delineating the interactions, goals, and challenges of targeted tasks.
- Needs and Values Hierarchy – that explores the relationship between user needs and values.
- Opportunity Map – a comprehensive visualization and organization of all opportunities identified.

**OPPORTUNITY EXPLORATION & PLANNING WORKSHOP:** This collaborative meeting will be the platform for sharing research findings, evaluating opportunities, and determining next steps.

- Research Findings Presentation
- Opportunity Prioritization and Planning

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## Use of Funding (continued)

**CONCEPT EXPLORATION:** in this phase, we will begin to develop potential concepts for new offerings, using the opportunity prioritization as a directive for our efforts.

- Value and Scenario Development – early development will target unique, tangible ways to deliver value (as defined by research). Exploration will be divergent and iterative, and will likely generate features, and use cases.
  - Concept Visualization – concepts will be captured in the form of ideation sketches, 2D illustrations, and 3D mock-ups / prototypes (as-needed).
- 

**CONCEPT REVIEW:** a collaborative meeting will aim to determine next steps, based on the concepts generated to date. At this point, the team might choose to down-select to a single direction or introduce the range of concepts to potential end-users for evaluation (to facilitate this process). It is expected that the team would also determine an action plan for continued development and refinement at this juncture.

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## Appendix

### Citations

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<http://www.gallup.com/poll/164618/desire-children-norm.aspx>

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<http://www.cultureofsafety.com/2013/04/ask-the-experts-how-much-does-child-care-insurance-cost/>

### Personnel Needs

Chief Technology Officer – To be determined  
Education Lead – To be determined  
Daycare Operations Lead – To be determined