

SBA 2016 InnovateHER Challenge
Maryland Technology Development Corporation Local Competition Winner
Statement of Support
December 2, 2015

The Maryland Technology Development Corporation (TEDCO) is pleased to advance Kitchology, Inc. (Kitchology) to the Semi-Final Round of SBA's 2016 InnovateHER Challenge. A total of twenty applications were received and evaluated by our independent panel of reviewers; in the final analysis, Kitchology was the clear winner of our Local Competition.

The Company's application was rated equally highly on all three of SBA's Challenge criteria:

Has a measurable impact on the lives of women and families (30%)

Food allergies affect the whole family, whether it is avoiding certain foods altogether; buying special foods; using separate pots, pans, and utensils for cooking and eating; being unable to eat out at certain restaurants; or, rushing a child to the emergency room (300,000 every year, one every 2 minutes). All these factors can disrupt a family. These families are also stressed the 85,000 anaphylactic reactions or the 200 deaths caused each year by food allergies.

Dealing with food allergies and intolerances can take a large toll on the family budget. According to a CNN report, families with food allergies spend \$25 billion per year, or about \$4,184 on each child per year. This includes the cost of special foods, medical visits, medicines, special childcare arrangements, and allergy-friendly summer camps or schools. Sometimes, one parent will give up a job or work part-time and choose to be home more with their kids. While there are conflicting estimates of the cost of food allergies, there is no doubt that it has an economic impact on families.

Food allergies can also impact a child and family's social and emotional well-being. A study in the journal *Pediatrics* looked at the impact of food allergies on daily activities of 87 food-allergic children and their families. They reported that food allergies significantly affect meal preparation in a majority of families and also affect family social activities. 41% percent of caregivers reported significant stress levels secondary to their child's food allergy and 34% reported that food allergies had a significant impact on school attendance.

Kitchology was rated very highly on this criterion because all of these negative impacts – meal preparation, health emergencies, social activity, cost, and childcare – fall disproportionately on the female head-of-household.

Has the potential for commercialization (40%)

Kitchology's primary target market is the 83 million Americans dealing with food allergies and intolerances. They spend \$251B on groceries (including \$8B online, slated to grow to \$20B by 2019). Kitchology's secondary target market is the 160 million individuals dealing with special diets. For these markets, food is wellness. Yet, cooks don't have the tools, information or support they need to manage special diets efficiently. Kitchology's software platform matches food to the cook's profiles and for whom they are cooking. Using machine learning, the software enables meal planning based on: 1) ingredients typically at hand, 2) personalized ingredient substitutions, and 3) purchasing through personalized shopping lists, all of which enable step-by-step cooking and cook-to-cook connections.

The Company is currently getting 250,000 monthly Active Users and has federated an ecosystem of 300 food allergy bloggers with readership between 250,000 and 500,000 readers.

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Kitchology generates 500,000 social impressions per month and their app is on the Apple app store. Kitchology makes money in three ways: 1) consumers buy products directly from the platform and subscribe to tailored kits, 2) brands and retailers are provided with innovative and efficient ways in which to promote their products to consumers, and 3) brands and retailers are provided with detailed product and user analytics. The Company expects to be cash flow positive by 2017 and will become profitable with the primary food allergy market alone.

Kitchology was rated very highly on this criterion because the Company has made impressive progress to date on commercialization and has a clear growth strategy.

Fills a need in the marketplace (30%)

There are at least 15 million Americans dealing with food allergies. Of this number, 60% (9 million) are adults and 40% (6 million) are children. One of every thirteen children has at least one food allergy, or 4 to 6 percent of all American children. That means that in a classroom of 26 kids, 2 will have a food allergy. And the rate of food allergies is growing – According to the CDC, children with food allergies increased 50% from 1997 to 2011). Additionally, one American in three believes they or their children are intolerant to at least one food. Taken together, 83 million Americans are affected by food intolerance and food allergy.

A competitive analysis identifies four major competitive categories – Support Sites/Groups, Food Delivery Services, Coupons/Analytics, and Recipe/Food Discovery – and two to three existing competitors in each category. When compared to Kitchology on five major criteria, only Kitchology provides a meaningful value proposition to the family with children suffering from food allergies and food intolerance. The five elements of this value proposition are as follows:

- Ingredient/product substitutions.
- Insight about consumer usage decisions.
- Insight supporting product development.
- Advocacy/evangelism.
- Product fulfillment.

Kitchology was rated very highly on this criterion because they are very clearly meeting a large and growing demonstrated market need.



12/1/15

Neil R. Davis
Director, Entrepreneurial Development
Maryland Technology Development Corporation