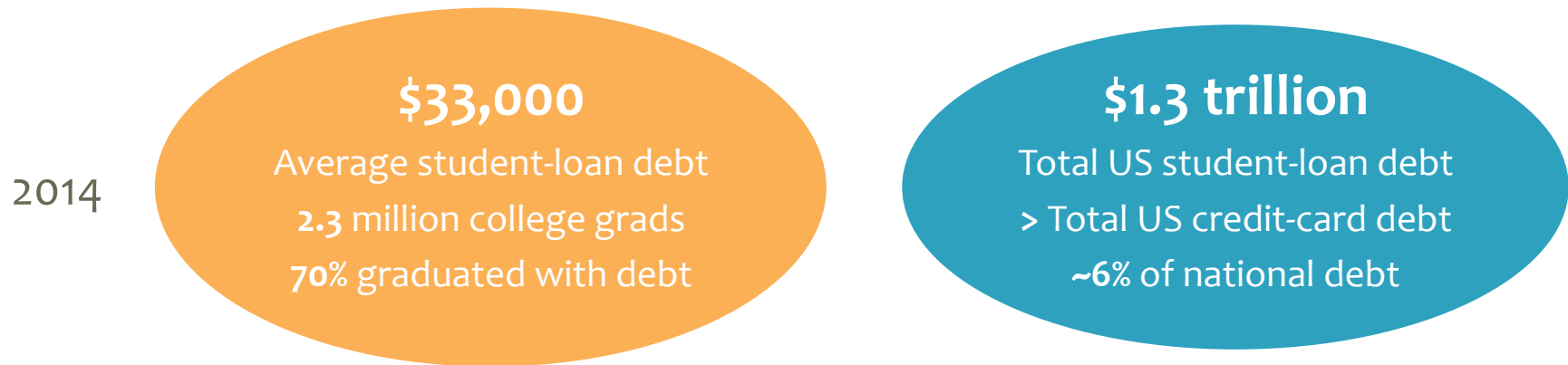




A social funding platform that empowers families to raise money for college from close-knit circles of financial backers.

Our mission is to make college affordable for every young person who dreams big and works hard.

The U.S. is facing a *crisis of student-loan debt*



The cost of college is *skyrocketing*...

	2014	2025*
Public – in-state	36k	135k
Public – out-of-state	88k	215k
Private – average	120k	275k
Private – elite	200k	400k

... and the average American family can't keep up.

\* Peterson's Undergraduate Expense Data

Most parents *struggle* to save for college

1. “I don’t make enough money”

- As the cost of college goes up and the middle class shrinks, college feels *increasingly out of reach* for most American families

2. “I don’t know where to begin”

- There’s plenty of information online about saving for college, but most parents are *too busy and distracted* to wade through it all
- Others end up with the *wrong information*, e.g. believing that opening a 529 account will make their child ineligible for financial aid

3. “I’d feel awkward asking for help”

- With neither money nor know-how, most parents are *in dire need of help*
- Unfortunately, most are uncomfortable asking friends, or even relatives, for help with financial matters – so they end up going it alone

## Principly empowers families to save smarter

### 1. The easiest way to save for college

- **No friction** – it takes *less than 5 minutes* to start saving on Principly
- **No hassle** – we open and manage a 529 college savings account for you
- **Guidance** – throughout your child's education, we provide the right information, at the right time, to help your family prepare for college

### 2. More stakeholders

- We make it easy for relatives and family friends to get involved
- We give you and your child tools to keep these supporters engaged
- When it's time, ***we make the ask*** for you, converting followers to backers

### 3. Additional sources of money

- We partner with organizations in your community – like schools, employers, banks, and unions – to suggest scholarships and to inform you of ways to raise more money, including matching fund opportunities

## 1. Sign up

- A parent or student visits [principly.com](https://principly.com) and creates a student profile
- They add basic information to the profile (age, location, year in school), as well as a free-form blurb, educational goals, and a recent moment from school
- Principly helps them send emails to relatives and family friends, inviting them to subscribe to the occasional update on the student's educational progress

## 2. Raise money

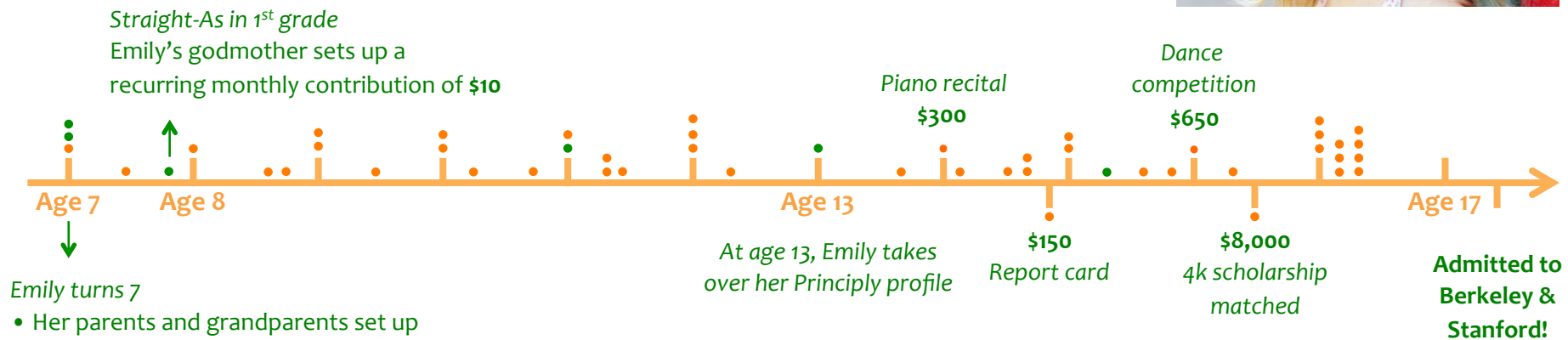
- For every significant educational milestone or achievement, the student or parent posts an update on Principly, which is shared with their followers
- Over time, Principly encourages followers to contribute money, on a one-time or sustaining basis, and reminds them of birthdays, holidays, and other important events
- Once a month, gifts are pooled and deposited into a tax-advantaged 529 college savings account that Principly initially set up and manages for the student

## 3. Pay for college

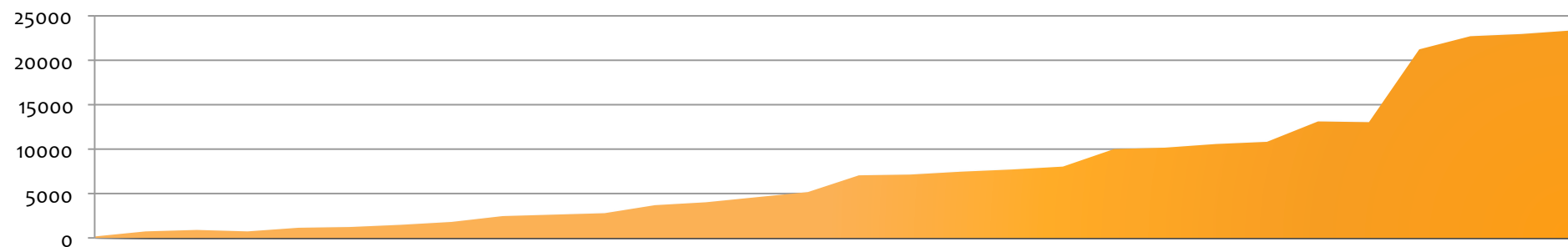
- When it's time to pay for college, the student or parent withdraws from the account

## Meet Emily

Around her 7<sup>th</sup> birthday, Emily's mom creates a profile for her on Principly and invites friends and relatives to follow along as she goes through school



By her 17<sup>th</sup> birthday, she's raised a whopping \$24,238



## Principally is ready to ride a wave in 2015

### 1. The cost of college is now a national political issue

- **Both parties care** – in the 114<sup>th</sup> Congress, members on both sides of the aisle are alarmed by soaring student-loan debt and want to make it easier to save and pay for college
- **It's a hot-button issue** – in his State of the Union address, President Obama proposed reducing the tax benefits of 529 college savings accounts, believing them to be regressive
- Facing popular uproar, he dropped his proposal within a week – but we will make 529s work for many more families, including those of more modest means

### 2. A new generation of web-savvy parents

- The emerging generation of parents grew up with the Internet and matured alongside the major social networks
- They announce births on Facebook, post photos of their toddlers on Instagram, and are ready for a simple web solution for college savings



### 3. The rise of crowdfunding and money management online

- Crowdfunding has spread to many specific verticals – and some platforms are already being used, albeit hackily, to raise for college
- From Mint.com and SoFi to Wealthfront and Betterment, web-based financial services have gained broad adoption – education funding is next



It's a giant market...

## \$75 million to \$225 million

(estimated annual revenue)

**\$75 million**  
(top-down)

- **\$50 billion** in higher-ed debt accumulated annually
- **TAM** = 5% (fee) of \$50 billion = **\$2.5 billion**
- 3% market penetration = **\$75 million**

**\$225 million**  
(bottom-up)

- **50 million** U.S. citizens in target demographic
  - age 0-19, 35k > household income < 150k
- Annual revenue per user (Slide 11) of **\$150**
- **TAM** = 50 million x \$150 = **\$7.5 billion**
- 3% market penetration = **\$225 million**



Long-term / person-based



General

Education



Short-term / project-based

We have *3 clear ways* of generating revenue

## 1. 5% fee

The crowdfunding model supports this standard transaction fee, but we evolve it with two unique innovations

1. Recurring gifts, which produces recurring revenue streams
2. A long-term user relationship, allowing for a slow build of donors

## 2. Display advertising

Given our clear focus on education and our thematically well-defined users, we can command higher-than-average click-through rates for banner and in-line display advertising

## 3. Direct marketing

1. Private four-year colleges spend an average of \$2,433 per student in recruitment, much of it targeting disadvantaged students
2. We will charge them \$9 per student over a 1.5 year period for access to performance data and for a direct line of communication with students

## Revenue Model Estimation

<b>Fee Revenue</b>	<b>\$107.00</b>
Monthly Recurring	\$120
Sustaining Backers	4
Avg Recurring Gift	\$30
Special Gifts	
Birthday	\$200
Christmas	\$400
Academic Events	\$100
Avg Annual Raise	\$2,140
Fee at 5%	
<b>Advertising Revenue</b>	<b>\$18.00</b>
Monthly Site Visits	4
Page Views Per Visit	5
Annual Page Views	240
CTR	1.50%
CPC	\$5.00
<b>Recruitment Revenue</b>	<b>\$22.50</b>
Annual Spend Per College	\$1,800
# of Colleges Accessed	10
% Marketing Budget	0.50%
Years Marketed To	1.5
<b>Total Revenue</b>	<b>\$147.50</b>
Avg Lifetime	6
<b>Total Lifetime Value</b>	<b>\$885.00</b>

	<b>\$107.00</b>	Fee Revenue
+	<b>\$18.00</b>	Advertising Rev
+	<b>\$22.50</b>	Recruitment Rev
=	<b>\$147.40</b>	Total Rev
x	<b>6</b>	Average Lifetime
=	<b>\$885.00</b>	<b>LTV</b>

Break-even point:  
18 months from launch

## How will we reach our users?

### Using these channels...

- Viral / Referral
  - Deep social media integrations
  - \$10 referral bonus
- SEO / SEM
- Blogs / Influencers
  - Financial aid
  - College prep
  - Financial planning
- Biz Dev / Partnerships
  - SMBs, Unions, Churches
  - Schools, Banks
  - Brokerages
- Retargeting
- Radio / TV / Print

### We will strive to reach...

- Parents
  - Expecting
  - Of newborns
  - Up to late high school
- Students
  - $\geq 13$  years old
  - Mid-to-late high school
- Guidance counselors
  - Blogs
  - Professional literature
- Financial advisors
  - CFP trainings / blogs
- Celebrities / Philanthropists
  - Who've displayed an interest in education



**Jordan Lee**

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Analyst at Lehman Brothers

Harvard College 07, AB in Economics



## The Deal

### Deal Terms

Investment	\$1,500,000
Equity Stake	-----
Pre-Money Valuation	-----
Break Even	18 months

### Use of Funds

	<u>Amount</u>	<u>%</u>
Salaries	480,000	36.9%
Office Expense	26,000	2.0%
Advertising	636,000	48.9%
Travel	52,000	4.0%
Professional Fees	65,000	5.0%
Equipment & Furniture	25,000	1.9%
Miscellaneous	15,000	1.2%

# Appendix – Cap Table

**Total Issuance    10,000,000**

## Pre Funding Cap Table

	Common Stock	Options	% Ownership Fully Diluted
Lee, Jordan	3,250,000	-	42.5%
Phelan, Eric	3,250,000	-	42.5%
Option Pool	-	1,500,000	15%
Total Issuance	8,500,000	1,500,000	100%

## Post Funding Cap Table

	Common Stock	Options	% Ownership Fully Diluted
Lee, Jordan	3,250,000	-	32.5%
Phelan, Eric	3,250,000	-	32.5%
Option Pool	-	1,500,000	15%
Seed Investor		-	
Total Issuance		1,500,000	100%