

Cakewalk: Small Business Benefits at Scale

Who is our Customer

Small businesses—owners and employees—across the United States

Small businesses need employee benefits but can't access them on their own and existing channels don't properly serve them.

- 61.7M Americans working in ~30M small businesses
- Structurally underserved by traditional benefits distribution
- Legacy market broken by:
 - Operational friction
 - Underwriting dynamics
 - Prohibitive distribution costs

Our Model

- Cakewalk delivers accessible and affordable benefits to small businesses.
- Cakewalk enables resellers to reach small businesses at scale.

Reseller Distribution

Distribution Strategy: Executive-Led Reseller Partnerships

Reseller: A large-scale insurance or adjacent organization that serves small businesses.

We engage insurance resellers at the C-suite level with a repeatable enterprise value proposition: incremental SMB revenue, advisor productivity gains, and operational efficiency. We secure top-of-house alignment with CEOs, CROs, and Heads of Distribution.

Result: One relationship → 1,000s of distribution partners

Distribution Partner: The advisor, or platform within a reseller's ecosystem that maintains direct, trusted relationships with small business owners.

We enable partners to sell Cakewalk Benefits into SMBs

Five Reseller Categories(examples with List and decision maker entry points)

- | | |
|----------------------------------|------------------|
| 1. Captive Agent Networks | MI Farm Bureau |
| 2. Independent Agent Aggregators | Providence Group |
| 3. Multi-Line Brokerage Firms | Alera |

4. Insurance Entities (carriers with SMB books)
5. Platforms (tech platforms, PEOs, affinities)

Harvard Pilgrim
Cast & Crew

Funnel

Cakewalk Distribution Math

- 300 strategic reseller partners
- ~300,000 distribution partners (agents/brokers)
- 30M+ small business touchpoints

One relationship = 1,000+ distribution partnerships

Value Proposition

For Resellers (C-Suite):

- 5-10% enterprise value growth
- Activate Advisor productivity
- Proprietary product opportunities → “negative CAC”
- Zero balance sheet/capital investment
- Immediate ROI

For Distribution Partners(Agents):

- Profitably serve small business segment
- Recurring revenue increase 10%+ & cross-sell opportunities
- Higher persistency and book defense

For Small Businesses(Customers):

- Accessible, affordable benefits through trusted advisors

Economics: Reseller and Cakewalk

Reseller Example (Michigan Farm Bureau):

- 243K lives
- 20% stabilized conversion (3 years)
- \$5.4M annual revenue
- +5-10% enterprise value impact

Customer LTV:

- 7–10 year baseline retention
- 100% retention through product expansion
- Example: \$200K life base → 20% conversion → \$21M annual stabilized revenue

Cakewalk LTV & Economic Value Hierarchy

| <u>Level</u> | <u>Definition</u> | <u>Portfolio Size</u> | <u>Lifetime Value</u> | <u>Annual Earnings</u> | <u>Economic Value (15x ebitda)</u> |
|------------------|---|---|-----------------------|------------------------|------------------------------------|
| User | Individual within small business | 1/5 of account | \$1,870 | \$220 | \$3,300 |
| Account | Single small business customer (5 users) | 1 account | \$9,350 | \$1,100 | \$16,500 |
| Partner | Activated agent (productive & Mature) | 25 accounts 125 users | \$233,750 | \$27,500 | \$412,500 |
| Reseller | Organization with 1,000 agents (30% activation) | 300 partners 7,500 accounts 37,500 users | \$70.1M | \$8.25M | \$123.8M |
| Total Enterprise | 300 resellers universe (5% conversion = 15 activated) | 15 resellers 4,500 partners 112,500 accounts 562,500 users | \$1.05B | \$123.8M | \$1.86B |

Enterprise Calculation:

- 300 resellers × 5% conversion = 15 activated resellers
- 15 resellers × \$8.25M annual earnings = \$123.8M annual earnings
- \$123.8M × 15x multiple = \$1.86 billion enterprise value

Next 3–6 Months: Validation

Prove the model by building foundational proof points for rapid sustainable scaling :

- Complete infrastructure build out
- Validate engagement, activation, and conversion metrics
- Establish scalable business processes
- Iterate product and GTM based on learnings