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## edaixi (eWash): Digital Transformation of Laundry Services (A)

Incubated by Beijing Rongchang Technological Service Co., Ltd. (Rongchang), and officially launched on November 28, 2013, edaixi (e 袋洗, meaning literally “e bagged-wash,” eWash hereafter) was a Chinese online-to-offline (O2O) laundry service offering a pioneering “charge by the bag” model that featured home pickup and delivery within 72 hours. It was spun off by Rongchang as a separate company<sup>1</sup> in April 2014. As of July 2016, eWash service was available in 32 cities across China for more than 10 million customers. On average, eWash processed more than 30,000 daily orders (peak daily orders exceeded 100,000).

Founded in 1990 by Rongyao Zhang and headquartered in Beijing, eWash’s parent company, Rongchang, had grown rapidly over 25 years by franchising its laundry services and establishing its own chain stores. As of March 2013, Rongchang had 989 owned and franchise stores across the country, making it one of China’s leading laundry chains.

Since 2013, Zhang—as founder and chairman of both Rongchang and eWash—had sought to integrate mobile Internet service into its offline laundry business with an O2O offering. When eWash started in late 2013, Rongchang’s chain laundry storefronts fulfilled most eWash orders, joined later by some third-party providers such as Elephant King and Fonet. Starting in 2015, Zhang decided to change this model, progressively closing Rongchang-owned storefronts in favor of subcontracting eWash orders to various third-party laundries. By April 2016, eWash had partnered with over 600 offline third-party stores across the country. For logistics and distribution, eWash used both an in-house logistics team and locally sourced teams of freelancers known as “e-stewards” for pickup and delivery of customer orders.

Despite its rapid development, eWash had encountered a number of challenges. First, reliance on a large and growing number of third-party laundry service providers made quality control tricky. This was essential to get right, however, because customer satisfaction was the most important contributor to eWash’s brand awareness and recognition. Second, the company was still experimenting with the

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best way to position the e-steward service. What job responsibilities and performance indicators should be assigned to these workers? Could the e-steward teams meet expectations and requirements as the business evolved? Could the e-steward model be applied to other sharing-economy services? Zhang contemplated these challenges.

## China's Laundry Chain Industry

China's laundry industry started to take off rapidly in the 1990s as the nation's living standards greatly improved. Brand chains formed as existing laundries expanded. However, several major pain points developed over time.

First, a typical laundry firm with "store in the front and plant in the back" required heavy capital investment and had strict requirements for store configuration, usually requiring 50–80 square meters of space equipped with a 380V three-phase circuit, a water-filling and drainage system, and an indoor floor load capacity of around 1,000 tons. A facade of moderate width and ample interior height was also necessary to showcase the brand image. In addition, the store needed to be located where there was high foot traffic and where its neighbors were not sensitive to noise. Site location for laundry stores usually followed distinct principles to target different customer segments. For example, a store that targeted residential customers required a residential population of 5,000 or more within a 500-meter radius of the store. Residential customers were less likely to go out simply to drop off or pick up their laundry than to do so on their way to go shopping or run other errands, so laundry stores needed to be situated on the main streets in the community. Stores targeting mid- and high-level white-collar customers needed to be located in a central business district with heavy road and foot traffic. The primary concerns of these stores were transportation and parking, with the ideal location close to train stations, bus stops, or street corners. It was becoming increasingly difficult to secure and retain such locations, however, due to rapidly escalating rents. To reduce cost, stores typically combined clothes from multiple orders based on their colors and materials and washed them together. As a result, customers had to wait many days before their orders were ready for pick up.

Second, store managers were the major human resource for which businesses competed. Store managers needed to have strong customer relationship skills; understand the technical aspects of washing and ironing; and be able to manage people, finances, and costs. Complaints and disputes were usually handled by store managers, so good communication and coordination skills were particularly important. Frontline workers for washing, ironing, and reception were also important. Workers needed to be able to distinguish ordinary washing from dry cleaning, know how to remove stains, and know how to operate dry cleaning and washing equipment. Ironing skills were especially critical to customer satisfaction. Receptionists' hospitality, strong customer service, and proactive communication of new store policies directly affected the brand's image, the store's success, and customers' willingness to spend.

China's traditional laundry firms also faced a number of other challenges, including overcapacity, rising labor costs and rent, poor cash flow, and strict environmental requirements. At the same time, the thriving Chinese internet market caused intense anxiety among traditional enterprises.<sup>2</sup> Since 2013, the laundry industry had been experiencing a wave of Internet innovation. Many online laundry firms, such as 24Tidy and Ganxike, were founded to drive online traffic to offline services.

## Rongchang's Transformation

### *First Transformation*

In 1990, Zhang resigned from his teaching position at Beijing Technology and Business University and started his first laundry store in Beijing. He had studied chemical materials at college, with expertise in leather dyeing, which became the major business for the small workshop-style Rongchang Laundry.

In 1999, Zhang sourced professional laundry equipment from some Italian companies and launched his laundry franchise business. The franchise business model encompassed the product, technology, personnel training, trademarks and goodwill, advertising, and other resources provided by the brand owner to franchisees in return for a franchise fee, a performance bond, an equipment fee, and other costs. The brand owner's profits came mainly from selling laundry equipment to the franchisees. In the traditional dry-cleaning industry, the franchise model captured a market share of more than 80%. For franchise management, Rongchang provided three types of stores: standard, elite, and flagship, with varying equipment and accessory fees (see **Exhibit 1**).

Despite the fast growth of Rongchang's franchise model, Zhang saw a hidden danger: "These franchise stores are operated independently, with little connection to the brand owner, which often leads to service quality and financial risks for Rongchang." To resolve these problems, in 2003 he introduced an entirely new business model for the industry, which he termed "One laundry store + Four service stores." Under this hub-and-spoke model, "One" remained a standard laundry facility, equipped with the washers, dryers, and other equipment needed to fulfill client orders, and it served the "Four" stores that offered only laundry drop-off and pickup services. As of May 2004, more than 80% of the franchise stores had become laundry stores. The "Four" stores, invested in by Rongchang, were located within 300–500 meters of the "One" laundry store. Rongchang also introduced a prepaid card that customers could use at any Rongchang store. Zhang commented on this business model innovation: "The franchise stores used to sell their own prepaid store cards, and they had a separate ecosystem. Rongchang had no contact with customers. Now they are integrated into our ecosystem through orders placed through us and the use of our prepaid cards. We provide more convenient services, and customer satisfaction has improved. Besides, Rongchang gained better control of customers and cash flow, through which we can control the franchise stores better."

Rongchang's high quality of service and broad store network attracted many corporate customers, which accounted for more than 65% of the company's sales in Beijing. Of the corporate business, 50% came from financial institutions such as the People's Bank of China, followed by 22% from state-owned enterprises and public institutions, and 13% from subway agencies.

In March 2013, Rongchang owned 251 of its 989 nationwide stores; the remaining stores were franchisees. Its own chain stores were clustered in Beijing (83%), Tianjin (8%), and Shanghai (3%), while franchise outlets were distributed far more widely, with Beijing (14.3%), Shanghai (3.1%), and Dalian (2.3%) hosting the most.

### *Second Transformation*

In 2013, despite the resistance from other managers in the company, particularly those in charge of franchise stores, Zhang decided to integrate laundry service with the Internet to solve the two pain points in the laundry business for his non-enterprise customers: lack of parking for customer drop-off and pickup of laundry, and the mismatch between store business hours and the time that customers, especially working consumers, were most likely to come in. Zhang set up an O2O team within

Rongchang and launched a service loop connecting consumers with a home service website and Rongchang's offline service stores. The website allowed customers to place an order for laundry pickup and delivery service at home without making a trip to the laundry store in person.<sup>3</sup> The website would process these orders and send information to the service stores, which would be responsible for picking up orders, fulfilling them at Rongchang's facilities, and delivering completed laundry. This new eWash service committed to home pickup of dirty laundry within 1 hour of order placement and delivery of the cleaned clothing within 72 hours. The website also allowed its prepaid card users to keep track of their account balances and consumption history, check and redeem points, and add value to their cards. Consumers could submit feedback for company review and share their experience with the service.

In October 2013, Zhang met Wenyong Lu, who had just left Baidu, one of the largest Internet companies in China, and made him CEO of eWash. The 27-year-old Lu impressed Zhang greatly in their first interview. As Zhang said, "Lu and I share common values, passions, and goals. He has a background in the group purchasing business, understands user and business concerns, and is a great thinker."<sup>4</sup> Next, Zhang and Lu redesigned and optimized product design, service outsourcing, logistics, marketing, and after-sales service, and made adjustments to the management team.

**Product design** Initially, eWash customers would place their dirty laundry in a designated eWash bag (sized at 43 x 34 x 7 centimeters) and then use Tencent's WeChat (China's largest social application for instant messaging) to place orders and to schedule pickup and delivery times and locations by eWash service people. The official eWash account on WeChat offered order reservation, progress reports, online payment, a channel for complaints and suggestions, and a member center.

To make laundry collection faster and more convenient, eWash charged by the bag instead of by types and number of pieces of laundry – the traditional industry practice. The head of R&D at eWash, Yonghong Cen, said: "The company eliminated on-site inspection of laundry at the time of pickup. Instead, pickup couriers sealed the eWash bags at the pickup location, opening the bags and inspecting the contents only under video surveillance at the eWash laundry facilities. All surveillance videos were archived, and eWash could forward customers the footage at any time at their request. eWash staff then sent customers an itemized laundry list via WeChat and alerted them of any problems found during their inspection. They also fixed loose threads or lost buttons at no charge." Hongfei Gao, Director of Human Resources, added, "The internal team had tested the eWash bag model with thousands of combinations of clothing items before they worked out a market price of around 200 yuan<sup>5</sup> per bag. This pricing policy ensured the business would at least break even after discounting to a price of 99 yuan per bag, and still generate profits on large order volumes."

The company then conducted in-depth market research and identified some drawbacks to the bag approach. For example, high-end customers who were not very sensitive to price would place orders with bags that were not full, whereas it took a long time for some single white-collar workers or young couples to accumulate enough dirty laundry to fill a bag. To meet the diverse needs of different customers, the company added a "charge by the piece" option that limited the per-piece charge to three price points: 9 yuan, 19 yuan, and 29 yuan for standard laundering (e.g., 9 yuan for a pair of dress pants and 19 yuan for a suit jacket).<sup>6</sup> The increased convenience and affordability of eWash attracted more customers, and by July 2016 the ratio of sales of "charge by the piece" to "charge by the bag" was 9:1.

**Service outsourcing** Rongchang's own laundry facilities and franchise stores proved unable to satisfy the explosive growth of eWash demand. In September 2014, eWash therefore began outsourcing laundering work to nearby branches of branded laundry firms (such as Fonet and Elephant King), and to laundry facilities of five-star hotels and laundry plants. The company paid 50%–60% of the price of

each eWash order to these third-party laundries. By mid-2015, eWash no longer made use of Rongchang's own laundry facilities and had become a pure platform company providing an open interface to qualified laundry firms. As of December 2015, eWash business generated 30%–50% of the revenue of these third-party laundries.<sup>7</sup> The outsourcing allowed eWash to offer express service within 48, 24, 12, or even 6 hours at high prices.

To approve potential partners, eWash developed an evaluation system that assessed the basic qualifications of the candidate laundry store, its brand, and its scale, as well as its equipment, its technicians' skill level and work experience, the number of shop employees, its cleaning process, and its detergent products. It also developed an assessment system to evaluate the performance of existing partners. The assessment system provided data-based daily monitoring and ranking on three indicators: the effectiveness of laundry processing, repeat business, and complaint rate. The processing time had to be within 30 hours, with a delay rate of no more than 6%. Laundry sent back for rewashing could not exceed 0.9% of volume. No more than 1% feedback could be negative. eWash staff reviewed the data daily and would immediately freeze all future orders for any laundry store that failed to conform to these indicators.

**Logistics** eWash originally partnered with third-party logistics firms for laundry pickup and delivery, because Zhang thought it was a simple job that required only timeliness. Over time, however, many disadvantages to outsourcing pickup and delivery emerged. Logistics staff handling multiple product orders were prone to carelessness, omissions, or slow response. Poor work habits or a lack of knowledge of laundry services could also compromise the customer experience.

Zhang soon decided to build an in-house logistics team as an alternative. Yet the company did not completely end its collaboration with third-party logistics firms, which provided supplemental capacity when internal capacity proved inadequate to handle surges in demand. However, an in-house logistics team was not the ideal solution either: the company had to invest a lot of manpower and resources to recruit and train full-time logistics staff and schedule transportation.

In September 2014, the company started to hire freelance workers to handle pickup and delivery service. These workers, who were not eWash employees, were typically residents who had free time and picked up and delivered eWash orders within a neighborhood of two kilometers, or within neighborhoods of 1,500 households. eWash named them e-stewards. Ninety percent of the active e-stewards were residents of the community they served, and they fell into three categories: retirees (40% of the total), stay-at-home moms (30%), and working-class residents serving eWash on a part-time basis (30%). The average cost of recruiting was a few dozen yuan per candidate.<sup>8</sup>

Using a mobile app, the e-stewards received daily requests to pick up laundry from eWash customers and brought it either to nearby laundry stores or to eWash's pickup sites for processing. Because e-stewards were usually residents of the communities they served, they did not face the security restrictions that could hinder the company's own delivery staff from entering some residential neighborhoods. Compensation for e-stewards mostly came from sales commissions.

As the in-house logistics team and the e-steward team grew, eWash found that third-party logistics teams were no longer necessary. Since eWash orders had shown robust growth, eWash later revised the original compensation system for e-stewards to 20% of the order. By July 2016, the highest monthly e-steward salary was nearly 20,000 yuan, though most e-stewards received 4,000–5,000 yuan monthly.

eWash believed that almost any individual could become an e-steward; the only requirements were a smartphone, good health, and an acceptable service attitude. After paying a deposit, candidates received two days of training on service etiquette and laundry collection skills. As of July 2016, eWash

had more than 120,000 e-stewards. The company's internal logistics team filled geographic gaps and managed short-term order surges. More important, it also transferred laundry back and forth for processing from eWash's pickup sites. (See **Exhibit 2** for the process flow.)

**Marketing** In its early stage of customer development, eWash adopted differentiated promotion approaches to target different potential customer segments. The company targeted executive education participants from business schools as its very first customers. These individuals were more likely to embrace new things, were willing to provide suggestions for improvement, and helped to spread and share word of eWash. Next, eWash launched a series of promotion campaigns at Internet companies, universities and colleges, community centers, and supermarkets in Beijing. It also strategically avoided running campaigns near its franchise stores unless these stores were processing many orders from eWash already. Finally, eWash gradually expanded its promotion activities to all enterprises in Beijing and replicated them in other cities nationwide. The number of users who downloaded the eWash app grew with the company's revenues, and customer acquisition began to move from offline to online.

**After-sales service** eWash's primary after-sales service vehicle was a call center with 400 telephone lines that it used to learn about and resolve any after-sales issues. All frontline after-sales service employees were required to think proactively about how to create customer satisfaction themselves rather than transfer incoming calls to supervisors for resolution. Zhang believed in rewarding all behavior that created customer satisfaction. Therefore, the company gave frontline staff the power to compensate customers up to 300 yuan and appointed a manager dedicated to resolving after-sales issues.

On October 10, 2015, eWash launched its laundry insurance compensation of up to 5,000 yuan. This came along with an advanced payment approach: when a customer filed a complaint, eWash would compensate the customer first before confirming the liability with third-party laundry firms. It also committed to resolving any customer problem within seven days.

**Management** In the early days of embracing the Internet, eWash recruited talent to facilitate its transformation. Said Zhang: "Although I do have an Internet mindset, in operational matters I have subconsciously taken the Internet merely as a tool rather than as the revolutionary thing it is. This is a fundamental problem to resolve: those who remain onshore cannot function in the ocean."<sup>9</sup> Although he had sought a completely new team to operate the online business, by hiring Lu as CEO, for example, it was not easy to find the type of managers he sought for eWash. Initially, Zhang personally pursued suitable candidates from among receptive younger members of the existing Rongchang team. Though initial progress went well in many respects, Zhang concluded that his existing team lacked adequate experience; he therefore prioritized finding an O2O team with Internet sector expertise. By July 2016, only 6 of the 22 top eWash executives, including Zhang, had transferred from Rongchang to join eWash. The remaining 16 executives were external hires, 7 of whom had come from Internet companies between December 2013 and March 2015 (see **Exhibit 3**).

## The Chinese Laundry Industry's Digital Transformation

In 2013, Chinese laundry firms began to transition toward the O2O business model as mobile Internet became commonplace in China. In this wave, there were three main categories of companies.

In the first category were traditional laundry service providers that adapted their business models to leverage the Internet. They implemented O2O restructuring either by launching online products or by doing online sales and publicity. In addition to Rongchang, these companies included Elephant King, Fornet, and iLanmao. The level of transformation varied by company. Elephant King and Fornet

used Internet tools or relied on high-traffic sites such as WeChat and Taobao to upgrade their services, but still vigorously developed their franchise system for offline stores, whose employees would pick up and drop off customer orders. iLanmao vertically integrated its online and offline businesses. On top of the original stores, iLanmao developed a mobile application and invested in building laundry facilities and a logistics team to achieve a closed-loop internal O2O model. Rongchang went even further, spinning off a large part of its original traditional offline business to rebrand itself not as a laundry chain but as an O2O platform.

The second category of company included new entrants with particular expertise in Internet technology. Founders of these companies were mostly individual entrepreneurs of nontraditional laundry services. They saw O2O as the future of the laundry business and wanted to lead the industry's transformation with Internet technology. Representative firms included 24Tidy, which relied on premium-brand firms such as Elephant King, Fornet, and Masaaki for laundry processing, and focused more on in-house logistics and private brand operations. 24Tidy saw laundry as an entry point for its other family services and came to earn most of its profit from home flower delivery.

The third category of market entrant was comprised of large Internet companies that entered the O2O laundry business by adding offline laundry processing businesses to their existing offerings, and by partnering with professional logistics companies, through which they could further extend their coverage and scope in consumer services. For example, both JD.com and Alibaba Group's Taobao provided home services. Their advantage was their large existing e-commerce customer base.

The phenomenon was not limited to China, however: an array of U.S. laundry startups featuring home pickup and drop-offs and online order submission launched around the same time as eWash. By mid-2014, a handful of firms were competing in this space, most based in New York or San Francisco. Few succeeded, however. Prim lasted less than one year and was shut down in January 2014. Washio received nearly \$17 million in funding after its 2013 launch, but even with attractive features such as pickups within an hour of ordering and a 24-hour turnaround time on clothes, it shut down in July 2016. It had been one of the few firms to extend its operations beyond a few cities.<sup>10</sup>

## Decisions

Although eWash had grown rapidly (see **Exhibit 4** for revenue trend), challenges remained. Externally, venture capital investment in China's O2O businesses was cooling down in early 2016, constraining eWash's ability to attract new customers with large discounts. The company also faced many internal operational challenges. Specifically, the practices of using various third-party laundry stores for offline processing and of hiring local unemployed people as e-stewards for home pickup and delivery created bottlenecks on further growth.

Starting in 2015, eWash began to use third-party laundry stores and facilities as subcontractors. As of April 2015, offline subcontractors across the country numbered over 600; there were 160 in Beijing alone. However, the company's management team responsible for the outsourced operations discovered many thorny problems with this model, despite continuous improvement of evaluation systems for subcontractors and the creation of a dedicated team for day-to-day subcontractor management.

First, the company needed to deploy a large staff to manage the highly decentralized and large number of offline laundry stores and facilities. Their efforts included the timely implementation of information technology and other system upgrades, and the monitoring of laundry processing flow and quality control. For example, eWash installed video cameras in these third-party stores to monitor the wash process. In April 2015, eWash employed nearly 20 people to manage outsourced operations,

at a huge expense. Although eWash spared no effort to devote manpower and resources to subcontractor management and process quality monitoring, subcontractors remained inconsistent in their processing standards and capacity. Some could not meet eWash's standards and were decertified – a wasteful use of eWash's investments in them.

During this time, media coverage of eWash user complaints increased. Since 2015, *Beijing Morning Post*, *Economic Information Daily*, *Legal Weekly*, and other publications had reported on eWash complaints. According to eWash staff, the perception of a high number of customer complaints may have stemmed from the company's use of subcontractors. At offline physical stores, front desk receptionists and managers communicated directly with customers and could indicate after a quick check of clothing being dropped off any damage or stains that laundering would be unlikely to remove. Such up-front communication could help avoid customer complaints and dissatisfaction. But eWash e-stewards, in order to maximize pickup efficiency, did not have sufficient communication with customers or review the clothing they collected. Therefore, eWash lacked some of the advantages of offline stores, and the Internet amplified the complaints that did exist.

Second, eWash had rapidly expanded its subcontractor ranks in the first half of 2015 on the basis of overly optimistic forecasts of market demand. However, incremental growth in order volume was not as robust as expected. In the meantime, the base market had been cannibalized by both the existing brand stores and facilities and by new entrants. Shortfalls in order volumes meant that some subcontractors in 2015 were not able to achieve their expected profit goals. Stores handling eWash exclusively fared the worst, despite their active cooperation with all eWash requests.

Third, eWash always sought to be the laundry industry's standard-bearer and trendsetter in customer service, for example, by equipping each subcontractor with buttons and zippers – accessories sufficient to allow them to make needed repairs for free immediately. However, its decentralized subcontracting system made this vision very costly to realize. Limited compliance from subcontractors did not help, though subcontractors for whom eWash orders were a low share of their total volume may not have felt rewarded for the effort required to achieve eWash goals. Other factors affected the quality of a subcontractor's laundry service too, including staffing, laundry technology, turnover, technical capability, equipment performance, infrastructure, and the detergents used. While eWash hoped, for example, that all subcontractors would use its own custom detergents, the company had limited success in influencing subcontractors with significant alternative business to adopt them.

In addition, the eWash model relied on offline neighborhood laundry facilities' willingness to use their spare capacity to complete eWash orders. This could pose challenges, noted Xingwei Guo, head of eWash Beijing: seasonality in demand for laundry service meant that subcontractors competed with eWash for orders in periods of low demand, whereas at times of peak demand, they often worked overtime handling and fulfilling their own orders. At such times, eWash was sometimes unable to find an offline store to accept its orders.

Finally, in this model, the e-stewards dealt with the vast majority of eWash customers, and the company had been empowering them more and more. Apart from home pickup and delivery, eWash also expected them to promote the company and its ongoing events and activities, acquire new users, market its prepaid laundry store cards, and even promote the company's new business initiatives. This imposed great pressure on the eWash team managing e-steward recruitment, training, and performance. The company had many ideas about extending the service to new areas. For example, CFO Weibo Huang noted, "The eWash vision is not limited to laundry, but extends to everything apparel-related, such as making custom clothing, adding more clothing sizes, colors, and types. We can send e-stewards to your home to take measurements. Our database already contains information about your color preferences and clothing sizes." Lu added, "I feel that there is potential for developing



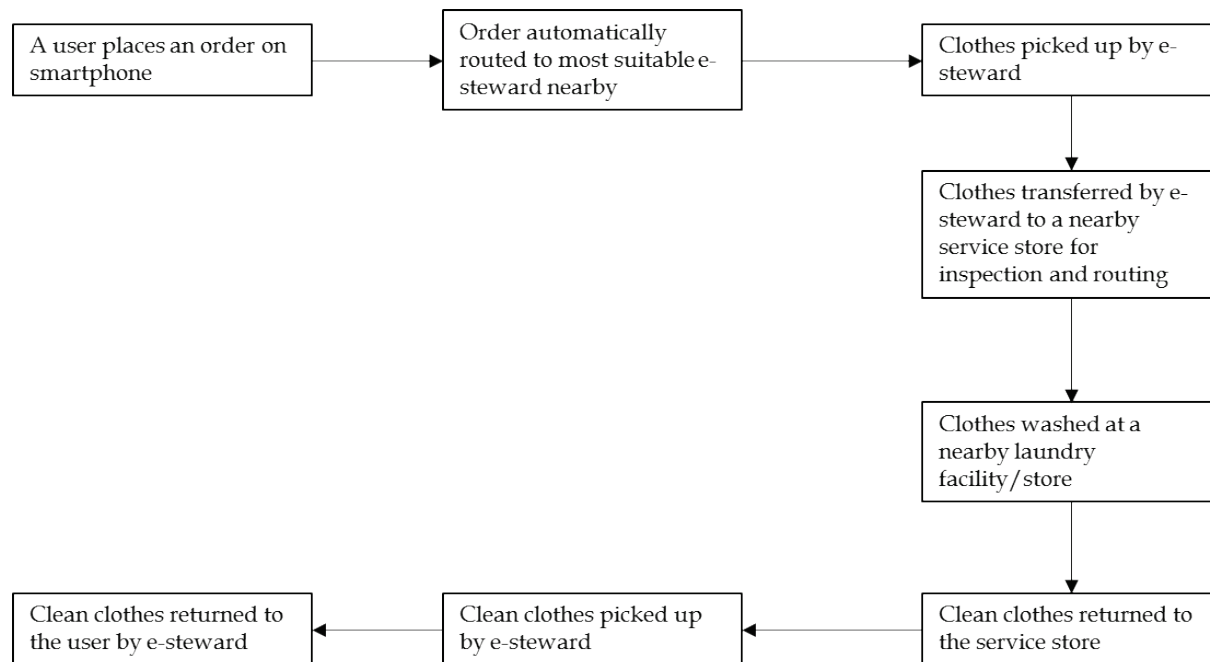
a range of community services, such as pet sitting or boarding, or home cleaning.” eWash was already expanding into various home services, Zhang said. Apart from laundry services, in the first half of 2015 eWash also offered shoe and curtain wash, as well as luxury care and maintenance services. The goal was to make eWash a community-based home service platform.

In response to these problems, eWash management began to assess several fundamental issues: whether to continue to use subcontractors for offline processing or to build its own centralized laundry plants in the suburbs; whether to focus on a subset of its existing market, which at present included almost anyone with laundry needs, in order to ensure a superior experience for the targeted segment of consumers; and whether to extend the e-steward model to additional community services and business opportunities.

**Exhibit 1** Investment Contribution to Rongchang's Franchise Stores (in thousands of yuan)

Investment	Standard	Elite	Flagship	Notes
Franchise Fee	50	50	50	60 for Beijing (lump sum)
Royalty Fee	20	20	20	First-year Royalty Fee
Performance Bond	20	20	20	Deposit, returned upon contract fulfillment
Equipment	300	480	880	
POS System	10	10	10	
Accessories	15	20	25	
Total	415	600	1,005	

Source: Company documents.

**Exhibit 2** eWash's Service Flow

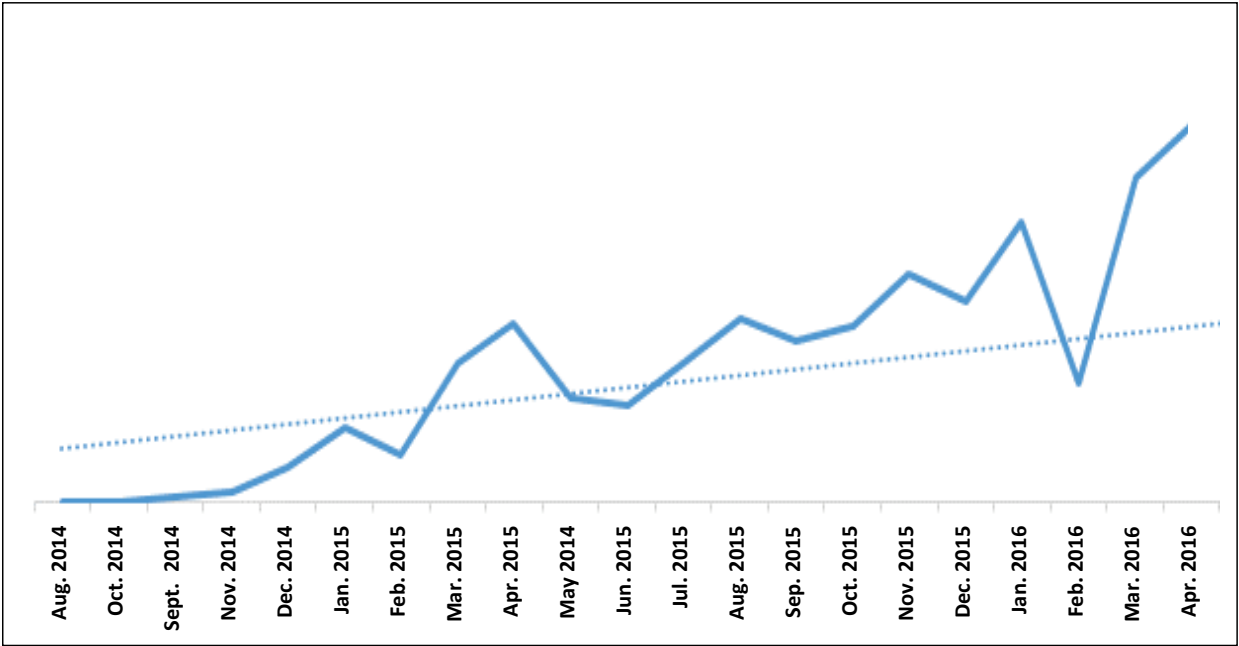
Source: Casewriters.

## Exhibit 3 Background of eWash Executives

Title	DNA	Company Experience	Functional Experience	Join Date
Board Chairman, Rongyao Zhang	Rongchang	Rongchang		2013
Board Secretary	Rongchang	Rongchang (from 1997)	Board Secretary	January 2014
Head of e-Steward Development	Rongchang	Rongchang (from 1996)	e-Steward development and management	January 2014
Head of Supply Chain Operation and Training	Rongchang	Rongchang (from 2008)	Regular chain store operation and management	January 2014
Head of HR	Rongchang	Tianhai Century, Beijing Centurial Lottery, Rongchang (from 2012)	Training	June 2014
Head of Finance	Rongchang	Dong Yi Ri Sheng Home Decoration Group Co., Ltd, Rongchang (from 2011)	Finance	2013
CEO, Wenying Lu	Internet	24quan.com, Baidu	Market promotion	December 2013
Head of Marketing	Internet	24quan.com, Hutoon	Market and media	January 2014
Head of R&D	Internet	Yonyou Software, 24quan.com, vc.cn	R&D	June 2014
Head of Corporate Relation	Internet	24quan.com, qianpin.com, meituan.com, chinawayx.com	Marketing and sales	December 2014
Head of President's Office and Head of Operation Planning	Internet	Bertelsmann AG, Mega Result Investments Limited, 24quan.com, China Entertainment Media, Leju	Marketing	January 2015
Head of Customer Operations	Internet	24quan.com	Marketing	End of 2014
Head of Customer Services (Former)	Internet	24quan.com	Customer service	March 2015
Head of Customer Services (Current)	Corporate company	TV Station, Didi Dache	Customer service	April 2016
Co-head of Planning	Logistics	FedEx, Dangdang, JD.com, Unitop	Logistics and operation planning	December 2014
Co-head of Planning	Logistics	Eastern Bright Logistics, Morning Star, JD.com, yixun.com, JD.com	Logistics planning	March 2015
Head of Product	Corporate company	Tencent	Product	May 2015
Head of HR & Admin	Corporate company	P&G, Keer	HR	September 2015
CFO and Head of Finance & Procurement	Corporate company	Deloitte, World Bank, Kuaidi Dache	Financial auditing and risk management consulting	December 2015
CMO and Head of Marketing	Corporate company	HP, Bank of Communications, Microsoft MSN, LeTV	Brand market	March 2016
Head of Supply Chain Services and Head of Laundry & Care Institute	Corporate company	P&G	Laundry R&D	2016
Head of Home Services Fund	Media	The Economic Observer		2015

Source: Casewriters.

Exhibit 4 Monthly eWash Revenue Trend, August 2014–April 2016



Source: Company documents.

## Endnotes

<sup>1</sup> Officially named Rongchang Yaohua Network Technology (Beijing) Co., Ltd.

<sup>2</sup> China had 688 million Internet users at year-end 2015, a penetration rate of 50.3% of the population. Source: China Internet Network Information Center, *Statistical Report on Internet Development in China*, January 25, 2016.

<sup>3</sup> "Rongchang Launches 'Cloud' Laundry Model," *Science Daily*, published in *People's Daily* online, August 15, 2013, <http://scitech.people.com.cn/n/2013/0815/c1057-22566501.html>, accessed December 2016.

<sup>4</sup> Weiru Chen, Chuang Chen, and Ciwu Lin, "O2O Transformation in Rongchang Laundry Chain Services: Incubating edaixi Platform," Chinacase.org, 2016.

<sup>5</sup> At the end of 2016, 6.94 yuan bought 1 U.S. dollar. Source: "Historical Exchange Rates," Oanda.com, 2017, <https://www.oanda.com/lang/en/currency/historical-rates/>, accessed January 2017.

<sup>6</sup> Weiru Chen, Chuang Chen, and Ciwu Lin, "O2O Transformation in Rongchang Laundry Chain Services."

<sup>7</sup> Weiru Chen, Chuang Chen, and Ciwu Lin, "O2O Transformation in Rongchang Laundry Chain Services."

<sup>8</sup> Weiru Chen, Chuang Chen, and Ciwu Lin, "O2O Transformation in Rongchang Laundry Chain Services."

<sup>9</sup> Weiru Chen and Chuang Chen, "An O2O Recreation of Rongchang," *CIEBS Review* 79 (November 2014), <http://m.dooland.com/index.php?s=/article/id/515495.html>, accessed January 2017.

<sup>10</sup> Jordan Crook, "Washio On-Demand Laundry Service Shuts Down Operations," TechCrunch, August 30, 2016, <https://techcrunch.com/2016/08/30/washio-on-demand-laundry-service-shuts-down-operations/>, accessed January 2017.