


plum

Putting Home in a Whole New Light

Utz Baldwin & Glen Burchers, Co-Founders

 (555)-535-1255

 sales@plumlife.com

 www.plumlife.com

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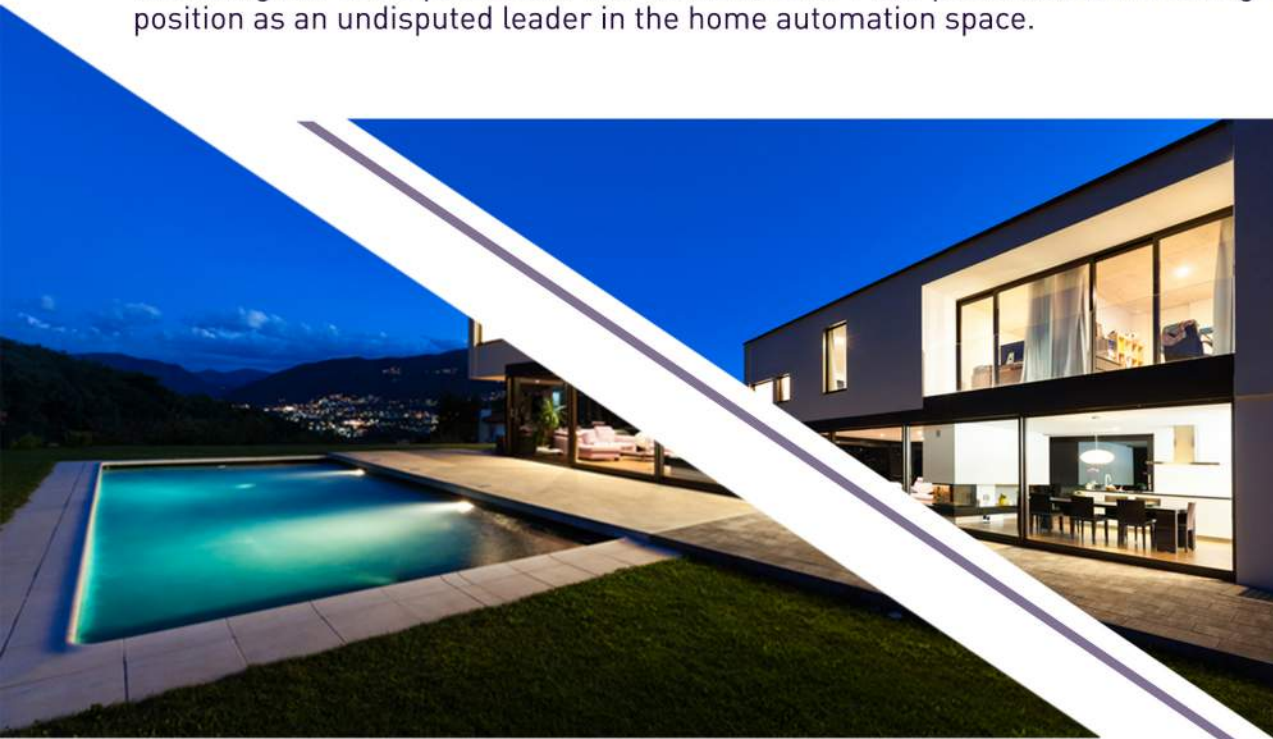
EXECUTIVE SUMMARY

Plum is an Austin, Texas-based startup company founded in 2012 and dedicated to developing innovative hardware and software technologies that give consumers total control over their lights, appliances and electrical outlets through their smartphone. Our Plum Lightpad Dimmer, Smart Plug and Duplex Outlet hardware products, combined with the Plum mobile device for iOS and Android, comprise a comprehensive automated home lighting and appliance control ecosystem, offering users unparalleled levels of visibility and control over their home lighting, all delivered in one affordable, accessible, easy-to-use package.

Capitalizing on the rising interest in the “Internet of Things” that has catapulted home automation into a \$4 billion market and growing, and the demand for simple, affordable home automation solutions in a market that is currently controlled by expensive, high-maintenance and inaccessible automation systems, Plum is positioned to become an undisputed leader in the smart home market in the years to come.

Just two years after our company’s inception, Plum has already made tremendous progress toward our goal of providing simple, affordable, accessible automated lighting solutions. After an early Kickstarter campaign that raised more than \$300,000 from over 1,300 backers, which served as powerful proof of Plum’s appeal among our target audience, Plum has been accepted into accelerator programs run by some of the leading names in tech and innovation, including Microsoft and SXSW, and has raised more than \$700,000 in early startup funding through Fundable, the leading funding resource for startups and small businesses.

Now, we are preparing to build on our momentum, seeking between \$1.2 and \$3 million in seed series funding to support scaled production of Plum hardware products, development of sales and distribution channels and strategic marketing and outreach initiatives, all geared toward launching full-scale production and distribution of Plum products, and securing our company’s position as an undisputed leader in the home automation space.



TEAM OVERVIEW

Plum is guided by a team of dedicated and experienced professionals with more than 70 years of combined experience in home automation, engineering and technology, and a passion for designing and delivering simple, accessible solutions that make consumers' lives simpler, more efficient and more connected.



Utz Baldwin, Co-Founder & CEO

Utz has 25 years of experience in the connected home space. For the last five years, Utz served as CEO and Chairman of the Custom Electronic Design and Installation Association (CEDIA). Before that, Utz owned a top-100 electronic system contractor, designing and installing connected home electronic systems for the rich and famous.



Glen Burchers, Co-Founder & CMO

Glen has 25 years of experience in the semiconductor industry, focusing on microprocessors for consumer electronics. He's worked at large companies like AMD and Freescale but has spent the bulk of his time at six successful consumer technology startups.



Rich Warwick, COO

Rich is an operations and engineering executive with over 20 year of experience bringing technology products to market. He has a background in multiple disciplines which makes him an ideal leader for this complex project. Rich has an impeccable track record for bringing products to market on time and on budget.

COMPANY OVERVIEW

MARKET OPPORTUNITY

Home automation is one of the most exciting innovations happening in the technology community today. In the United States alone, the industry is estimated to be worth \$4 billion in 2012, and the market is growing rapidly over the next few years as smart home solutions increasingly enter the mainstream.

Companies like Nest and Sonos have proven that customers in the smart home space want simple, affordable, easy-to-install and easy-to-use systems. But when it comes to automated lighting control, the majority of solutions on the market today are expensive, complicated systems that require custom programming, proprietary hardware and professional installation -- all of which put these systems out of reach for all but the wealthiest 1% of consumers.

Plum is perfectly positioned to fill the demand in the market for simple, affordable automated lighting control solutions. Like Nest did for thermostats and Sonos did for multi-room music, Plum is re-imagining lighting for the 21st century, and ushering in a new age of connectivity and control that will set a standard in the automated home lighting space for years to come.



COMPANY OVERVIEW

COMPANY SYNOPSIS

Plum is the simple, elegant, affordable solution to smart, connected lighting automation and control. Our sleek, minimal hardware devices have the ability to transform any traditional lighting fixture or appliance into a smart, responsive, connected home device, and our software puts the user in control of it all through a simple, intuitive, easy-to-use app on their smartphone or other mobile device.

Defining features of the Plum product line include:

Wi-Fi Enabled



Plum products connect directly to users' home Wi-Fi routers, eliminating the need for additional expensive hardware, and giving users the ability to control their home lighting and other appliances effortlessly and efficiently through the smartphone app.

Simple to Set-Up



Plum is simple enough to install that users can set up their devices themselves, no professional assistance required.

Intuitive Multi-Touch Touchpad Interface



Plum users can control their complete home lighting experience through the Plum smartphone app with a series of simple, intuitive motions and actions.

Setting and Scheduling Options



Plum gives users the option to set customized schedules and settings for their lighting according to their preferences.

Built-in Sub-Metering Capabilities



Plum monitors energy use, giving users visibility into their energy use and the ability to track fluctuations in energy use over time.

COMPANY OVERVIEW

PRODUCT OFFERING

The Plum product portfolio currently consists of three Wi-Fi enabled “smart” products which, together, comprise a comprehensive approach to automated home lighting and appliance control. In addition to our hardware products, we offer the Plum mobile application, which acts as a centralized hub, uniting control and visibility over Plum hardware products into a single, streamlined user interface. All Plum products are designed with an eye toward providing the optimal combination of elegance, simplicity, functionality and affordability, in line with our company mission of providing a simpler, more accessible, more affordable home lighting alternative.



Plum Lightpad Dimmer (\$89 per unit)

Wi-Fi enabled “smart” light dimmer that empowers users to control the brightness of their lights directly through their smartphone.



Plum Smart Plug (\$89 per unit)

Wi-Fi enabled “smart” plug that transforms any ordinary light into a dimmable unit, and allows for remote control of any device plugged into the outlet.



Plum Duplex Outlet (\$89 per unit)

Wi-Fi enabled “smart” outlet that replaces standard outlets and allows for automated control of any device plugged into the outlet.



Plum Mobile App (free)

The free Plum mobile app for IOS and Android is the centralized hub of the Plum ecosystem, giving users unparalleled levels of visibility and control over their home lighting experience.

COMPANY OVERVIEW

COMPANY MILESTONES

The Plum product line is fully developed and currently undergoing Beta testing. In just the 2 short years since our company's inception, our team has seen a number of milestones and achievements to date that indicate early acceptance for the Plum concept and products, and point to bigger and better things to come.

Our early successes include a successful Kickstarter raise, completed in April 2013 and raising more than \$300,000 from over 1,300 backers, which served as an early opportunity to prove demand for the Plum product and jump-started both further pre-sales (currently totaling over \$700,000) and our subsequent successful investor-based fundraises on Fundable. More recently, Plum was accepted to the Microsoft Ventures Internet of Things accelerator, singling us out as one of 10 innovators moving the future of connected technology forward.

To date, Plum has generated more \$700,000 in pre-sale revenue. Our list of customers is currently over 3,000 long and growing. We have received \$140,000 in purchase orders from Amazon.com, and have fielded inquiries from over 500 dealers who are interested in carrying Plum products.

Plum Milestones

- Product line **fully developed** and in Beta
- **\$700,000+** in Pre-Sales
- **3000+** Customers
- **\$140,000+** in Purchase Orders from Amazon
- New POs From **Amazon Every Week**
- Successful Kickstarter campaign **raised over \$300K**
- Accepted to **Techstars Accelerator** (only 10 of 850 accepted)
- Winner of **Demo 2012** (Beating 77 startups in Silicon Valley)
- Selected to **2013 SXSW Accelerator**
- Accepted to **Microsoft Ventures Accelerator** (only 10 of over 500 accepted)
- **500+** Dealer Requests

KICKSTARTER



DEMO



COMPANY OVERVIEW

COMPANY TIMELINE

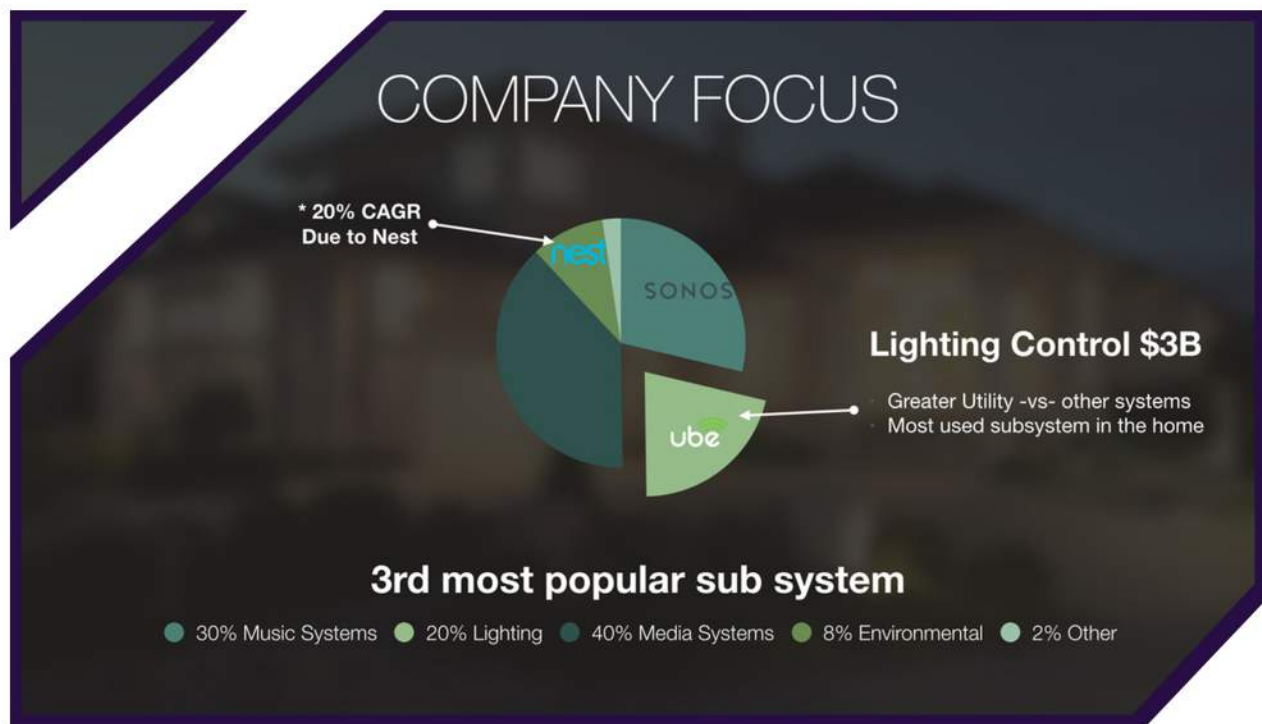
- - 2012: - Inception of Plum (then called Ube)
- OCT 2012: Ube awarded "People's Choice" at DEMO Conference, beating out 77 Silicon Valley Startups
- APR 2013: Conclusion of Kickstarter campaign for Ube Connected Smart Light Dimmer, raising \$300,000+ from 1,300+ backers
- AUG 2013: Ube selected to participate in SXSW Accelerator
- SEP 2013: Ube launches first convertible debt fundraising on Fundable, ultimately raising \$693,000 in startup funding.
- JAN 2014: Ube officially rebrands to become Plum and launches official company website at plumlife.com
- JUN 2014: Finished up a second convertible debt round totaling over \$800,000.
- AUG 2014: Plum selected by Microsoft Ventures to participate in Internet of Things Accelerator sponsored by American Family Insurance, one of 10 companies accepted from a pool of 500.
- AUG 2014: Plum launches Series Seed fundraising on Fundable
- SEP 2014: Plum selected as one of Top 25 Finalists in Fundable's #Crowd2Shelf contest, sponsored by Staples

INDUSTRY ANALYSIS

TARGET MARKET

The US home automation market is currently valued at \$4 billion -- a value which is projected to increase exponentially over the course of the next few years, as home automation enters the mainstream and more consumers investigate opportunities to introduce smart connectivity into their homes.

Lighting is the third-most in-demand subsystem within the larger home automation space, second only to music and media systems.



The primary target audience for Plum products are what is known as “Journeyman” buyers. These consumers:

- Are 25-54 years old
- Are married (possibly with children)
- Have a college degree or higher
- Earn \$75,000 per year or above
- Have an average of 26 devices per home
- Are tech savvy

In the United States alone, we estimate that there are more than 27 million homes within our target category, accounting for more than 1 billion light switches in total.

INDUSTRY ANALYSIS

COMPETITIVE LANDSCAPE

Plum's primary competitors in the automated home lighting space are:



Belkin Wemo

Belkin Wemo is a growth-stage home automation company specializing in automated lighting, power and water solutions for the home market. While they have the advantage of strong brand awareness and established retail distribution, their lighting-specific product offering is limited in terms of both diversity and functionality, with no dimmer product and no energy monitoring capabilities.



Lutron

Lutron is a mature company, with annual revenues of over \$2 billion. They specialize in automated lighting control, offering a broad range of high-end hardware products. While they have the advantage of wide distribution and brand awareness, their products require professional installation, and are priced at a level that puts them out of reach of a broad range of consumers that are exploring home automation possibilities but looking for more affordable, easy-to-use options.



Control 4

Control4 is a growth stage home automation company offering automation solutions for lighting control, music, home theater, climate control and security. Their broad product offering and good dealer network give them an advantage; however, the fact that their products require professional installation again makes them unattractive to mid-level consumers seeking a more accessible, DIY home automation solution.

INDUSTRY ANALYSIS

DIFFERENTIATING FACTORS

Plum's greatest advantages over competing home lighting automation solutions are:



Affordability

At just \$89 per pre-ordered unit, Plum products are already substantially less expensive than other automated lighting solutions on the market today, giving us the ability to tap into the huge market opportunity presented by mid-level consumers, who are increasingly exploring home automation options and whose needs and interests are not addressed by existing market solutions.



Simplicity

The entire Plum ecosystem, including both hardware and mobile apps, offers users unparalleled levels of elegance, simplicity and ease-of-use. Unlike high-end automation systems that require professional installation and maintenance, Plum is a 100% DIY take on home automation -- a fact that gives our product tremendous appeal, not just with consumers seeking a more affordable automation option, but also with tech enthusiasts who prefer the challenge of "tinkering" and setting up their own system to having it done for them.



Wi-Fi Connectivity

Plum products connect directly to users' home Wi-Fi networks, eliminating the need for expensive, complicated additional hardware that adds unnecessary clutter and complication to existing lighting automation solutions. Eliminating excess hardware and wires ensures that Plum is a sleek, elegant and user-friendly.



FINANCIAL OVERVIEW

REVENUE MODEL

Plum generates revenue through the sale of our Plum hardware products, including Plum Lightpad Dimmer, Plum Smart Plug and Plum Duplex Outlet.

All Plum hardware products are strategically priced at a level that places them significantly below competing products (which retail for an average of \$200 or higher) making Plum an accessible home automation option for a broader range of consumer budgets.

Plum Lightpad Dimmer

COGS: \$21

Wholesale: \$39

Retail: \$79

Plum Smart Plug

COGS: \$24

Wholesale: \$43

Retail: \$84

Plum Duplex Outlet

COGS: \$29

Wholesale: \$47

Retail: \$89

*These do not reflect Plum's actual numbers for privacy reasons

The COGS numbers listed above assume manufacturing volumes of less than 10,000 units. As production volume increases, we will be able to drive down our cost of goods

To date, Plum has generated more than \$650,000 in revenue, including \$300,000 in pre-sales through our successful Kickstarter, completed in 2013. For a more detailed picture of our company's finances, including revenue projections, please view the financial section included at the conclusion of this Business Plan.

FINANCIAL OVERVIEW

FUNDING NEEDS

Plum is currently in the process of raising between \$1.2 & \$3 million in equity valued at \$10 million (non convertible debt) funding, offering investors convertible notes with 6% interest and a 20% discount on conversion to equity with a valuation cap of \$10 million. We are requesting minimum investments of \$25,000 per investor. Previous investments in our company total \$1.5 million raised in 2 pre-seed stage rounds, also through a convertible debt offering.

The funding raised here will be used to launch full-scale production of Plum’s hardware products, develop sales and distribution channels for Plum products and support strategic sales and marketing initiatives aimed at increasing awareness for Plum products and brand. The capital raised in this round will be allocated as follows:

Use of funds

PR & Marketing	Sales & Distribution	Inventory	Overhead
250k	250k	500k	500k



FINANCIAL OVERVIEW

FINANCIALS

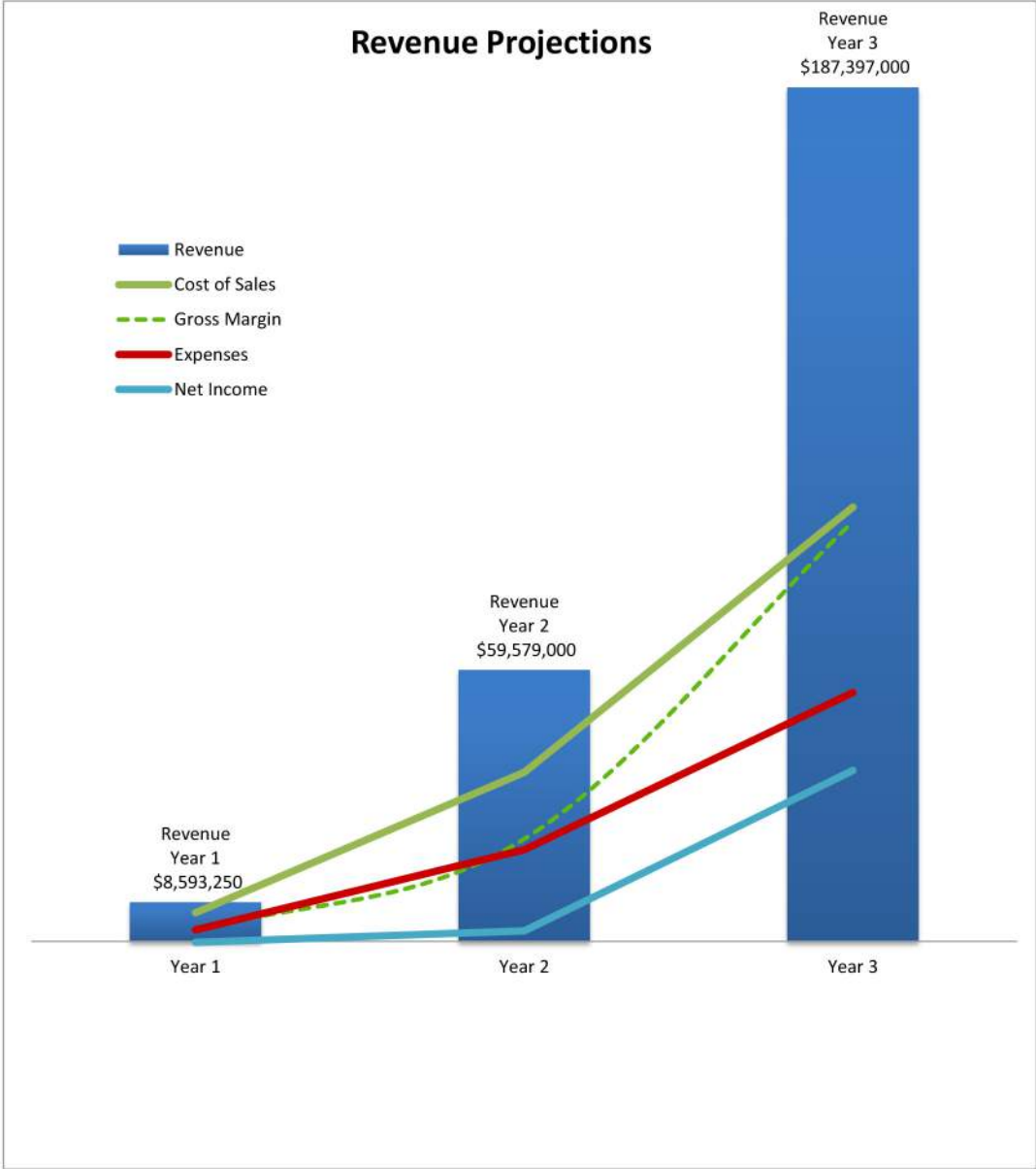
INCOME STATEMENT

Three Year Projections

Revenue	Year 1	Year 2	Year 3
Single Units	\$ 333,750	\$ 2,670,000	\$ 8,900,000
3 - Pack	1,036,000	3,885,000	19,425,000
10 - Pack	3,865,500	42,950,000	128,850,000
20 - Pack	3,358,000	10,074,000	30,222,000
Total Revenue	8,593,250	59,579,000	187,397,000
Cost of Sales			
Single Units	233,625	1,602,000	4,361,000
3 - Pack	747,600	2,403,000	9,812,250
10 - Pack	2,803,500	26,700,000	65,415,000
20 - Pack	2,492,000	6,408,000	15,699,600
Total Cost of Sales	6,276,725	37,113,000	95,287,850
Gross Profit	2,316,525	22,466,000	92,109,150
Operating Expenses			
Personnel			
Corporate	214,831	1,042,633	4,160,213
Sales & Marketing	214,831	1,846,949	5,022,240
Engineering	171,865	1,757,581	2,342,463
Customer Service	150,382	1,698,002	5,209,637
Administrative	107,416	1,638,423	5,397,034
	859,325	7,983,586	22,131,586
Marketing & Sales			
Advertising	214,831	1,042,633	4,160,213
Marketing	214,831	1,846,949	5,022,240
Public Relations	171,865	1,757,581	2,342,463
Trade Shows	150,382	1,698,002	5,209,637
	751,909	6,345,164	16,734,552
General & Administrative			
Facilities	227,721	1,042,633	4,160,213
Insurance	42,966	238,316	562,191
Professional Fees	171,865	1,757,581	2,342,463
Research & Development	150,382	1,698,002	5,209,637
Software (ERP/CRM)	240,611	476,632	1,592,875
Telecommunications	85,933	595,790	1,873,970
	919,478	5,808,953	15,741,348
Total Operating Expense	2,530,712	20,137,702	54,607,486
Net Income (Loss)	\$ (214,187)	\$ 2,328,298	\$ 37,501,664

FINANCIAL OVERVIEW

FINANCIALS

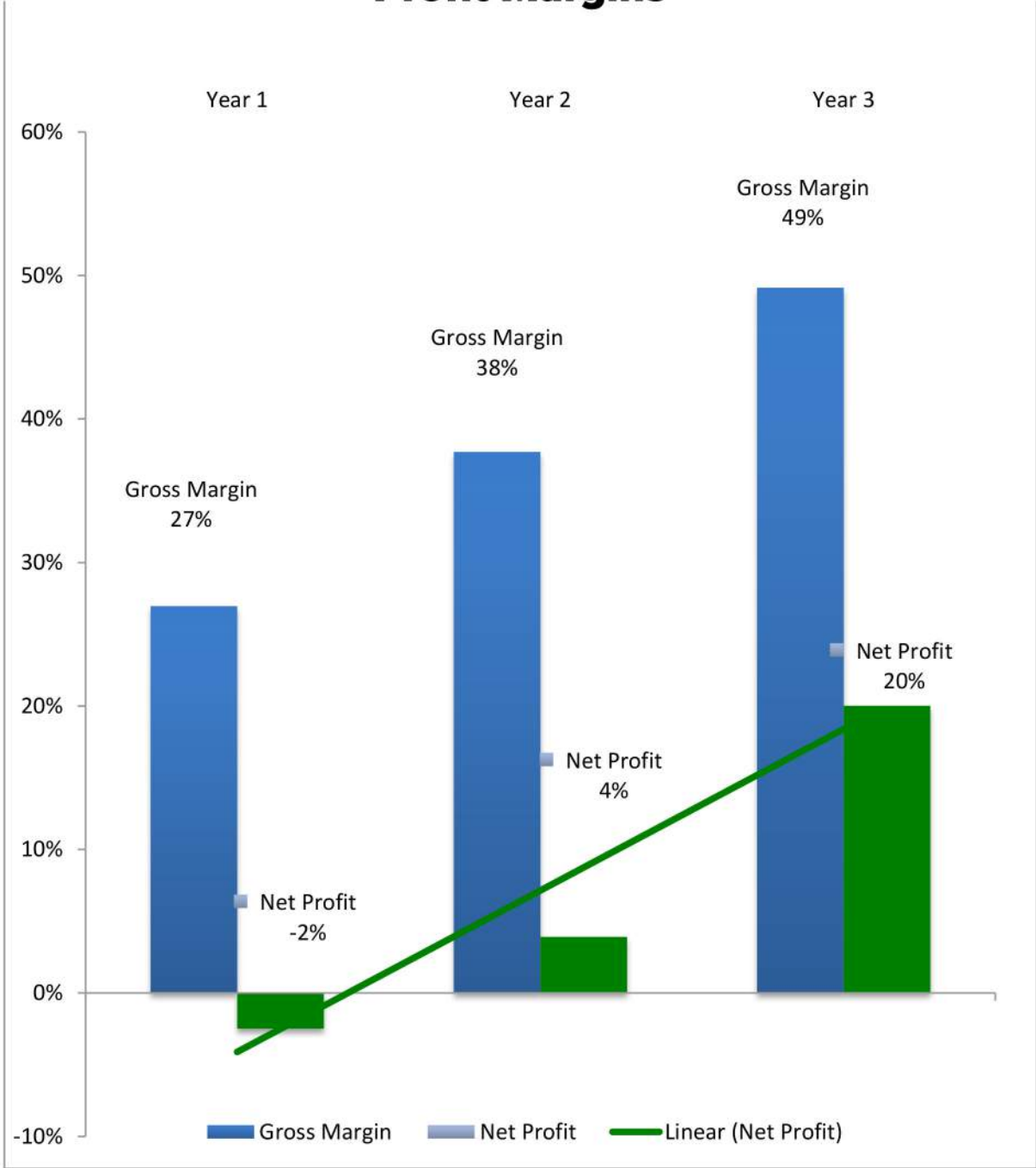


	Year 1	Year 2	Year 3
Revenue	\$ 8,593,250	\$ 59,579,000	\$ 187,397,000
Cost of Sales	<u>6,276,725</u>	<u>37,113,000</u>	<u>95,287,850</u>
Gross Margin	2,316,525	22,466,000	92,109,150
Expenses	<u>2,530,712</u>	<u>20,137,702</u>	<u>54,607,486</u>
Net Income	\$ (214,187)	\$ 2,328,298	\$ 37,501,664

FINANCIAL OVERVIEW

FINANCIALS

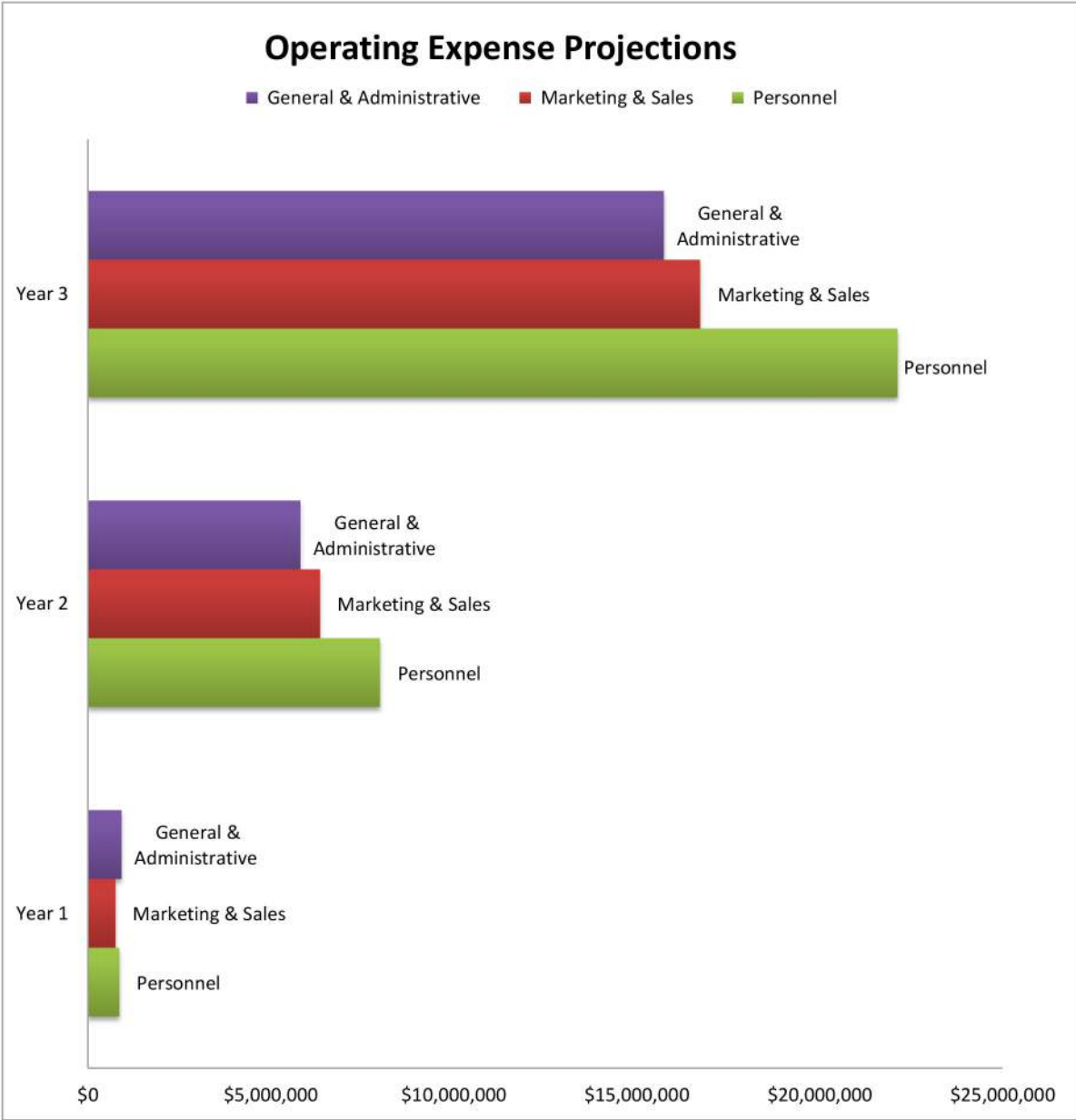
Profit Margins



	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Gross Margin	27%	38%	49%

FINANCIAL OVERVIEW

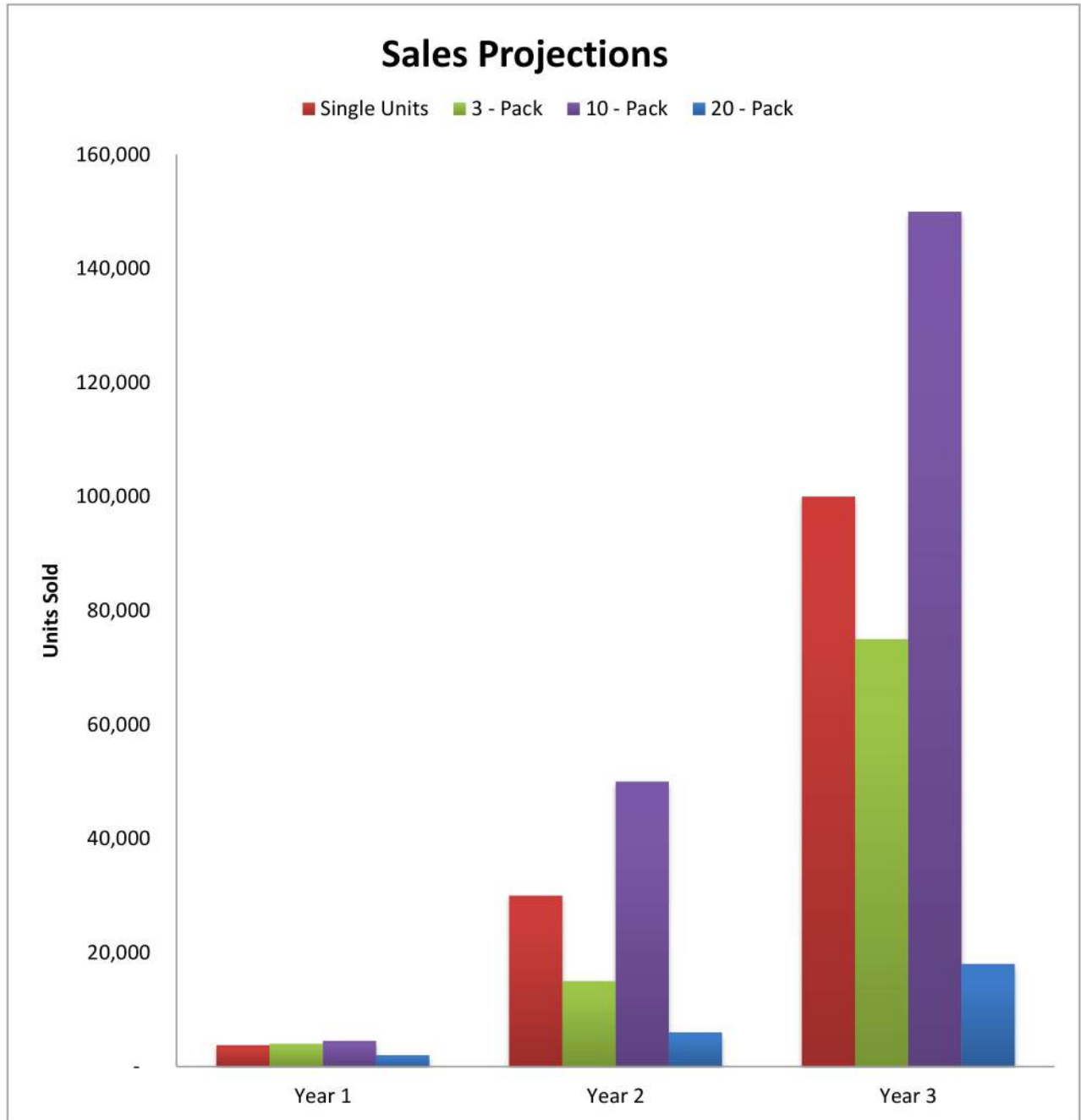
FINANCIALS



	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Personnel	859,325	7,983,586	22,131,586
Marketing & Sales	751,909	6,345,164	16,734,552
General & Administrative	919,478	5,808,953	15,741,348
Total Operating Expense	\$ 2,530,712	\$ 20,137,702	\$ 54,607,486

FINANCIAL OVERVIEW

FINANCIALS



<u>Products</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Single Units	3,750	30,000	100,000
3 - Pack	4,000	15,000	75,000
10 - Pack	4,500	50,000	150,000