

CANDO HOME SERVICES

BUSINESS PLAN

<Contact Details>

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Cando Home Services

Executive Summary

- One of the biggest frustrations when dealing with property managers and tradesman is their total disregard for communication, timekeeping and customer service. It's the bane of homeowner's lives. A simple molehill turns into a mountain, and then it's impossible to track down a professional to mend it.
- It's a problem that has existed for centuries. Tradespeople are generally very good at what they do, but they're not experts at managing customers and are spread thin when it comes to balancing customer enquiries and busy workloads.

- And while home service gig economy type apps have added convenience for the customer, they haven't revolutionized the experience or improved the skills of the professionals providing the service. The same problems of communication, timeliness and customer excellence exist – they simply hide behind a different technology now.
- Accordingly, an opportunity now exists for a new entrant in the home services software space. An application that values customer relationships **and** embraces technology. The name of the new entrant is, Cando Home Services, a Twin Peaks start-up connecting homeowners, property managers and tradesman in an omni-channel and customer-centric offering.
- Backed by technology and with a unique approach to service level agreements, Cando Home Services are in an excellent position to exploit the \$800 billion opportunity that the home services gig economy presents (NY Times, 2017). Moreover, when legal difficulties in the classification of employees gets trickier to navigate, Cando Home Services will survive.
- Given both Google and Amazon have made significant investment in the on-demand realm in recent years, the addressable market to explore is both exciting and competitive (over 60 on-demand home services apps currently compete). The core differentiating factor in

Cando Home Services' likelihood of success is in the strength of the business model from a business and consumer perspective. A better experience for consumers; easier workflow organisation for vendors.

- Behind the venture is Jude Nnadi, an experienced consultant to Fortune 500 companies and Jim Rubin, a real-estate investor that lives and breathes home services and the frustrations within.
- Cando Home Services requires funding of \$200,000 in return for equity in the company. The money will be used to produce a minimum viable product to help launch in the Twin Cities, before supporting the company's growth to the East Coast.

Business Opportunity and Vision

Cando Home Services aims to build a system that enables homeowners, employers, firms, public institutions, and other clients to receive the best on-demand home services from top-notch service providers through quality technology and a revolutionary service model.

Despite the app and the technology that connects others, we see ourselves as a service providers that are helping our customers live richer, more fulfilling life by meeting or exceeding their home service demands using technologies.

Our pillars of customer service are:

- prompt responses;
- great customer care; and
- and empathic deliverables.

Ideals that we can build a business around and that both the consumer and vendor can benefit from.

While leveraging the gig-economy and the plethora of independent contractors that are willing and able to provide services, we also aim to be able to employ professionals ourselves to work on long-term projects that emerge through the Cando Home Services platform. This mix between acting as a middleman for a percentage performance fee and performing the services ourselves with our own staff reduces the reliance on a critical mass user base immediately at launch. It also broadens our revenue streams.

At its heart, Cando Home Services helps to connect time poor or inadequately skilled homeowners with skilled professionals who are looking to take on more work. For homeowners, the experience is improved thanks to vetted tradespeople that are rewarded through a profit share program to provide better service. Service level minimums around the time it takes to complete a job, communication speed and satisfaction are set in stone through the technology and result in happier homeowners and happy handymen.

The high-level milestones that we have set out to achieve are:

- Build apps that are easy to use to connect those in need of services and service providers;
- Develop website and social media that will enable us to connect with our customers, freelancers, and other stakeholders;
- Connect skilled blue color professionals and employers for gig hiring; both inter and intra states; and
- Develop niche market in exterior property improvement and focus on meeting the demand of home services for the senior citizens.

All of which leads to the timeline objectives and core indicators of success below:

1. To launch our first operations by Q4FY17 in Twin Cities;
2. Provide gig workers to contractors in the hurricane stricken areas of the coast (Q4FY17);
3. To scale up in East Coast in Q2FY18 and expand to West Coast in Q4FY18; and
4. To reach one million customers milestone in the second year of operations.

The Total Addressable Market

The most compelling, and widely reported research in respect of the on-demand home services market comes from [Technavio](#). Their dedicated market research analysts forecast the global online on-demand home services market to grow at a compound annual growth rate of close to 49% between 2017 and 2021, with the United States expected to account for 65% of the revenue. Emerging markets like China and India are clearly earmarked as offering future potential.

Key drivers of the dramatic forecasted projections were:

- The increased consumer convenience and confidence in on-demand services - Today's current generation have the highest uptake of online services. This is evident in changes to the way we shop, order food, subscribe and interact. Whether web or mobile based, consumers are finding it much easier to demand services like painting, cleaning, washing and renovating that they need for their homes.
- Smartphone penetration and the growing appetite to buy on smartphones – M-commerce is now at a trusted level for most consumers. There is little hesitation in using Apple Pay and stored credit card data to quickly make in-app purchases.
- Busy lifestyles – it's the quintessential proof point for a concept that helps resolve a pain point around time. Busy lives, lifestyle management and longer commutes mean that consumers either can't spare the time to get through their home life admin, or don't want to – because they spend so much time at work, they don't want to spend their leisure time on tasks that don't relax them or ones that the entire family can't be involved in.

The numbers above however, do not indicate the value of the market or give an indication of the total addressable market. Angie’s List, the 20-year-old subscription service that offers reviews of local service providers to members, estimates the home services industry is [\\$400 billion](#). Others put it at more than \$800 billion. As further evidence of the potential of the myriad of services that Cando will be able to provide, the home handyman industry on its own is worth \$12billion, which excludes the specific numbers for each of the trades that associate with the service (painting, cleaning, laundry, care and so on).

The table below, from IBIS World shows the other areas which also contribute to the home services market size. All with exciting growth rates:

Franchise Segment	Estimated Annual Revenue	Current Annual Growth Rate	Employment	Number of Businesses
Handyman Services	\$12 billion	8.1%	20,778	1,430
HVAC Service	\$889 million	3.5%	3,367	392

Painting and Decorating	\$1 billion	6.0%	5,433	1,554
Plumbing Services	\$996 million	4.4%	4,383	443

Perhaps the biggest indicator of the potential of the opportunity and the size of the market is the rush of Google and Amazon to enter the space, and help their potential unicorns arm up capital to defend increased competition. Amazon and Google have both placed large bets on becoming the Uber for handymen and capitalize on the growth of the on-demand services industry. A recent Intuit survey estimates 7.6 million Americans will be working in the so-called "gig" economy by 2020, more than double the current total of 3.2 million people. The increase in workers will help satisfy the huge demand that current providers cannot service. Six-year-old, Thumbtack, is building a war chest to fight the rising competition, and their CEO Marco Zappacosta recently noted that growth is strong. His biggest challenge is keeping up with demand: "We're actually supply constrained; we have more demand than we can fulfill."

The number of challengers flooding to the market is both a blessing and a curse. The blessing indicates that the market still has some growth to achieve – further shown by the notion that home services and other trades have been slow to respond to the Internet and hundreds of businesses still operate without even a business website. The curse is in the amount of competitive threat and choice for the consumers. The rest of this business plan outlines how that can be overcome based on the strength of the product, the team and the marketing.

The Service

The web and mobile applications that link homeowners to vendors is within the long-term product road map for the business. It will facilitate the transactions, record feedback, demand deadlines and service levels from the vendors while also giving the vendors the opportunity to manage their workloads, track their earnings and participate in a profit share.

Before we get to that level however, we need to operate in a well-defined niche. To begin, that will be in the form of a SaaS product focusing on property managers. The first focus will be an app that aggregates both customers and service providers thereby creating efficiency, speedy delivery, optimum performance and easily scalable business model.

Future iterations will include the following focuses:

1. HR SaaS that encompasses freelance hires, temporary hires and full-time hires (focused on home services)
 - Providing specialized intercity talents - those who will be willing to travel from their city to another city to work on project such as in rebuilding Texas after Hurricane Harvey.
 - There will category for those who are interested in such project during registration, showing their competencies
 - We shall organize them, provide accommodation for them through Airbnb or other cheap means.
 - Organize their means of transportation.
 - Negotiate with contractors and pay the freelancers

the same tool aimed at helping seniors, a gig and temporary hire solution and finally a garage and yard makeover version.

2. Garage and Yard Improvement SaaS

- Yard and Garage Makeover focuses on fixing, improving and makeover of exteriors of homes and properties. This includes outlays for structures, excluding the principal residence. Examples are garages, water fountains, sheds, holiday lighting or decorations, gardens, flowery and tree planting, maintenance and removal. This category is nonstructural improvements like basketball hoops, tennis court, driveways and walkways, sprinklers, fencing and walls, decks, patios and terraces, and swimming pools and rope lines.

The Target Market

The target market quite clearly has two different segments. One, the consumers, and two, the service providers. Because one won't use the site without the other, it's important to target both equally. Though, launching the SaaS with vendors to choose from is crucial for customer acquisition. Here are the characteristics of each target segment:

- Consumer. The consumer target market is largely made up of professional women who are married and have kids, who simply want more time on their hands. They choose someone else to do their mundane tasks because they can afford to and because they don't have the skill to do it themselves. Things like grocery shopping/ preparing; cleaning; and, small repair work). This is also the three most

popular categories on TaskRabbit. The buyer side also includes the elderly, and people who need expert skills (assembling IKEA furniture).

- Supplier. On the supplier side, professionals who are qualified and have operated businesses for some time make up the target market. They know their way around a property, have strong rapport with customers and plenty of business experience. The just lack sales leads so are trying new platforms in order to find them. Aged between 36-60, service providers favour good old-fashioned phone calls over text messages and apps, but they're slowly learning and desperate to get more business. For property management companies, there is also a slight B2B angle operating in this segment.

A third segment would become important when future iterations of the SaaS are developed. The segment is the freelancer, gig-worker audience. Distinct from a service provider because they work independently and usually without corporate identities, the freelancers are either new to self-employment or operating in a highly specialized niche. Generally speaking, those that favour the shared economy / gig economy are 18-34 year olds. Psychologically and behaviour wise, they make their decisions not only on cost savings, but on achieving unique experiences – and that is a key understanding.

The Marketing Plan

The challenge for a new website or application in its early stages is to create both users and suppliers. A critical mass is needed for it to take off. Users help with social validation, trust scores and referrals. Therefore, much of the marketing strategy is digital based. The following are the most important elements of the marketing strategy:

Website

The website will mainly be used to redirect visitors to the applicable app stores as well as hosting some booking functionality. FAQs will teach potential prospects how to use the application, while a blog will help tell the story of how Cando Home Services is changing the face of home, and landscape on-demand services. It explains that users like being closer to technology and booking services conveniently, but there is also a portion of the market that still needs to be serviced that doesn't embrace technology. Cando does

both, which means phone numbers will be prevalent as well as accessible customer service. Backend portals that let customers and business manage their bookings will also be accessible through the website.

Application

Applications that connect service providers and consumers, be it across the gig economy, home care or improvement services). The core features needed to make a world class mobile application are:

- Allowing buyers and sellers to rank each other in a trust score situation;
- Compelling buyers and sellers to list detailed job request information and trade references;
- Offering discounts for first time consumers;
- Rewards and gamification (discounts on service fees at a certain trust score or a certain level of use); and
- Implementing a dispute resolution center or way to help settle disputes.

The application also needs to mimic the back-end cloud storage solution of the full desktop version of the website. That is, collect receipts, summary of earnings, job history, workflow management, staff profiles, service level agreement and overall success scores for the service providers. And for the consumers, give detailed reports on job status, tradesman messages, job history and communication preferences.

App Store Optimization

While the brand will have developed a strong personality, and following by the time that application launches, it's still important it ranks well in the Apple and Android app stores. The factors that influence app store ranking include:

Main Factors:

Title – The keyword placed in the title should be the one with the heaviest search traffic. Therefore, Cando will need to spend time researching which keyword that is. As the app begins to rank higher and gain more reviews, changing the name could confuse potential downloaders and make it hard for people to refer.

Keywords – To improve the search rankings, relevant keywords can be optimized regularly. The title and description of the app can contribute and as the services change within the app, making sure this description fits is critical. To really nail app store optimization, descriptions should be natural language search phrases that the target personas are likely to search. For example, ‘handyman for hire’, ‘home help’ and ‘home improvement’.

Secondary Factors:

Total # of Downloads – Although we can’t control the number of downloads the app receives it is intrinsically linked to our total customers, all of our marketing efforts will be geared towards downloads, so this number is always likely to improve. As we drive referrals, acquire customers and launch promotions, we’ll also reap app store rewards.

Ratings and Reviews – Also important and difficult to control. However, there are ways to incentivize happy users to rate and review and we'll look to combining social media promotion with review incentives in order to attract more. This way the reviews are also expected to be positive because people will believe that's a requirement for winning the prize.

Social Media

In the millennial space, social media should be used to push content that our followers want to see, not what we want them to see. The target market that will embrace our model won't want their newsfeed to be full of download the Cando app, use the Cando team, instead it should be about home improvement tips around the home that they can do – and we'll give that to them. The content could be re-purposed from the blog as we help homeowners get more confident around their own homes, add value to them and receive hacks about how to save time in a busy world.

Social media is also an excellent mechanism for promotions and giving away prizes in return for email details or other entry mechanics that serve the brand well (likes, registrations, photos and so on).

The following promotions have been set out for social media (with other marketing avenues to support):

Register and win (no actual jobs required, simply register an account and you're in to win four hours of free work)

List your first job during the month and you'll win an interior design voucher at IKEA

Referral credit, loyalty discounts and reviewing other member incentives

Post to Instagram competitions

Comment, Like and share mini-promotions

Referral Programme

Uber is an excellent example of how referral credit and personalized referral codes can support peer influence marketing. Cando Home Services will look to do something similar with the website and social media activations allowing users to invite friends to the platform and share their success on particular jobs on their social networks. One way to do this is to offer purchasing credit in return for every new member the user / member invites or refers. That way we're encouraging members to try the other side of the business. For example, if someone has performed a large number of jobs on the site and then refers a friend to join the service, their purchasing credit goes towards them using another supplier on the application – get a home task of their own done for them. That could lead to a much stronger relationship with the brand.

Competitive Scenario

With respect to competition, there are many competitors in the on-demand home services space, including TaskRabbit in the US, Askfortask in Canada, and Handy and Jiffy. While the competitors illustrate proof of concept and prove the venture can be successful, they also show consumers can be weary of too many on-demand home service platforms and memberships to multiple platforms. Customer service (and our unique service level agreements), one of our core propositions, is so important.

Competitor	Things they're doing well and not so well
Askfortask	<p>This Canadian start up don't appear to be doing very well and are spending very little on their marketing.</p> <p>While the technology behind the app looks strong, they haven't updated their blog for months which points to other priorities but also a marketing weakness. Arguably, they have expanded too quickly into too many areas and recent testing revealed a disappointing experience when using the service.</p>
Craigslist	<p>The classified model is still popular but untrustworthy and for the most part. Angie's List is a similar service that has recently received more capital.</p>
TaskRabbit	<p>They're the success story of the home services and on demand culture. We won't directly compete with them because they do focus on cleaning and semi-professional services but they're still adjacent to our space and there is some overlap (as cleaners could be on our app trading or applying to job postings in the future).</p>

Competitive Advantage

The on-demand home services marketplace is proliferated with competitors. Up to 60 applications exist that connect service providers with consumers in a number of different niches. It is symptomatic of the Uber-era; the desire to “uber” everything or make “uber for x”. It’s also a competitive scenario that will continue to grow. The barrier for new entrants is low (although the path to a huge number of users is much longer and trickier). Accordingly, we need to establish strong competitive advantages that respond to those threats and the other challengers of operating in this industry. Competitive advantages should also be better, not just different. We believe we’ve struck the right chord on improving on existing offerings while still delivering on the bottom line for investors. As we see them, our advantages are:

1. Profit sharing model

Unique to us, this profit sharing model allows us to get buy in from our service providers. Having them invested in the customer outcomes and the success of the business is an excellent way to shape their behaviour. The profit sharing determinants that we will use to measure and reward our service providers are:

- Customer satisfaction – 30%
- Team development in LPPI 15%
- Length of service – 20%
- Number of satisfactory jobs completed – 15%
- Total money earned – 15%
- Qualification – 5%

Each determinant is measured by a standard service level agreement. For example, customer satisfaction is measured by: trust scores and NPS surveys that are sent out from time to time; adherence to delivery times (was the work carried out when they said it would); and, response times to customer emails. The profit share also helps ward off circumvention.

2. Niche market scalability

Learning from Task Rabbit and other competitors that chose to operate in a small niche first and dominate it before expanding, we have chosen to localize our initial offer before we look to expand. The same is also true for the services that we provide. This will give us an advantage over others that enter the market but don't have the opportunity to test and learn and truly figure out their operational sweet spot. We'll build our network and then grow rather than scurry to find an immediate critical mass nationwide.

3. Low and high margin revenue model

One of the major problems with the applications that connect consumers to service providers is their low margin and fragmented fee marketplace. Charging a small percentage from transaction fees leaves our business open to competitive threat. Therefore, we've chosen a low and high margin fee mode. The low fee option does collect revenue for us, but we'll also protect ourselves with the high margin option whereby we provide the employees for long term work.

4. Extended trust model

Like most sharing economy applications, we have a feedback model that is built around peer reviews. However, we go one step further with a job satisfaction score that takes into account how communicative the service provider was, how quickly they booked the job and completed it and so on. The ability to add the performance of conditions in the service provider SLAs in to the trust score is a core advantage. Consumers can rest easy knowing that a service provider's trust score is backed by historical performance data and built on more than just reviews

5. Service provider workflow management and dashboard

The service makes it easier for consumers to access on-demand help, but unlike other apps, it also makes it easy for the ones providing the service to manage their workflows, collect important data on their staff, organise their diaries and so on. Few other companies offer functionality aimed at the vendors, but it's important to empower them to meet customer expectations and grow their profiles on the site.

The Team

The leadership team of Cando Home Services consists of two highly qualified and experienced entrepreneurs. Both bring unique skills to the operation and different perspectives (technology / business vs. home ownership and maintenance). The team are:

Jude Nnadi

Jude Nnadi, an engineering and MBA graduate, has prodigious experience leading business and helping others with their strategy. As a consultant to a Fortune 500 company, leading their efforts to penetrate into West Africa market and firmly establishing them as the leaders in the sub-region, Jude picked up a host of skills and business acumen.

In addition to assisting Fortune 500 companies, and establishing the first presidential war room of its kind using app technology and social media, Jude's been working part time in his wife's business - Cando Ameritrade Inc. The business focuses on consulting, beauty and retails for the past 9 years, and values Jude's instinct for business growth.

Jim Rubin

Jim owns more than 70 multi-family buildings in Twin Cities with over 1200 units. His background is in computer programming; where he worked for Andersen. His investment into apartments began in 1992, at the same time that he was a business leader at Andersen and studying for his MBA (St. Thomas).

Representing the perfect mix between the school of life and tertiary school, Jim leaves the management of his properties to a dedicated team he has trained over the years. Jim is now ready for his next challenge, helping Cando Home Services in a strategic and practical manner. It's a challenge he's ideally suited to, given all he has accomplished in life.

