

OPPORTUNITY HIGHLIGHTS

DESCRIPTION

Baker is an online pre-order and loyalty rewards for the cannabis industry. The industry is cash-only, mainly offline, and old-fashioned, so Baker was created to bring convenient cannabis consumption to the modern audience. Their SaaS software helps dispensaries bring new shoppers in the door and turn them into regular customers. The Baker web app lets customers order ahead from anywhere, skip the line, and earn rewards for their loyalty, all through a clean user experience.

INDUSTRY OVERVIEW

Cannabis sales are projected to grow from \$3B to \$40B within the next 4 years. With the increasing surge of demand and legal states coming on board, the lines will only increase and more people will want their cannabis either available for pick up or delivered directly to them. Baker solves these problems and more by helping dispensaries form relationships with their customers, which currently is non-existent. Early numbers from Baker demonstrate the need for a product like this in the marketplace. The monthly GMV is increasing substantially and the number of returning customers to the app and the same dispensary are improving brand equity for the multitude of dispensaries that exist.

FINANCING

- Capital Raise: \$1,500,000 max
 - Michael Lazerow sold his company Buddy Media for ~\$700 million to Salesforce.com and is the lead investor in Baker
- Phyto Partners Investment: \$100,000
- Pre-money Valuation: 15% discount with \$6 million valuation cap
- Investment Instrument: Convertible Note w/ 3.25% interest rate
- Board Representation: None

INVESTMENT THESIS

Dispensaries are dealing with a multitude of problems ranging from long lines, lack of customer loyalty, and stale menus that are dampening sales. Baker is able to solve these problems by allowing customers who know what they want to order ahead and skip the line when they arrive on the store. Loyalty to a dispensary is non-existent; customers at this point go to any dispensary to pick up cannabis. Baker wants to create a platform where dispensaries will be able to offer their past and future clients deals that will increase the retention rate and loyalty to their dispensary. On the menu front, Baker syncs up with POS systems and they have a relationship with FlowHub which will enable users to see live menus to ensure they order a product that is in stock. Eventually, Colorado will allow for delivery and Baker will be in place to capture that market as well. Unlike Eaze & Meadow who are duking it out in California for delivery market share, Baker has decided to look at states with adult use such as Colorado, Oregon, and Washington where the competition is minimal. Baker is able to do delivery in Oregon, which enhances their product offering. Dispensaries are starting to realize they need Baker, as Baker has only been live for 6 months and accounts for 10%+ of revenue for some stores on their network. Currently, Baker uses a SaaS fixed monthly fee to derive its revenue, but as the dispensaries see the amount of business they derive from the app, Baker will be able to shift their model to a % of GMV model where they can charge ~7% per order. An alternative to the percentage commission, Baker can form different flat fee tiers if the percentage option is not available.

COMPETITION

- WoahStork
- Eaze
- Meadow

UNIQUE STRENGTHS OF THE COMPANY

- Baker is accounting for > 10% revenue of a few stores on its network already and the company has been operating for less than 6 months
- Native Roots, the largest dispensary chain in Colorado is a client
- Gross Marketplace Volume (GMV) is growing at nearly 100% Month Over Month (MOM) with \$0 in marketing efforts
- Repeat customers account for ~75% of sales, which validates the app being used more than once
- Baker was selected into 500 Startups which is a premier accelerator program with a 3% acceptance rate; Baker is one of only a few cannabis companies to be selected

BAKER'S REVENUE PROJECTIONS

Fiscal Year	2016E	2017E	2018E
Revenue	\$250k	\$600k	\$1.5 mil
EBITDA	(\$600k)	(\$250k)	\$600k

MANAGEMENT TEAM RESUMES

Joel Milton – Co-founder

Joel was the co-founder in a company called InfoHubs along side David Champion, who also co-founded Baker. Joel is served as an advisor to Sumpto, a company that connected companies with college students.

David Champion – Co-founder

In 2005 David founded an educational non-profit so kids in Kenya weren't held back from school because they couldn't afford books. At the same time, he studied Architecture at Cambridge and graduated at the top of my class. He was given the opportunity to work with Daniel Libeskind on the master-plan for Ground Zero. In founding DSChampion his knowledge of software development produced unique user applications for a range of clients, including Zuse Inc, infoHubs, and Baker Technologies.

For more information regarding the company can be found at www.trybaker.com.

