

## **Executive Summary**

The US Daily Deal market is a new and rapidly growing channel in the digital advertising space, totaling just under \$2 billion in 2011. Historically, customers have been acquired via pay-per-click and banner advertising, and offers have been distributed to registered members through daily emails. The Company believes that these systems, however, are becoming increasingly expensive and ineffective, due to factors such as list fatigue and escalating cost per click. At the same time, however, Facebook has expanded its domination of the viral/social networking space, and offers the Daily Deal industry a currently unexploited platform that presents significant opportunities for growth.

Having identified these trends, the Company provides a free service where Facebook community members can shop, compare and discover daily deals *without leaving Facebook*. The Company has launched 40 city-specific US marketplaces in September that aggregate and provide single city sources for daily deals from over 500 daily deal services.

The Company's new distribution channel bypasses the current Daily Deal traffic jam and taps into the appeal of social networking while presenting Daily Deal offer content in a flexible and intuitive format.

The Company plans to build out its established position both through direct acquisition of Facebook friends and by partnering with affiliated Facebook media sites, creating a new distribution channel that will attract a wide variety of Daily Deal partners and merchants looking for cost-effective and viral marketing opportunities.

## **The Market**

According to BIA/Kelsey, a media research firm, the US Daily Deal market will generate just under \$2 billion in 2011. They are further forecasting that daily deal industry yearly revenue will grow to \$3.9 billion by 2015. At the same time, Facebook has grown to 800 million active users, more than 50% of whom log in on any given day. The average user has 130 friends, and as members spend more time on the site, their personal social networks are increasingly seeking and sharing local information relevant to their daily lives. Most significantly, as part of their growth strategy social networks have opened their platforms to developers, transforming the creation, distribution and consumption of digital content.

## **The Competitive Environment**

The current rapid growth of the daily deals market has spurred significant investments in search engine marketing by the largest market participants. The majority of these marketing investments have gone towards acquiring new customers via traditional digital advertising channels. In the midst of these activities the Facebook channel has been largely ignored. The Facebook channel is as a result underutilized, highly fragmented and is not dominated by any market incumbents. This has provided the Company with the opportunity to solidify and build on its first-mover advantages.

## **The Daily Deals Agency Solution**

Our solution is to partner with existing market participants to provide access to our new and user-friendly distribution channel. We will expand their audience with our proprietary network of social networking web pages, and plan to improve response rates through the use of new targeting technologies, and by making the consumer interface as easy to navigate as possible as well.

To enhance the user experience in these marketplaces, the Company has also signed a letter of intent for the acquisition of a complementary technology company and market incumbent with a proprietary map-based deal presentation interface and customer base.

## **Management**

Stephen Schramke, Co-Founder, President and CEO, has more than 15 years of general management experience in technology start-ups. He has been a founder and/or senior executive of six Internet and technology ventures. His previous accomplishments include angel, corporate and venture capital fundraising for 4 companies, the sale of 6 companies and the successful development and market introduction of 19 software, hardware and Internet products and services. He holds a BA from the Evergreen State College and an MBA from the University of Washington.

Harry Tolen, Co-Founder and VP of Sales, is a successful business development executive with more than 20 years of experience in the conceptualization and execution of key sales and marketing initiatives for both traditional and Internet businesses. Harry's career has been distinguished by a long list of successes in enterprise sales team development, account management and cross-functional team leadership. He holds a BA from the University of California, San Diego, and an MBA from the Haas School of Business at the University of California, Berkeley.

Xiaoyong Wu, Co-Founder and VP of Engineering, has more than 10 years of experience in the information technology sector with such industry leaders as F5, Amazon, Citrix and Symantec. He holds a BS in Computer Science from Peking University, and an MS in Computer Science from North Carolina State University.

Yujuan Bao, Co-founder and VP of Product Management, has more than 8 years of experience as a Software Engineer with such industry leaders as Microsoft, Sun Microsystems, Zillow and Facebook. She holds a BS in Computer Science from Tsinghua University, and an MS and Ph.D. in Computer Science from Duke University.