

On Mon, Jul 20, 2020 at 10:46 AM Scott Martin <pstcorp1@gmail.com> wrote:
George,

After extensive research, and few discussions with potential investors, James and I have adjusted your business model a bit. Please review below and attached.

Look forward to walking you through, and discussing tomorrow at Noon.

Best,
Scott

IntelliDesign.io
Business Model Proposal

Overview:

Firstly, initial launch should narrow segment line, product choices, and target market. Personalized wood furniture targeting high-mid-to-high-end target sales verticals. Think Amazon started with books, and then offered CDs... Airbnb, then Airbnb Experiences... or Uber then Uber Eats. We can add additional segments and product lines after initial revenue is generated and market testing. Crawl, walk, run.

Even though the business front-end will be a B-C e-commerce sales model, accessed through desktop or mobile devices, the backend model has several issues to resolve:

- Where do the fabrication machine reside?
- Who supplies the lumber?
- Who loads the lumber into the fabrication machine?
- Who supplies the fixtures?
- Who finishes the products?
- Who ships the finished product to the customer?

In addition, the backend expense controls also carry issues:

- Who pays for the fabrication machines?
- Who maintains it?
- Who carries lumber and/or fixture inventory?
- Who pays for shipping furniture pieces to customers?
- Who pays for assembling furniture and shipping?

The only logical complete solution partner that fits our criteria and solves the issues above are standing Cabinetry and Milling companies. They have the space to order and inventory lumber and fixtures. They have the spaces to host a fabrication machine, and they have the staff to load lumber. They have experience assembling wood furniture, and they have standing contracts with freight shippers. Lastly, they sell to the same target verticals as we will and are always looking for new revenue streams. A few potential partners local solutions partners (and re-sellers) are:

<https://www.jkcabinetry.com/>

<https://www.ferrisllc.com/>

<http://coleyscabinetshop.com/>

Being a national e-commerce company out the gate, we will need to establish solution partners/re-sellers in multiple large states across the country, so a VP of Business Development person should be a critical new hire.

Financial Overview:

Because building, milling, finishing, and selling furniture is a labor-intensive industry sector with very small margins, the fabrication machine will need to be freely installed, or leased for low interest, low payments over a long period of time – training for onsite maintenance included.

Revenue model would include revenue sharing/cost sharing of the additional inventory, and overall furniture retail price. We need to calculate how much each piece we will sell costs in materials, labor (pre- and post-fabrication machine like loading), assembly, and what margins we can charge per unit and % of rev share splits. We need to also determine how much one machine costs to manufacture, set-up, test, and training costs.