Invioso
Restaurant Back Office Intelligence

Jan 2015

Important Information

- *This presentation does not constitute an offer to sell or the solicitation of an offer to buy any security and shall not constitute an offer, solicitation or sale of any securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. Offers and sales of Invioso Shares shall only be made by means of an Offering Memorandum (the "Offering Memorandum"). All statements made in this presentation are qualified in their entirety by the Offering Memorandum.*

- *Some of the information contained in this presentation contains forward-looking statements. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. Invioso undertakes no obligation to publicly update or revise any forward-looking statements.*

- *The Invioso Shares offered pursuant to the Offering Memorandum have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold within the United States absent registration or an exemption from registration.*

Question:

In what industry are almost all participants, right now, selling their products without visibility into their *exact* costs of good sold (COGS)?

In today's data-driven world this industry is so fragmented that it is stuck tracking it's COGS with paper invoicing – making it impossible to know quickly how its hundreds of inputs prices are changing.
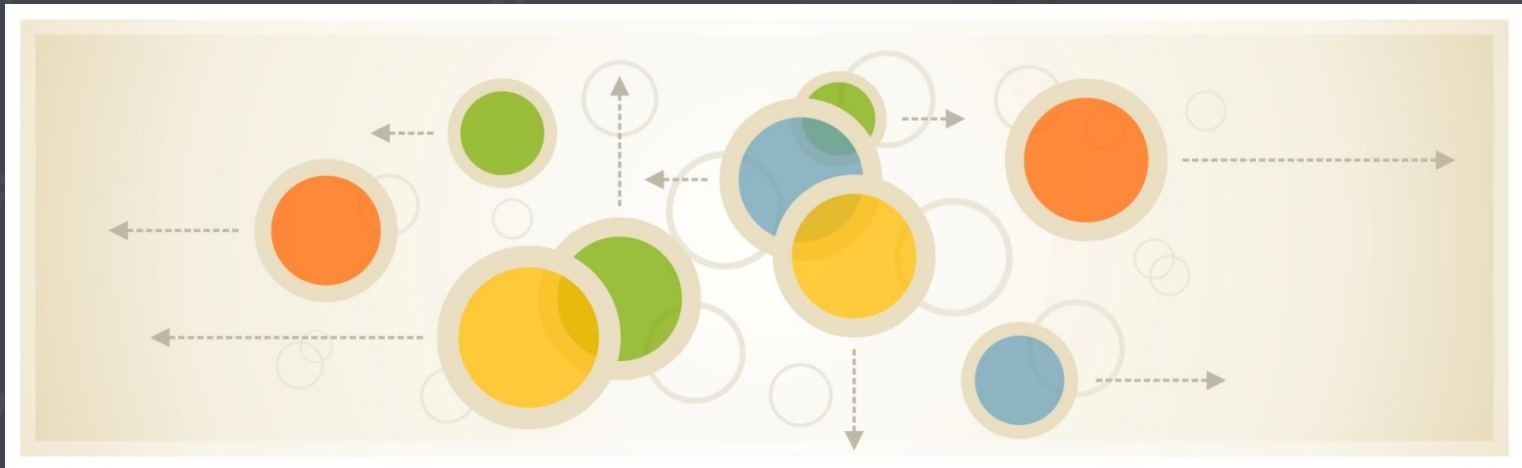
Hint:

This is not a tiny industry, or a new one.

It's a $660 Billion industry with 980,000 operating businesses, trying to manage raw material costs that total $200 - $225 Billion a year (in the US alone!)

And yet the vast majority of these businesses could not tell you the EXACT cost of yesterday's sales nor the EXPECTED cost of those sales.

Answer?

The Restaurant Industry

And the elusive costs essential to success yet so difficult to quantify in an accurate or timely manner?

Food Costs

Every restaurant's single biggest expense.

Food Costs and Net Income

Managing food costs is critical. What if food costs are off a little – for example, 33% of sales vs 30% targeted? Does this really matter?

All restaurateurs know – even the slightest change in food costs can make or brake a restaurant's profitability

Food Costs and Plate Costs

Understanding the variances in food costs is a 'holy grail' to restaurants – valuable but incredibly elusive.

Ingredients	Qty	Expected Cost *
Salmon	33g	$0.77
Avocado	16g	$0.16
Sushi Rice	73g	$0.07
Nori	1pc	$0.06
Masago	7g	$0.08
Tobiko	7g	$0.21
Total		**$1.35**

Plate Cost: $1.35
Target Food Cost: 30%

Menu Price Set: $4.50

Expected Cost is the initial food costs and the portion size at the time when menu prices are set – usually annually.

Food Costs and Plate Costs (continued)

Tracking changes to ingredient costs per plate is critical to understanding and managing changes to food costs and income.

Ingredients	Qty	Expected Cost *	Current Costs
Salmon	33g	$0.77	$0.83
Avocado	16g	$0.16	$0.19
Sushi Rice	73g	$0.07	$0.06
Nori	1pc	$0.06	$0.08
Masago	7g	$0.08	$0.09
Tobiko	7g	$0.21	$0.23
Total		**$1.35**	**$1.48**
Menu Price		**$4.50**	**$4.50**
Food Cost		**$1.35**	**$1.48**

+ $.13

Impact on Net Income

	Expected	Actual
Sales	100%	100%
Food Cost	30%	33%
Other Costs	60%	60%
Net Income	**10%**	**7%**

↓ 30%

$.13 higher plate cost =
30% drop in Net Income

Why this struggle persists: *The Paper Chase*

A huge # of buyers (restaurants) are interacting with a huge # of suppliers, with virtually all transactions still involving PAPER – hard copies of delivery invoices that take time to input, to reconcile and to integrate with other operating data to become useful

The Solution: *Invioso*

Invioso solves the "paper chase" using:

> *Smartphone Invoice Capture*
>
> +
>
> *Low-Cost Overseas Reconciliation*

Invioso does not require restaurants to make any purchasing changes. Restaurants simply take a picture of incoming invoices from any vendor via the *Invioso* iPhone or Android App.

With Smartphone Invoice Capture and low-cost overseas reconciliation, Invioso eliminates nearly all the time, cost and overall headache normally associated with turning all the paper into reconciled, verified and usable data.
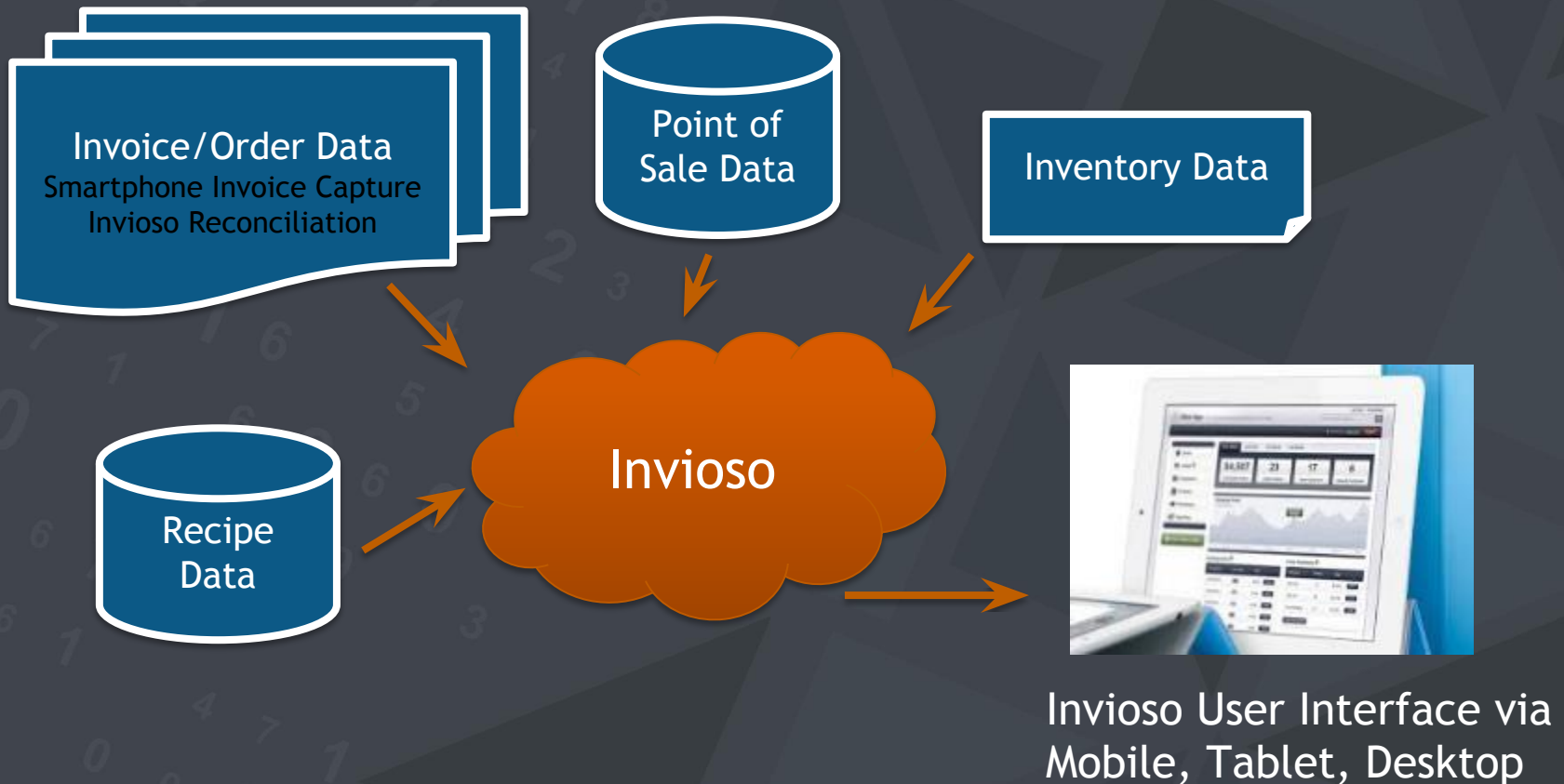
The Solution: *Invioso*

Only once the Analog (paper) Challenge is addressed, allowing near real-time updating of all recipe prices, other data can be aggregated for in-depth reporting on actual versus expected food costs. *With Invioso:*

● Recipe Database integrated to allow reporting on changes in expected plate costs as ingredient pricing changes

● Point of Sale (POS) data integrated to allow an expected food cost to be calculated daily

   o For example, if more steak (with a 30% per plate food cost) is sold than fish (with a 25% per plate food cost), the target food cost is adjusted on the fly

● Store inventory data can be integrated, also uploaded via iPhone or Android App, to derive final actual costs captured at granular level

Invioso

Invioso provides on-demand reporting on actual versus expected food costs including drill-down data that owners can use to manage strategically and maximize efficiency and profits.

Invoice/Order Data
Smartphone Invoice Capture
Invioso Reconciliation

Point of Sale Data

Inventory Data

Recipe Data

Invioso

Invioso User Interface via Mobile, Tablet, Desktop

Invioso – The Complete Food Cost Solution

Currently restaurants set menu pricing once a year, have an average food cost across their entire menu, and only see their total food spend per period.

With *Invioso* restaurants can:
- Be alerted immediately when any ingredient price changes above a pre-set threshold
- Know exactly what their expected food costs should be for any time period – factoring in both ingredient price changes and actual items sold
- View drill-down reports showing which recipe items had actual food costs above expected
- Once trouble items are flagged, see to what extent the excess cost is due to the change in ingredient prices vs usage (which could be caused by portion sizes, waste or theft)

Finally – restaurateurs will gain real-time insight into their largest single expense!

Revenue / Sales Model

- Licensed on a Software as a Service (SaaS) basis

- Initial two-pronged sales model
  - Founders will initially approach contacts at large restaurant groups (Outback, Bonefish, Popeye's, Five Guys, etc)
  - Local sales people to target small to medium sized restaurant groups (Cava Grill, SweetGreen, Firehook, etc)

- Price $250/month per location (potentially tiered pricing for restaurants based on size)

- Monthly recurring subscription model

- Minimal or no upfront setup charge – customer acquisition cost will be modeled with first clients and will target a cost of 6 months of subscription

- *Significant growth opportunities exist from offering similar approach to other back office functions, e.g., bank reconciliation, HR administration, payroll, etc.*

Founding Team

Clyde "Bo" Davis, IV (CEO)

Entrepreneur with extensive technology, restaurant and finance experience. Founder and CEO of Wasabi Sushi, a restaurant group with 9 years of operational history and units in multiple states. Previously, founder and CEO of Prometheus, an education-based software company, which was sold to Blackboard. Bo also holds an MS in Finance from London Business School.

Roy Phillips

Previously Roy Phillips was Joint Venture Partner with Bloomin Brands (Nasdaq: BLMN) in the Bonefish Restaurant group. Roy joined the Bonefish group to open the first unit outside of Florida when Outback purchased a restaurant he had co-founded. Roy grew his group at Bonefish to 14 restaurants in the Washington-Baltimore area and was responsible for $47M in sales at the time of his departure.

Michael Spitalney

Repeat successful entrepreneur with deep operations, finance and technology experience. Founder/Principal of WaveFront Consulting, an IT consulting firm, sold to First Consulting Group (then, NASDAQ: FCGI).   Founder/COO of tecHound.com, an IT recruiting company, sold to techies.com. Founder of SmartCommercial Funding, a small business and commercial RE finance firm.

Founding team has 30+ years with successful technology startups and 30+ years with restaurant groups ranging from startups to multi-billion dollar chains

Milestone Targets

Jan 2015

Dec 2015

- Company Formation
- Raise Seed Capital - $500,000 - $1,000,000
- Hire FT Tech Team Lead and Developer (indentified)
- Complete Version 1.0 (under development)
- Install and test in select locations
- Secure initial 20-25 client locations
- Ready CRM and sales tools for ramp-up
- Hire initial sales and accounting staff
- Raise Series A VC Round (~$3 to $5 million)

For More Information

Please contact one of Invioso's Founders

- Bo Davis – bo@invioso.com
- Roy Phillips – roy@invioso.com
- Michael Spitalney – mike@invioso.com

Argos –Unit Economics

Unit Savings

- V1.0 Saves each unit valuable manager time (or bookkeeping time)

- V1.0 Lowers food costs by making ordering and purchasing efficient (stores flagged when prices change on any item)

- V1.1 Lowers costs by tracking theoretical food costs live

- V1.2 Lowers costs by allowing theoretical food costs tracked by item

Our Unit Costs

- Average $1.5mm unit will have 15 invoices per week

- Average processing time will be well under 5 minutes per invoice

- Annually this equates to 65 hours, or $260 cost to us fully loaded

Tiered Pricing

- Pricing Tiered by Unit Sales
  - <$1.5mm - $150/month
  - $1.5-$3mm - $250/month
  - $3mm+ - $350/month

- Bolt on pricing for
  - Vendor Reconciliation
  - Inventory Processing