



ECOFAUCET

ETM 562/662 NEW VENTURE MANAGEMENT
SEMA KIRKEWOOG

SPRING 2017
INSTRUCTOR: DR. MARK J. AHN



PROBLEM

Americans waste 1 trillion gallons of water each year.

Approximately 33% of US is experiencing drought.



SOLUTION

**Reduce
Water Waste**

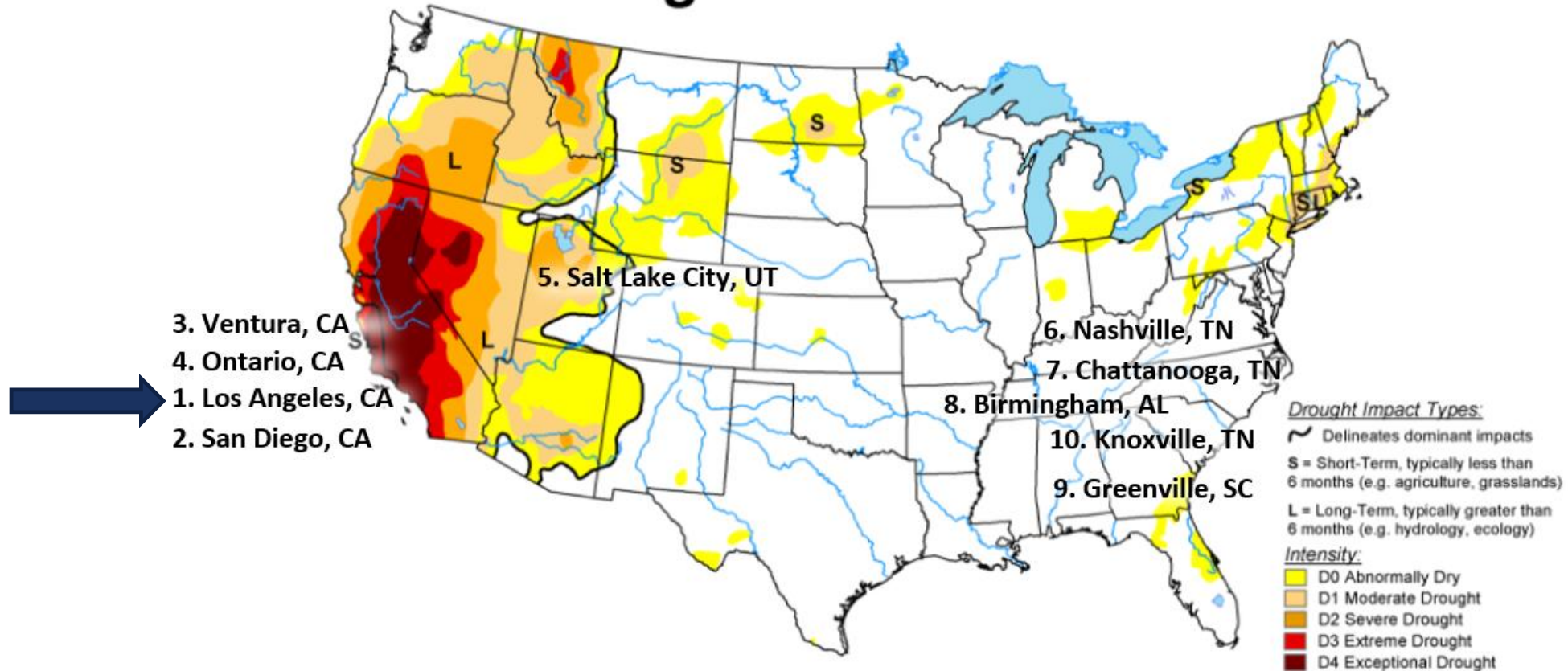
**Save Money
\$\$\$\$**

**Actively Participate
in Conserving
Stressed Water
Resources**

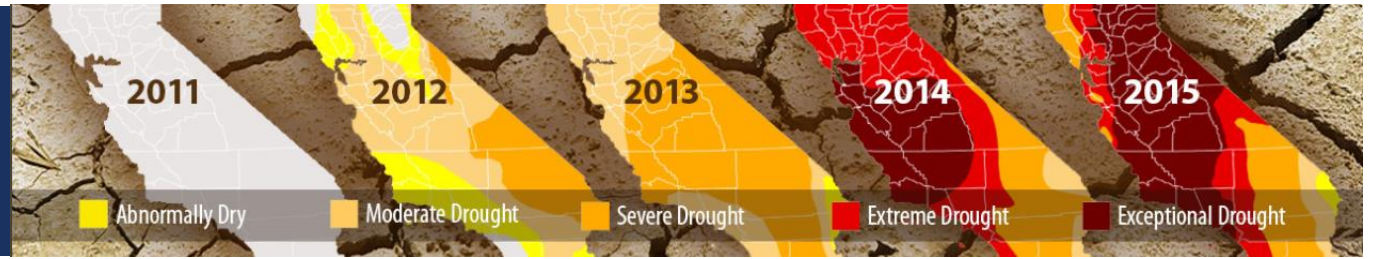
MARKET VALIDATION

Top ten drought-riskiest metro areas:

U.S. Drought Monitor



MARKET SIZE



- Initial Target Market: Los Angeles, CA
- Population of Los Angeles County: **9.8 million**
- Number of occupied homes in Los Angeles County: **3.2 million**

TOTAL ADDRESSABLE MARKET

Los Angeles:

3,200,000

Occupied Homes

San Diego, Ventura, Ontario: 800,000

Occupied Homes

Salt Lake City, Nashville, Chattanooga, Birmingham,
Greenville, Knoxville:

590,000 Occupied Homes

4,513,000 Occupied Homes in Top Ten Drought
Risk Metro Areas

PRODUCT

Water Saving

90 %



Newest
Addition to
your Smart
Home

Sensors
Voice Input

BUSINESS MODEL



Residential
Rebates



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

English ▾

Residential ▾



Rebates

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Contractor Resources

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Available Rebates Overview

Turf Removal

Clothes Washers

Toilets

Rain Barrels & Cisterns

Sprinkler Nozzles

Soil Moisture Sensors

Irrigation Controllers

Faucets



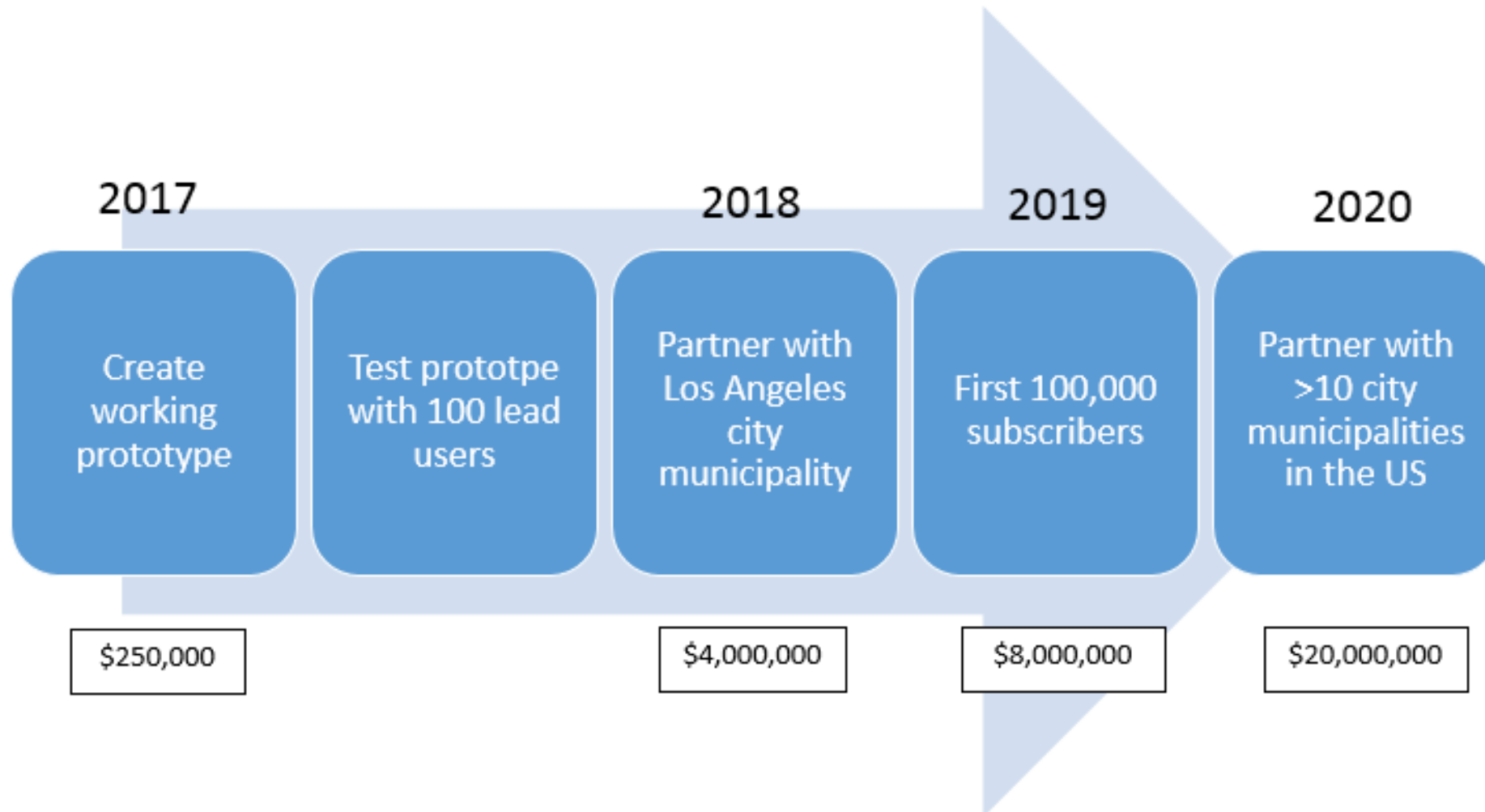
SPRINKLER NOZZLES

As of November 11, 2015, qualified
sprinkler nozzles will be eligible for
\$2 per nozzle, with a minimum of 30
nozzles per site.

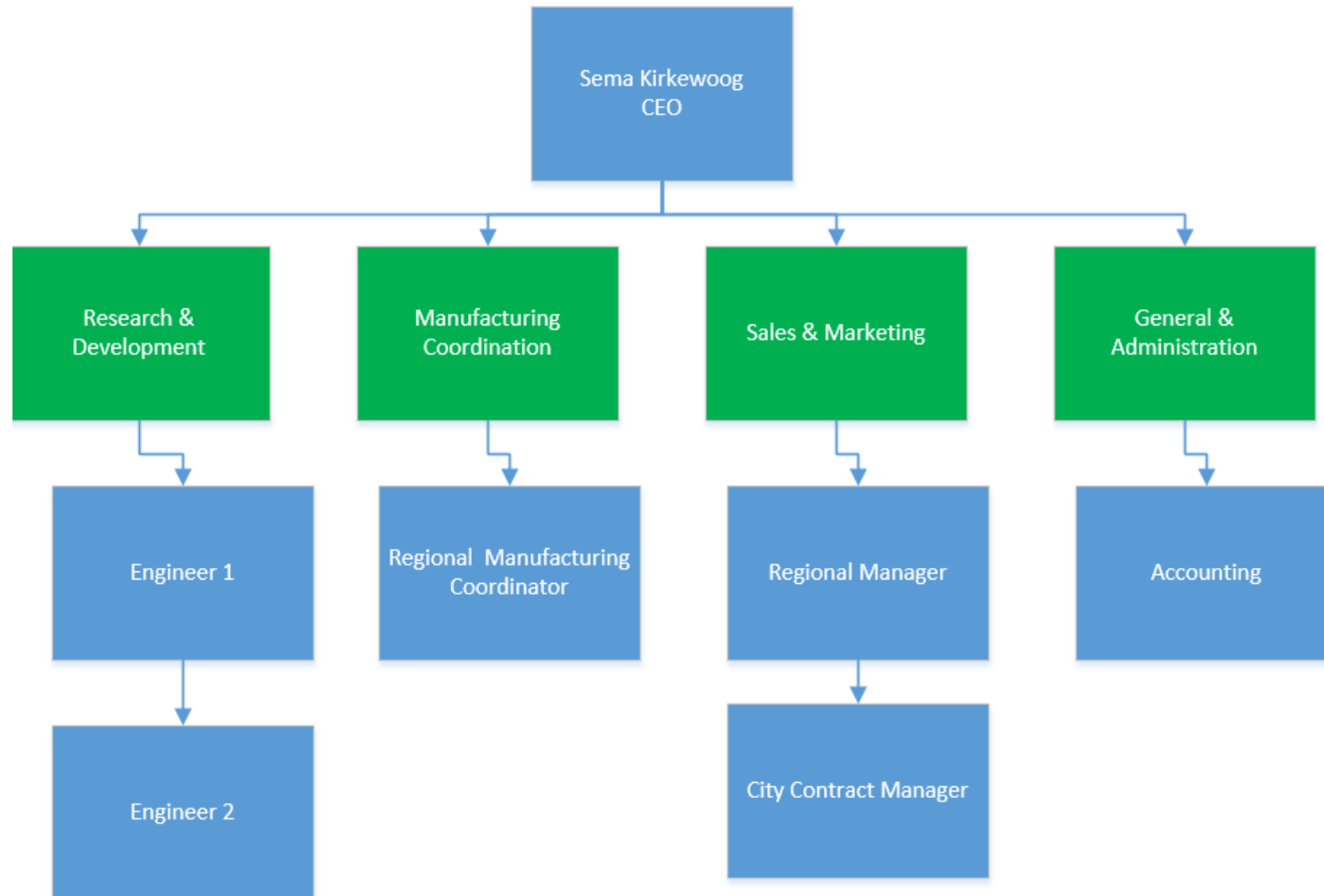
[Learn More](#)

\$50 EcoFaucet

MARKET APPROACH



TEAM



FINANCIALS

Year	100,000+ Subscribers										% of Sales
	Prototype & Test	Los Angeles Contract	16% Adoption in LA	>10 City Contracts	>11 City Contracts	>12 City Contracts	>13 City Contracts	>14 City Contracts	>15 City Contracts	>16 City Contracts	
	1	2	3	4	5	6	7	8	9	10	
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
Revenues	0.0	0.0	25,000,000.0	50,000,000.0	150,000,000.0	150,000,000.0	150,000,000.0	200,000,000.0	200,000,000.0	200,000,000.0	75.0%
Total Revenues	0.0	0.0	25,000,000.0	50,000,000.0	150,000,000.0	150,000,000.0	150,000,000.0	200,000,000.0	200,000,000.0	200,000,000.0	75.0%
Costs and Expenses											
Cost of Sales	0.0	0.0	7,000,000.0	14,000,000.0	42,000,000.0	42,000,000.0	42,000,000.0	56,000,000.0	56,000,000.0	56,000,000.0	21.0%
Gross Margin	0.0%	0.0%	72.0%	72.0%	72.0%	72.0%	72.0%	72.0%	72.0%	72.0%	
Research & Development	200,000.0	500,000.0	1,000,000.0	2,000,000.0	1,000,000.0	1,000,000.0	1,000,000.0	1,000,000.0	1,000,000.0	1,000,000.0	0.5%
Manufacturing (Stock)	0.0	1,400,000.0	7,000,000.0	14,000,000.0	28,000,000.0	42,000,000.0	42,000,000.0	56,000,000.0	56,000,000.0	56,000,000.0	
Sales & Mktg	0.0	75,000.0	1,000,000.0	1,000,000.0	1,000,000.0	1,000,000.0	1,000,000.0	1,000,000.0	1,000,000.0	1,000,000.0	0.5%
General & Admin.	10,000.0	25,000.0	1,200,000.0	3,000,000.0	3,000,000.0	3,000,000.0	3,000,000.0	3,000,000.0	3,000,000.0	3,000,000.0	1.5%
Total Costs and Expenses	210,000.0	2,000,000.0	17,200,000.0	34,000,000.0	75,000,000.0	89,000,000.0	89,000,000.0	117,000,000.0	117,000,000.0	117,000,000.0	44.5%
Gross Profit	-210,000.0	-2,000,000.0	7,800,000.0	16,000,000.0	75,000,000.0	61,000,000.0	61,000,000.0	83,000,000.0	83,000,000.0	83,000,000.0	30.5%
Gross Profit	0.0%	0.0%	31.2%	32.0%	50.0%	40.7%	40.7%	41.5%	41.5%	41.5%	
Income Tax	0.0	0.0	2,340,000.0	4,800,000.0	22,500,000.0	18,300,000.0	18,300,000.0	24,900,000.0	24,900,000.0	24,900,000.0	9.2%
Net Income (Loss)	-210,000.0	-2,000,000.0	5,460,000.0	11,200,000.0	52,500,000.0	42,700,000.0	42,700,000.0	58,100,000.0	58,100,000.0	58,100,000.0	21.4%
Cash Flow											
Beginning Cash	0.0	30,000.0	2,030,000.0	15,490,000.0	46,690,000.0	99,190,000.0	141,890,000.0	184,590,000.0	242,690,000.0	300,790,000.0	
Add: Financings/Grants	250,000.0	4,000,000.0	8,000,000.0	20,000,000.0	0.0	0.0	0.0	0.0	0.0	0.0	
Capex	-10,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net Income (Loss)	-210,000.0	-2,000,000.0	5,460,000.0	11,200,000.0	52,500,000.0	42,700,000.0	42,700,000.0	58,100,000.0	58,100,000.0	58,100,000.0	
Ending Cash	30,000.0	2,030,000.0	15,490,000.0	46,690,000.0	99,190,000.0	141,890,000.0	184,590,000.0	242,690,000.0	300,790,000.0	358,890,000.0	
Headcount											
Research & Development	2	2	2	2	2	2	2	2	2	2	
Manufacturing Coordinator	0	1	1	4	5	5	5	5	5	5	
Sales & Mktg	0	2	2	4	5	5	5	5	5	5	
General & Administration	0	1	1	2	2	2	2	2	2	2	
Total Costs and Expenses	2	6	6	12	14	14	14	14	14	14	
	No Salary	No Salary	Salary	Salary	Salary	Salary	Salary	Salary	Salary	Salary	
NPV @ 30% Ke	51,668,531.8										
Terminal Value	96,833,333.3										
Total NPV	148,501,865.1										

COMPETITION



Toto EcoPower
Cost: \$908



Delta Collins
Cost: \$150



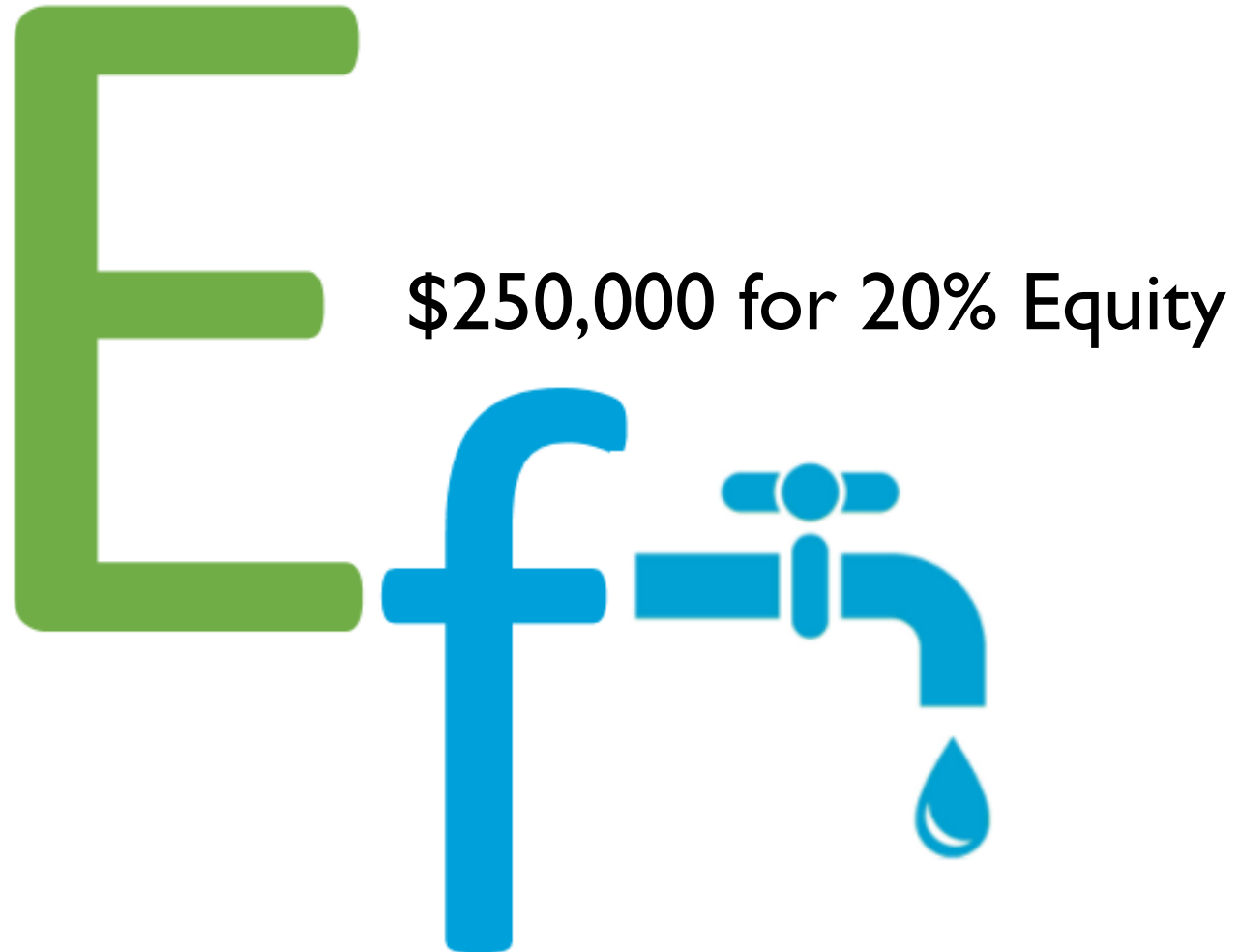
Grohe
Cost: \$240

COMPETITIVE ADVANTAGE

90% water savings on utilized EcoFaucet's

\$40 / month water utility bill reduction per household

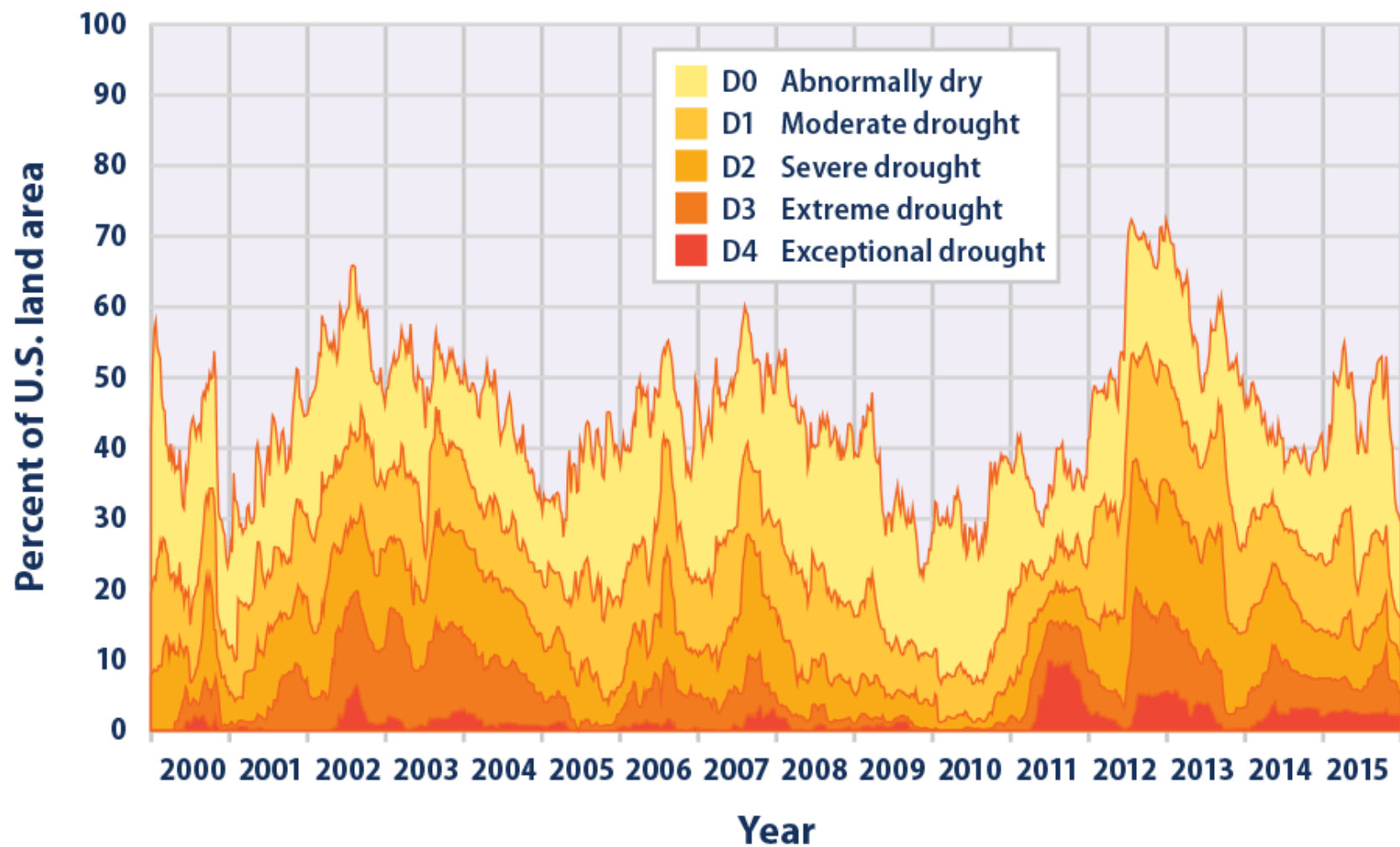
INVESTMENT





BACKUP

PERCENT OF US LAND AREA (EPA INDICATOR)



GLOBAL INCREASE OF RECORD BREAKING HEAT

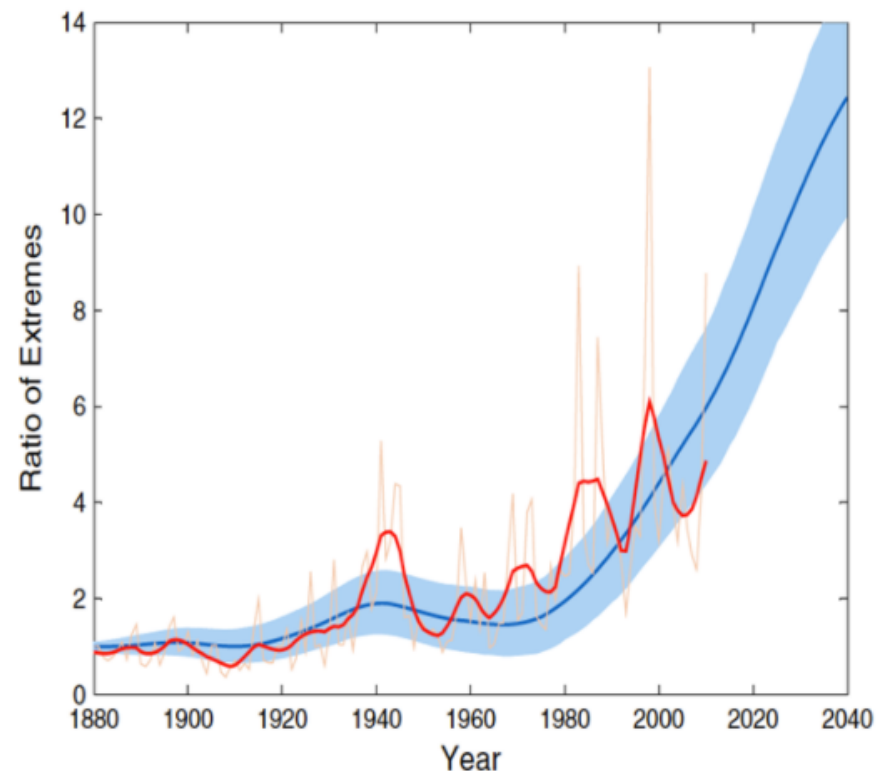
Global increase in record breaking heat

D. Coumou, A. Robinson, S. Rahmstorf June 2013

Local record-breaking monthly temperature extremes is now five times larger than expected in a climate with no long-term warming.

Summertime records, which are associated with prolonged heat waves, increased by more than a factor of ten in some continental regions including parts of Europe, Africa, southern Asia and Amazonia.

By the 2040s we predict the number of monthly heat records globally to be more than 12 times as high as in a climate with no long-term warming.



WATER STRESS IN 2040

