

*Due Diligence Report:*

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# Snowvation

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March 5, 2017  
Document Revision v3.6

## EXECUTIVE SUMMARY

### BACKGROUND

Snowvation is an end-to-end software company improving resort logistics, management efficiency and the customer experience in the snow sports industry. Snowvation provides cloud and mobile software as a service (SaaS) that help resorts manage all of their operations, starting with ski and snowboard school departments. The team's firsthand experience as skiers, ski instructors and resort employees led to the company's founding.

### TRACTION

- Launched initial product in May 2016
- Established three distribution partners
- Landed Genting Secret Garden Resort, a host of the 2022 Winter Olympics, Beijing China
- 5000 instructors and guest users globally on ShredBetter.com
- Paying customers in three countries across two continents

### UPCOMING MILESTONES FOR SUCCESS

- Secure 25 resorts and achieve \$445K of sales by end of 2017
- Grow ShredBetter user base from 5,000 to 10,000 users globally
- Increase product integration efficiency

### USE OF FUNDS

- Hire three to four additional engineers/developers, one of which is a senior/CTO level
- Add one additional Sales & Marketing Director to assist in bringing v2 of the product to market and scale the company globally
- Runway: 15 months until a further round of funding by Q3 2018

### KEY CHALLENGES

- Other players in this space could bolster their offerings to compete, and the speed to market and barriers to entry appear to be low
- Overcoming friction generated by legacy systems during sales process
- Traction in other countries will reduce growth in U.S. market

### PEOPLE

- CEO - Michael Stocker
- Acting CTO & Senior Operating Advisor - Brian Morgan
- Acting CMO & Senior Operating Advisor - Mike Ma
- VP Business Development - Alex Rich
- Business Development - Taylor Shiffrin
- Lead Developer - Ross Forsyth

### FINANCIALS

Snowvation has two primary revenue streams in their model: Ski School module and enterprise solution. Customers can either pay a seasonal fee for the subscription (1-2 payments) or transaction based pricing on total resort revenues (between .5% and 2%). Cost of Sales is comprised mainly of development (both employee salary allocations and contract labor) and sales team commissions. Employee Salaries & Expenses is another substantial spend category as the non-development staff grows. Revenues for 2017 are projected to be \$445K. The company anticipates reaching positive EBITDA in 2018 and \$18M in gross revenue by 2021.

### DEAL STRUCTURE AND VALUATION

- Funding Request: \$500K in exchange for 12.5%
- Desired Close Date: April 2017
- Company's Stated Valuation: \$3.5M pre money

## BUSINESS

A customer's experience engaging with amenities of ski resorts can be cumbersome, slow, and antiquated. Interfaces to interact and transact are limited, and this has resulted in negative experiences for the customer and logistical burdens for the resorts. Snowvation CEO Michael Stocker has firsthand experiences with this reality, having worked in various roles at ski schools. His commitment to the industry led to the founding of the business as the company works to build products that enhance the customer experience and reduce resort burdens. The team is comprised of other industry professionals with experience that has enabled Snowvation to create a product that considers the demands of the customer as well as the resorts.

Snowvation has signed deals with eight providers worldwide with their entry product – a ski school solution, making a strategic play for international growth with resorts in Asia (China and Japan) as the present core international focus. Company leadership noted market growth anticipation and nascent resort infrastructures as primary drivers to go international rather than isolating their approach to the US. In China, the ski industry is at the onset of significant growth. Resorts are in the early stages and are being built and planned to resemble the integrated operations seen at U.S. resorts.<sup>1</sup> In Japan the industry is a bit more mature.<sup>2</sup> Many of the problems Asia will experience are being experienced here in the U.S., such as resort management, guest experience, logistics efficiencies, and schools.

By working with their customers in Asia to solve growth and infrastructure challenges, Snowvation found opportunities to quickly integrate their product, refine solutions directly tied to real customer needs, and to scale those lessons learned. For example, nearly all Chinese smartphone owners use WeChat,<sup>3</sup> and Chinese ski resorts asked Snowvation to engage with Chinese consumers in urban areas through a WeChat interface. Snowvation developed the solution for the Asian customers but also gained knowledge in attracting and engaging consumers onto a resort through the use of an integrated platform. Snowvation also learned about the value of engaging with travel agents when a Japanese customer asked for an agent portal. Snowvation is now scaling this portal for U.S. use during summer 2017.

Snowvation finds the barriers to entry in partnering and deploying their software in Asia to be significantly lower than in the US, and sees pursuing Asia as a strategic advantage for overall growth and traction. Over the next year, the company estimates roughly 50% of its clients to be in Asia. As Asian resorts continue to be built, Snowvation intends to establish a reputation as a viable solution by getting in early. They have demonstrated traction in this area in securing their flagship Chinese partner, Genting Secret Garden Resort, closing the deal from start to finish in 7 weeks. Secret Garden is a host site for the 2022 Olympics.

Company leadership plans to move forward in Asia by using channel partners, stating that the core team does not need to be on the ground in Asia very often in order to grow the business there. Once a lead is developed and company leadership has facetime with key personnel, the team passes the baton on to the distribution partners to handle the process moving forward. This includes subsequent meetings, demos, negotiations, contract, and close. Snowvation shared that, strictly from a monetary standpoint, the cost to acquire Asian customers is about 10% higher than costs for US customers. However, leadership continued that, due to the value received by getting in with new resorts in a growing market, the overall strategic benefit of product development and accelerated growth far outweigh the expense. Snowvation is responsible for deployment & implementation once the partner has closed the deal. Deployment is done through the cloud and the team spends the first week or so helping the resort. Moving forward leadership is considering adding a customer support rep in Asia,

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<sup>1</sup> Bin, Wu, and Wei Qinghua. China Ski Industry White Book. Publication. Beijing: n.p., 2015. Print.

<sup>2</sup> [www.vanat.ch/RM-world-report-2016-vanat.pdf](http://www.vanat.ch/RM-world-report-2016-vanat.pdf)

<sup>3</sup> [www.economist.com/news/business/21703428-chinas-wechat-shows-way-social-medias-future-wechats-world](http://www.economist.com/news/business/21703428-chinas-wechat-shows-way-social-medias-future-wechats-world)

or using its channel partners more in this capacity. Snowvation's current partner and all future partners have and will be expected to pay for all international taxes, VAT, etc.

Snowvation's distribution partners in China are led by Justin Downes. Justin is President of Axis Leisure Group, a Beijing firm responsible for the development & master planning of 20+ ski resorts,<sup>4</sup> was an executive in Vancouver for Intrawest, and has run resorts throughout North America and Australia. Justin was also formerly COO at Genting Secret Garden Resort in Beijing, one of Snowvation's current clients.<sup>5</sup> In Japan, Snowvation's partner is Ian MacKenzie. Ian is on the Hokkaido Ski Area Association and is a bilingual leader in the industry.<sup>6</sup> The Snowvation team met Ian at an industry trade show in the U.S. in May 2016, striking a partnership after Ian indicated he was searching for cloud software solutions for ski resorts in Japan. Relationships with the partners follow a commission payout on deals closed, varying based on the firm's involvement in the deal (referral vs. whole sales cycle). The partners generally are in contact with the Snowvation team in the U.S. a few times a week, particularly just when assistance is needed from Snowvation with technicalities or contract preparations. The partners operate mostly autonomously from Snowvation's sales team, and all have resources available for product demos and management of leads.

This capital raise will be used to hire additional developers to refine the snow sports school platform and to release the next generation of the offering. The raise will also be used to bring on a Sales & Marketing Director to scale to 25 resorts globally over the next 15 months.

## TEAM



Michael Stocker, CEO & Founder

[www.linkedin.com/in/michaeljstocker](http://www.linkedin.com/in/michaeljstocker)

Michael started as a ski instructor at the age of 14, and brings 8 years of experience working in various roles in ski schools, including running the kid's ski school at a Pennsylvania resort. Formerly in Government Relations at Ridge Policy Group working on corporate affairs and a Congressional Page on Capitol Hill, Michael's leadership skills and knowledge of legacy software systems in the ski industry led him to found Snowvation.



Brian Morgan, Acting CTO and Senior Operating Advisor

[www.linkedin.com/in/bmorgan](http://www.linkedin.com/in/bmorgan)

Brian brings programming and platform development to the Snowvation team, with his experience as a CTO, founder, System Architect, and Senior System Engineer. Formerly Brian served as the VP of platform development for Echo Global Logistics, where he designed and led an initiative for a distributed system architecture free of technical debt. Brian Co-Founded ShredBetter with Mike Ma. In addition to his role at Snowvation, Brian is also currently the CTO of Catalant Technologies. He spends about 20% of his time working on Snowvation.

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<sup>4</sup> [axisleisure.com/projects/](http://axisleisure.com/projects/)

<sup>5</sup> [www.linkedin.com/in/justin-downes-53b7935/](http://www.linkedin.com/in/justin-downes-53b7935/)

<sup>6</sup> [www.linkedin.com/in/ian-mackenzie-2927631b/](http://www.linkedin.com/in/ian-mackenzie-2927631b/)



Mike Ma, Senior Operating Advisor

[www.linkedin.com/in/michaelwma](http://www.linkedin.com/in/michaelwma)

Mike is an experienced founder, business consultant, CBO, and ski instructor. Former roles include SVP of digital banking and strategic planning at Bank of America where he oversaw the development and implementation of digital banking products, and CBO at Kasina where he led multinational strategy engagements. He and Brian have a history together at both Kasina and iPhrase. Mike brings a background in building large enterprise software platforms as well as expertise in selling software both b2b and b2c. Mike founded ShredBetter in 2013, and has been with Snowvation since ShredBetter's acquisition in 2016. He spends a third of his time with Snowvation and the remainder with his consulting firm Horsepowered Partners.



Alex Rich, VP Business Development

[www.linkedin.com/in/alex-rich](http://www.linkedin.com/in/alex-rich)

Alex, formerly a Senior Strategy and Operations Consultant with Deloitte, brings years of business development and project management experience to the Snowvation team. He has been with the company since 2016. Alex met the Snowvation team at an event after expressing interest in leaving corporate to join startups. He brings a broad skill set of finance, strategy, sales, and operations to the table. He works by Michael's side in managing the pipeline, B2B & B2C strategy development, and also oversees finances with Snowvation's CPA (Matt Briefer).



Taylor Shiffrin, Business Development

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Taylor is a US National Champion ski racer and ski industry veteran from the Vail Valley. He brings significant connections to the ski industry at resorts of all sizes from ownership to management, and connects Snowvation to leaders at key organizations in the industry beyond resorts. Taylor met the team after Michael & Snowvation invited his sister, Olympic Gold Medalist and World Champion Mikaela Shiffrin, to lunch to explore brand ambassadorship opportunities. Taylor brings ski industry and app development experience to Snowvation. He joined the company in 2015. Taylor is currently pursuing his MBA at Denver University Daniels College of Business and supports Alex on an as needed basis.



Ross Forsyth, Lead Developer

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Ross has experience as a founder, app developer, and engineer. He previously worked in the oil & gas industry and was hired by Snowvation because of his experience noticing inefficiencies in the o&g industry and building a platform to fix them. Ross oversees all contracted development efforts and works next to Brian to manage Snowvation's product roadmap, weekly sprints, and customer deployments.

Nearly every member of the Snowvation team shared a personal connection with and passion for snow sports. Several have worked as ski instructors or grew up in the sport, and many of the team members bring connections throughout the ski industry. Michael Stocker spent 7 seasons as both a ski instructor and ski school manager at Blue Mountain Resort. Mike Ma is a Level 3 AASI Snowboard Instructor at Mount Snow, Vermont, and has taught at schools around the New England Area. Taylor Shiffrin is a part time race coach at Loveland Ski Area. During the due diligence interview, Michael shared his experiences in the industry and how RTP and other legacy software platforms had only marginally changed despite other developments in the industry and the availability of back end and customer facing technologies. Several other team members echoed this sentiment, noting that legacy systems frequently caused, rather than alleviated, problems for resort employees and guests.

In 2016 Snowvation acquired ShredBetter and brought ShredBetter founders Mike Ma and Brian Morgan onto the team. ShredBetter offered a customer and ski instructor interface that complemented the software Snowvation was developing. Mike Ma explained to the due diligence team that he and Brian were searching for a product like Snowvation's, and were impressed by Michael's drive and vision. Since its acquisition, ShredBetter's instructor platform has become fully integrated into Snowvation's software.

Recently Snowvation established a relationship with Jeremy Bloom, a world-champion skier and founder of Integrate, a VC-backed marketing software company named "Best New Company" at the American Business Awards. Snowvation leadership explained that this relationship is maturing. Snowvation aims to leverage Bloom and his network in later stage funding sources, including his investors at Integrate such as Foundry Group, Comcast, etc. Further, Bloom is anticipated to help play a critical role in pushing the company's B2C play of ShredBetter given his broad reach with TV, media, and beyond. Taylor Shiffrin also has a number of connections with ski industry leaders and was initially responsible for forging the connection with Jeremy Bloom.

Throughout the due diligence interviews, Snowvation leadership and employees demonstrated strong inter-team rapport. When asked about their decision to branch out internationally, several members of the group mentioned how initial differences of opinion raised many discussions. Throughout these discussions, management emphasized a willingness to hear the differing views and a commitment to respect each team member's perspectives. In a particular case, the team members shared how they appreciated the environment where these views can be discussed and where decisions are ultimately made based on the data available and opportunity provided. This case was the decision to secure the company's first international client, an opportunity that enabled Snowvation to develop early traction and direct customer feedback.

Two of Snowvation's main team members are currently dividing their time between Snowvation and other obligations. When asked about how this might change as Snowvation grows, the team indicated that this was an ongoing point of discussion. The VCA team recommends reaching out to Snowvation leadership for more information on how the team will evolve.

## PRODUCT

Snowvation was founded based on the premise that there can be improved levels of communication and a better overall experience between resorts and guests. The company started by addressing the perceived lack of power and mobile communication between guests and their ski schools. Our analysts generally agree and find it unusual considering that skiing and snowboarding are typically targeted to an affluent audience. For example, one typically thinks of snow sport enthusiasts as people who enjoy advanced technology experiences. But despite this general perception, some resorts still rely on pen, paper and manual computer entry to run their ski school operations. Snowvation believes there is an opportunity to significantly upgrade the technology systems that run

snow schools of all sizes. And then they plan to expand into a fully functional Enterprise Resource Planning (ERP) system that can be used to manage the entire resort.

Snowvation solves this outdated technology problem with three product offerings: Snowvation Enterprise, Snowvation Link and ShredBetter.

## CURRENT PRODUCTS

### Snowvation Enterprise

Snowvation Enterprise (SV Enterprise) is the foundation for the Snowvation technology platform. Currently SV Enterprise is a cloud-based ERP solution that is focused on snow sport schools. In the future, SV Enterprise plans to evolve into a complete ERP Solution where every transaction can be managed. Currently SV Enterprise has functionality for resort

	Nov 18 2016	Nov 19 2016
[Ski] Private - Ski	\$2165 23 of 76	\$3765 24 of 77
[Ski] Adult Group - Ski	\$45 1 of 60	0 of 150
[Ski] Kid's Ski Program with Rental	\$160 2 of 4	n/a

owners and managers who are interested in increasing their ability to manage schedule changes, monitor reservations, control pricing, and other data / systems.

For the consumer, there is an intuitive guest-facing platform that creates a modern e-commerce experience in the ski industry. Guests can view real-time availability of all products, including private lessons with individual pros, and can instantly confirm their purchases and reservations.

The SV Enterprise platform manages all of a resort's operations in snow school, ranging from instructor scheduling, paperwork, capacity analysis and real-time reporting. A director dashboard tool allows managers and supervisors to control all aspects of management from their web browser or mobile device.

### Snowvation Link

The Snowvation Link (SV Link) Platform is a white labeled version of ShredBetter.com features and functionally deployed into a resorts website. Information collected supports the backend to SV Links' web/mobile Customer Relationship Management (CRM)

tool, which helps instructors and supervisors manage guests. The product does this through the tracking of instructor and guest engagement. This provides guests with a familiar and intuitive way to find the instructor they prefer.

SV Link appeals to instructors and guests by integrating with ShredBetter to provide ski instructors from snow schools with their own personal profile so that guests can select and interact with instructors in a convenient digital manner. Built by ski industry veterans, SV Link provides a relationship that is on-demand and person-to-person (P2P), where content is shared and the community benefits. P2P interaction also enables a streamlined direct communication between skier and instructor.

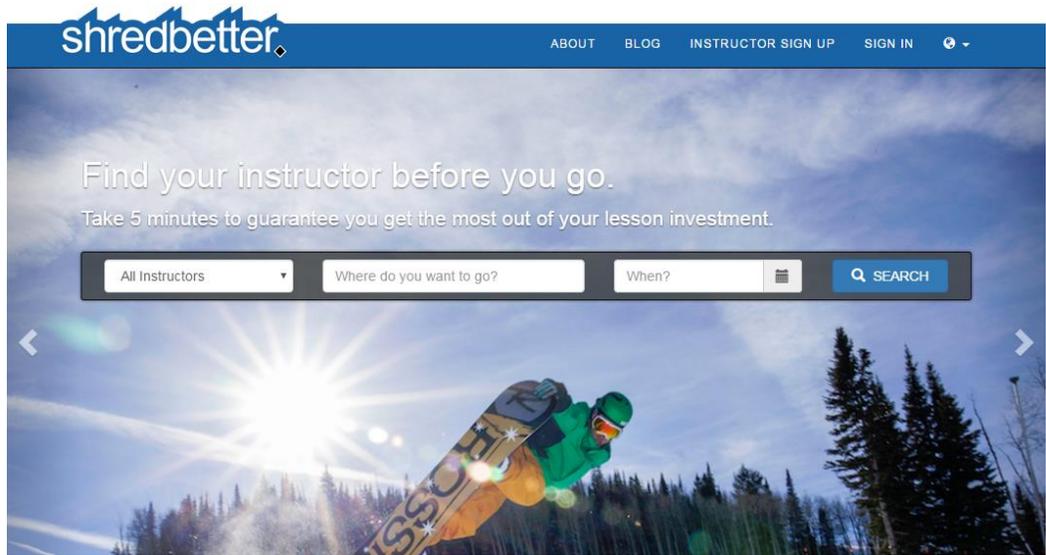
This B2B platform integration allows SV Link to capitalize on its CRM tool (covering profiles, reviews, ratings, and progress cards) and allows resorts to engage with guests in meaningful ways. SV Link is a responsive designed web application which means that it works with mobile devices.

## ShredBetter

ShredBetter is a consumer web app that helps skiers and snowboarders find, rate and review instructors.

Consumers can see the instructor's personal brand and connect directly with them. Currently, ShredBetter can function either as a stand-alone product independent of resort legacy

systems, or an integration with the Snowvation platform. Instructors at resorts around the world use ShredBetter every day, beyond just current Snowvation customer resorts.



## FUTURE PRODUCTS

SV Enterprise is the foundation of the entire resort experience and the Snowvation platform. While this ERP system is currently focused on managing ski and snowboarding schools, the company plans to evolve into managing every transaction that occurs at a resort. From rentals to lift tickets, food & beverage to snow school, SV Enterprise is evolving to handle it all. The product will also begin to support summer operations at ski resorts such as mountain biking, golf, and more. SV Link is an employee facing CRM service that allows employees to manage their clients and build their own personal brand online. ShredBetter is the company's consumer facing portal that connects into the data being stored in SV Enterprise and SV Link. All of these products are being conceived so they can evolve into an ERP system than can manage the entire ski resort operation.

## PRODUCT DEVELOPMENT

The Snowvation platform has been built using node.js, leverages an express server, MongoDB, and Amazon Web Services (AWS) for hosting. The company follows agile development methodologies with one-week sprints, leveraging Trello for backlogs and sprint management. The company performs regular backlog grooming, sprint planning, QA testing and releases. Mike Ma is the Product Manager and Michael Stocker helps groom the backlog and plan sprints. Brian Morgan chose one stack for rapid iterations and the other stack (JavaScript) for developers to stay current on. Companies such as LinkedIn, PayPal, Netflix, and others are some of the big names that use Node in portions of their technology stack. Per the company, other competitors use older client-side technology stacks. The

company believes that portions of competitor RTP are built with ASP.net; however, this hasn't been confirmed by the RVC analyst team. The VCA team recommends investors speak with Snowvation about how their technology stack choices could positively or negatively impact future acquisition opportunities.

Snowvation plans to continue to build out their product by enhancing platform functionality and experience. Subsequent plans include adding features to engage with rental and ticketing transactions. Snowvation expects to continue to integrate with legacy systems, such as RTP and Siriusware, throughout this process. A primary focus for this capital raise is to improve integration with the legacy systems across various departments.

## COMPETITION

Name	Differentiator	Strengths	Weaknesses	Target
<b>Snowvation</b>	Cloud based, friendly user interface, connected to consumer application to improve guest engagement with resort and employees.	<ul style="list-style-type: none"> <li>* Cloud based system with a modern Java based technology stack</li> <li>* Personable, digital presence to ski school that improves transparency and engagement with guests</li> <li>* Client can leverage ShredBetter without subscribing to larger ERP platform</li> <li>* Experienced industry team</li> </ul>	<ul style="list-style-type: none"> <li>* Small and early stage company</li> <li>* Primary product is only a niche part of the customer experience</li> <li>* Small size dev team</li> <li>* No mobile apps</li> </ul>	<ul style="list-style-type: none"> <li>* Ski School</li> <li>* Mobile engagement</li> <li>* CRM and ERP</li> </ul>
<b>RTP One<sup>7</sup></b>	Largest market share among top resorts.	<ul style="list-style-type: none"> <li>* Legacy leader - the widest breadth of functionality - works across all departments at a resort.</li> <li>* Engages guests through their mobile app.<sup>8</sup></li> <li>* Connects to social media, advanced booking and push notifications about events, weather and transactions.</li> <li>* Parent = Active Network (a multi-industry firm).</li> </ul>	<ul style="list-style-type: none"> <li>* Displays information about the mountain but not tailored to guest identity.<sup>9</sup></li> </ul>	<ul style="list-style-type: none"> <li>* Guest management</li> <li>* POS, e-Commerce</li> <li>* Mobile engagement</li> </ul>
<b>Siriusware<sup>10</sup></b>	Started in Ski Industry and has expanded to attraction industry.	<ul style="list-style-type: none"> <li>* More modern than RTP</li> <li>* Market penetration among small to medium sized resorts</li> <li>* Core functionality consists of onsite ticketing, e-Commerce, point of sale and guest management</li> </ul>	<ul style="list-style-type: none"> <li>* Expensive to onboard, support, and improve.</li> <li>* Not mobile friendly and not guest facing on most fronts.</li> <li>* Limited functionality</li> <li>* Not guest facing</li> </ul>	<ul style="list-style-type: none"> <li>* Guest management</li> <li>* On site ticketing</li> <li>* POS, e-Commerce</li> <li>* Comprehensive solution</li> </ul>
<b>Gatemaster<sup>11</sup></b>	Ticketing functionality and low price point.	<ul style="list-style-type: none"> <li>* Many smaller resorts or resorts with limited budgets use Gatemaster for POS.</li> <li>* Low cost price of \$5,499<sup>12</sup></li> <li>* Started with amusement facilities, expanded out to Zoo's, Family Entertainment Centers, Resorts and Ski Areas.</li> </ul>	<ul style="list-style-type: none"> <li>* Limited functionality</li> <li>* Not guest facing</li> </ul>	<ul style="list-style-type: none"> <li>* Guest management</li> <li>* On site ticketing</li> <li>* POS, e-Commerce</li> <li>* Comprehensive solution</li> </ul>

<sup>7</sup> [www.activenetwork.com/solutions/rtp-one#](http://www.activenetwork.com/solutions/rtp-one#)

<sup>8</sup> [www.activenetwork.com/mobile-apps/livepass-app](http://www.activenetwork.com/mobile-apps/livepass-app)

<sup>9</sup> [www.activenetwork.com/mobile-apps/livepass-app](http://www.activenetwork.com/mobile-apps/livepass-app)

<sup>10</sup> [accesso.com/solutions/siriusware](http://accesso.com/solutions/siriusware)

<sup>11</sup> [www.gatemaster.com/software-features/](http://www.gatemaster.com/software-features/)

<sup>12</sup> Ibid

Name	Differentiator	Strengths	Weaknesses	Target
<b>CheckYeti<sup>13</sup></b>	Online ski lesson booking in Austria, Switzerland and France.	<ul style="list-style-type: none"> <li>* App for iPhone &amp; Android</li> <li>* Involved in wide range of European resorts</li> <li>* Partners with ski manufacturer Atomic</li> </ul>	<ul style="list-style-type: none"> <li>* Only available in Europe</li> <li>* Appear to be limited to online booking</li> </ul>	* Ski School
<b>Ongosa<sup>14</sup></b>	Online ski lesson booking in Italy, Switzerland and France.	<ul style="list-style-type: none"> <li>* Involved in wide range of resorts activities, including helicopter skiing.</li> </ul>	<ul style="list-style-type: none"> <li>* Only available for European resorts.</li> <li>* No iOS or Android app</li> <li>* Users must enter their email address to receive a response.</li> </ul>	* Ski School

Snowvation’s ski school competitors include CheckYeti and Ongosa, which are local to their region and not P2P. With their P2P approach, the instructor is directly connecting and building a relationship with the student, where each person shares equal resources and privileges. Both CheckYeti and Ongosa provide skiers the ability to buy a ski experience that comes with an instructor, but the transaction does not include a P2P element. Some resorts have their own online ski lesson booking platforms but such offerings appear to fail to create a unique P2P interaction.

Snowvation indicated that their company was the only cloud platform in the ski resort industry; however, competitor RTP (Active Network) is also based in the cloud<sup>15</sup>. Company leadership responded to VCA questions for more information, sharing that that Active Network is primarily a cloud based company and provides many services outside of RTP whereas RTP is a locally hosted software and is not in the cloud. Although RTP has a mobile app (LivePass) that provides snow reports, social media outlets and events, it does not provide a personalized guest experience tailored to their individual preferences and based on their engagement.

Legacy competitor platforms appear to have made their way into many ski resorts. RTP, which started as a POS system for Vail and other Rocky Mountain resorts, eventually expanded globally with various other functionalities.<sup>16</sup> These platforms put emphasis on serving the resorts’ desire to increase ROI, indicating a lack of comprehensive system upgrade activities, which leads to complaints that are often shared publicly.<sup>17</sup> To date, Snowvation has not had any issues in trying to integrate with legacy systems. Leadership stated that resorts generally own the license to the legacy software and have developed their own APIs to RTP and Siriusware, etc, preventing legacy software companies from restricting 3rd party integrations from a resorts vendor of choice. Investors may want to speak with Snowvation to further understand the API relationships.

<sup>13</sup> [www.checkyeti.com](http://www.checkyeti.com)

<sup>14</sup> [www.Ongosa.com](http://www.Ongosa.com)

<sup>15</sup> [www.activenetwork.com/news-and-events/active-press-releases/2014/active-networks-rtpone--ivepass-enhances-guest-engagement-at-popular-ski-resorts](http://www.activenetwork.com/news-and-events/active-press-releases/2014/active-networks-rtpone--ivepass-enhances-guest-engagement-at-popular-ski-resorts)

<sup>16</sup> [www.activenetwork.com/news-and-events/active-press-releases/2011/active-network-accelerates-move-into-winter-sports-with-acquisition-of-rtp-llc](http://www.activenetwork.com/news-and-events/active-press-releases/2011/active-network-accelerates-move-into-winter-sports-with-acquisition-of-rtp-llc)

<sup>17</sup> [www.slopefillers.com/dream-buy-lift-ticket/](http://www.slopefillers.com/dream-buy-lift-ticket/)

# MARKET

## US

The ski resort industry has experienced moderate growth over the last 5 years with revenues growing 2.2% annually between 2011 and 2016 in the US. This stable rate of growth is expected to continue over the next 5 years.<sup>18</sup> Analysis on the demographics of skiers in the US for the 2014/15 season illustrates that the majority of skiers and snowboarders are between the age of 25-34 and 35-44.<sup>19</sup>

Age of Skiers and Snowboarders – 2014/15 Season

<b>Age</b>	<b>Alpine</b>	<b>Freeski</b>	<b>Snowboard</b>	<b>Cross Country</b>	<b>Snowshoe</b>
6-12	15.0%	15.2%	14.6%	9.8%	13.5%
13-17	10.1%	10.1%	13.5%	9.1%	10.7%
18-24	12.7%	13.2%	19.4%	13.7%	14.1%
25-34	24.2%	30.4%	27.8%	28.7%	25.7%
35-44	18.4%	19.2%	15.6%	18.5%	14.3%
45-54	12.3%	8.4%	6.9%	8.7%	10.2%
55-64	4.9%	3.2%	1.8%	8.5%	7.4%
65+	2.2%	0.2%	0.3%	3.0%	4.1%

It is interesting to note that the total number of US skier visits have decreased slightly over the last 3 years.<sup>20</sup> While the market isn't necessarily growing rapidly, it is sizeable. Data research shows that products purchased through all channels such as specialty stores as well as chain and online channels has increased from \$3.9B in 2011/12 to \$4.7B in 2015/2016<sup>21</sup>. For the 2015-2016 season, direct spending at US resorts was \$7.7B, transactions of which Snowvation will ultimately tap into.<sup>22</sup>

Total Number of U.S. Skier-Visits (In Millions)

<b>Season</b>	<b>Northeast</b>	<b>Southeast</b>	<b>Midwest</b>	<b>Rockies</b>	<b>Pacific</b>	<b>Total</b>
2015/16	9.3	4.0	5.5	22.3	11.7	52.8
2014/15	13.3	5.7	7.0	20.7	7.0	53.6
2013/14	13.4	5.8	7.7	21.1	8.5	56.5
2012/13	13.3	5.2	7.1	19.5	11.6	56.6
2011/12	11.0	4.4	6.4	19.1	10.0	51.0
2010/11	13.9	5.8	7.8	20.9	12.2	60.5
2009/10	13.4	6.0	7.7	20.4	12.3	59.8
2008/09	13.7	5.7	7.2	20.0	10.7	57.4

<sup>18</sup> [www.ibisworld.com/industry/default.aspx?indid=1653](http://www.ibisworld.com/industry/default.aspx?indid=1653)

<sup>19</sup> [www.snowsports.org/research-surveys/snow-sports-fact-sheet/](http://www.snowsports.org/research-surveys/snow-sports-fact-sheet/)

<sup>20</sup> Ibid

<sup>21</sup> Ibid

<sup>22</sup> [www.nsa.org](http://www.nsa.org)

## GLOBAL

Snowvation is engaging in the International market. There are 450 ski resorts in the US<sup>23</sup> and approximately 2100 resorts globally,<sup>24</sup> with the largest global ski destinations being USA, France, Austria and Japan<sup>25</sup>. China's ski industry is poised to grow quickly after being awarded the 2022 Winter Olympics with approximately 450 resorts by 2022<sup>26</sup>. China currently has 10 million skiers and the government is trying to increase this to 300 million before 2022. As China's middle class continues to emerge and value luxury experiences such as mountain sports, the country represents a potential growth opportunity. The South Korean government has also invested \$10B in the development of infrastructure for winter sports, which includes ski slopes<sup>27</sup>. This provides an opportunity for Snowvation to integrate their software solution into a newly created and "blank slate" system.

Snowvation has demonstrated integration into one of their international clients in China (Genting Secret Garden Ski Resort) and three of their eight clients are based in China and Japan. Company leadership shared that part of their strategic mindset in pursuing international clients was an absence of legacy systems such as the ones at established US resorts. This opportunity allows them to test their technology and have it integrated into newly established systems at these resorts, demonstrating traction and viability.

Most of the industry is concentrated on resorts that generate more than 100,000 visits per year. Such targets only account for 20% of resorts yet they account for 80% of all visits<sup>28</sup>. Snowvation will have to penetrate the 20% of resorts generating 100K visits per year to access the majority share of the total market.

Snowvation has identified that resorts roughly spend \$100K per year on software services and estimate that over \$300M is being spent annually in the ski industry on software. On the consumer side, there is currently \$2B in consumer spending on ski lessons.<sup>29</sup> Snowvation also intends to expand into other verticals down the line such as mountain biking and golf during the summer months.<sup>30</sup>

## LEGAL LANDSCAPE

Snowvation, Inc. is a Delaware C-Corp with principal offices based in Denver, CO. The company was first incorporated as Shred Da Gnar, LLC in Delaware on 02/15/2013 after which the company name was changed to Snowvation, LLC on 10/24/2014. Two years later on 10/24/2016, the company converted from a Delaware LLC to a Delaware C-Corp authorizing 30M shares of stock. On 01/29/2017, Snowvation, Inc. filed as a foreign corporation with the state of Colorado and is currently in good standing.

Corporate counsel is Peter B. Fallon Esq. and corporate banking is conducted with Silicon Valley Bank. The company provided formation documents, employment agreements, and contracts and shared that such documents have been executed with the support of counsel. The board of directors is currently comprised of Michael Stocker as the sole member. The size of the board of directors is expected to expand from 1 to 3 members later this year, the additional 2 seats being held by a lead investor and an experienced outside member.

<sup>23</sup> [www.onthesnow.co.uk/united-states/ski-resorts.html](http://www.onthesnow.co.uk/united-states/ski-resorts.html)

<sup>24</sup> [www.vanat.ch/RM-world-report-2016-vanat.pdf](http://www.vanat.ch/RM-world-report-2016-vanat.pdf)

<sup>25</sup> [www.savills.co.uk/research\\_articles/188294/192640-0](http://www.savills.co.uk/research_articles/188294/192640-0)

<sup>26</sup> [www.ft.com/content/aa07b434-40d4-11e5-9abe-5b335da3a90e](http://www.ft.com/content/aa07b434-40d4-11e5-9abe-5b335da3a90e)

<sup>27</sup> [www.businesswire.com/news/home/20160921005743/en/Global-Ski-Equipment-Market-Witness-Growth-2020](http://www.businesswire.com/news/home/20160921005743/en/Global-Ski-Equipment-Market-Witness-Growth-2020)

<sup>28</sup> [www.vanat.ch/RM-world-report-2016-vanat.pdf](http://www.vanat.ch/RM-world-report-2016-vanat.pdf) Page 14

<sup>29</sup> Snowvation Market Analysis and Operational Plan

<sup>30</sup> [www.nsa.org](http://www.nsa.org)

Stock issuances vary with regards to amounts and vesting schedules. According to documentation provided by management, only Ross Forsyth, Taylor Shiffrin, and Alex Rich have restricted stock that is subject to vesting agreements. Ross Forsyth was awarded half of his 1,500,000 restricted stock on 01/31/2017 with the remainder subject to a 2-year vesting schedule. Restricted stock allocated to Taylor Schiffrin and Alex Rich are both subject to a 4-year vesting schedule with a 1 year cliff and 6 month cliff respectively. ShredBetter assets owned by Michael Ma, Brian Morgan, and Allison Malcolm-Carroll were sold to Snowvation on 4/22/2016 in exchange for 200,000 units of Snowvation, LLC (allocation of 99,000, 99,000, and 2,000 to Ma, Morgan, and Malcolm-Carroll respectively) which converted to restricted stock. The company has one debt warrant note in place with Ben Franklin Technology Partners for a sum of \$75K that is secured by common stock. The majority shareholder is Michael Stocker as shown below in the Snowvation Capitalization Table.

Stockholder	Common/Warrants	Pool	Restricted	Outstanding %
Michael Stocker	20,000,000			72.163%
Ross Forsyth			1,500,000	5.412%
Brian Morgan			1,499,000	5.409%
Michael Ma			1,499,000	5.409%
Alex Rich			1,400,000	5.051%
Taylor Shiffrin			765,000	2.760%
Jeremy Bloom		300,000		1.082%
Allison Malcolm-Carroll			2,000	0.007%
BFTP Warrants (Outstanding)	750,000			2.706%
<b>Total</b>	<b>20,000,000</b>			<b>100.00%</b>

The company has not sought patent protection for their technology. Company leadership shared that intellectual property requirements of employees have been written into their respective contracts. Agile Unicorn, LLC has been retained for ongoing development work on the Snowvation technology platform. Snowvation, LLC had previously registered the trademark "Snowvation" with the USPTO on 06/1/2015 but has since abandoned the mark on 03/21/2016. The company is in the process of refiling the trademark internationally and in the U.S. for both Snowvation and ShredBetter.

## FINANCIALS

(\$ in 000s)	2017	2018	2019	2020	2021
Revenues	\$445	\$2,731	\$6,853	\$13,309	\$18,272
Expenses	\$519	\$1,354	\$2,183	\$5,439	\$5,075
EBITDA	(\$70)	\$1,382	\$4,675	\$7,875	\$13,201
Liabilities (BFTPNote Payable)	(\$75)	(\$75)	(\$75)	(\$75)	(\$75)
Paid In Capital	\$500	\$3,500	\$3,500	\$3,500	\$3,500
Cash Net Change	\$447	\$4,377	\$4,670	\$7,871	\$13,196
Cash Balance	\$456	\$4,834	\$9,504	\$17,375	\$30,571

The raise for this funding round is accounted for in the financials as a \$500K equity investment in mid-2017. The majority of the raise will be used to hire four additional employees - three developers and one sales and marketing director. The developers will focus on enhancing the current offering and integrating with legacy systems, while the sales and marketing director will work to bring on a

total of 25 resorts in 2017. Snowvation currently has 8 resorts on board in varying capacities and shared that they have a pipeline of close to 50 resorts globally. This raise gives the Company 15 months of runway per their pro forma financial model, and the Company anticipates reaching positive EBITDA in 2018.

Snowvation has two primary revenue streams in their model. The first revenue stream is the Ski School only offering. The Ski School offering currently generates revenue of ~\$20K/year/resort. The model shows this increasing steadily to \$37,500 in 2021 due to the onboarding of larger resorts. The Company expects to reach 105 total Ski School only customers by 2021. Additionally, Snowvation has some resorts that are charged on a per transaction basis. This revenue stream is expected to grow from three resorts generating \$2,500 on average in 2017 to twenty resorts generating \$4,000 on average in 2021. The second revenue driver is an enterprise solution for all facets of a ski resort. The Company is estimating that they will reach 121 total enterprise customer resorts by 2021. The variable transaction based pricing model will also extend to this offering with an additional 17 resorts expected by 2021 generating an average of \$22.5K per year. The Company has not forecasted any churn. Company leadership indicated that a solution such as theirs is "sticky" making churn unexpected, adding that current legacy systems such as RTP/Siriusware have been in place at almost all of their customer resorts since the early to mid 2000's. Snowvation anticipates a similar stickiness and high lifetime value of customer as their software aggregates data and creates a reliance for the customer. Investors may want to learn more about these forecasts.

#### Expenses:

- Cost of Sales is comprised mainly of development costs (both employee salary allocations and contract labor) and sales team commissions. These costs increase from \$61K in 2016 to \$365k in 2017 and \$786K in 2018 as the Company focuses on growing its development team from primarily contract labor in 2016 to a team of six in-house developers in 2018 and brings on more resorts. Additionally each new resort brought on results in a commission payout.
- Employee Salaries & Expenses is another substantial spend category increasing from zero in 2016 to \$94K in 2017 and \$425K in 2018 as the non-development staff grows to 6 people. The composition of the team has not yet been determined and more support staff may be deemed necessary to support the level of sales forecasted.

Customer Acquisition spend is a category of note. Snowvation has minimal budget until 2019/2020 when they anticipate ramping up spend to drive customers to ShredBetter. However, the expenses of acquiring new customers included by the associated revenue is not reflected. The VCA asked Snowvation for more information, to which the company replied:

"The uptick in spend on acquisition is solely for growing the ShredBetter.com user & instructor base globally and is not a calculation of enterprise software customers. Snowvation plans to aggressively grow the ShredBetter user base by the 2019/2020 season to achieve phase two of its growth and begin to monetize its B2C side. ShredBetter [is anticipated to] transition into the largest online marketplace for booking and paying for ski and snowboard lessons globally, of which Snowvation will tap into consumer spending on lessons around the world."

The Company has a few accrued expenses that will require cash outlays in 2017 totaling \$49.2K. This includes \$13.6K for Agile Unicorn Payments, \$10.9K in revenue share liabilities and \$5.7K in office rent. A subsequent raise of \$3M is anticipated in 2018. Reviewing the pro forma cash flow statement, Snowvation projects a cash balance \$1.8M at the end of 2018. While cash flow positive can show that the company is self-sufficient and reduce the risk to investors, the VCA team contacted Snowvation to understand why a \$3M raise was sought. Michael Stocker shared that the purpose of the 2018 raise is to accelerate business expansion and the transition of the ShredBetter platform from B2B to B2C of the full service scheduling/ski instructor interaction interface for customers.

## EXIT

Snowvation anticipates being a candidate for acquisition due to their products capabilities and versatility for additional resort uses. The company forecasts that by 2021 they will have revenues of approximately \$18M and estimates a 4-6x multiple (citing the RTP acquisition as the primary reference for the multiple range). This is a forecasted exit of \$90M.

Company leadership highlighted a small number of potential acquirers such as Vail Resorts, SkiData, and Micros. If Snowvation remains a niche product, acquisition partner numbers may be low. In the company interview, leadership mentioned opportunities to expand into other verticals (i.e. summer golf, biking, attractions, all-inclusive beach resorts, etc.), which could drive additional revenue in untapped markets. Expansion into other verticals and markets may also extend time to exit. The VCA team identified Vail Resorts, MindBody, and Active Network as potential acquirers. More information on each of these is provided below.

### POTENTIAL ACQUIRERS

#### VAIL RESORTS

Vail Resorts is a publicly traded mountain resort company that owns 14 ski resorts, runs RockResorts Hotels and condominiums, and also has a real estate segment.<sup>31</sup> One of the main strategies of Snowvation is to attract Vail Resorts as a customer. Snowvation asserts, however, that their business does not hinge on Vail and that they could still be an acquisition target even if Vail is not a customer.

#### MINDBODY INC

MindBody is an online cloud based business management software company that was founded in 2001, and is listed on the NASDAQ exchange.<sup>32</sup> MindBody acquired HealCode for an undisclosed amount in September 2016. HealCode is a technology company that designs tools for the fitness and wellness sector, and was founded in 2008 with approximately 13 employees. Although HealCode is not in the same space as Snowvation, MindBody has demonstrated an appetite to acquire technology businesses that complement their own strategy of providing solutions in the fitness/wellness spaces.

#### ACTIVE NETWORK

Active Network is a privately held company that provides participant management software with online registration and event management solutions.<sup>33</sup> As mentioned below in industry comparables, the company purchased RTP in 2011 and Maximum Solutions in 2017. Maximum Solutions provides customer focused recreation software solutions and has specialized in the park and recreation industry for over 20 years.<sup>34</sup>

### COMPARABLES

Company	Sales Price	Year	Revenue Multiple	Acquired By	Country
<b>RTP</b>	\$22M	2011	4x	Active Network	US
<b>Skidata</b>	\$150M	2001	5x	Kudelski Group	Switzerland
<b>Inntopia</b>	Majority stake	2014	N/A	Northstar Travel	US
<b>Siriusware</b>	\$12M	2013	N/A	Accesso	UK

<sup>31</sup> [www.vailresorts.com/Corp/index.aspx](http://www.vailresorts.com/Corp/index.aspx)

<sup>32</sup> [www.mindbodyonline.com/](http://www.mindbodyonline.com/)

<sup>33</sup> [www.activenetwork.com/](http://www.activenetwork.com/)

<sup>34</sup> [www.activenetwork.com/news-and-events/active-press-releases/2016/active-network-acquires-maximum-solutions](http://www.activenetwork.com/news-and-events/active-press-releases/2016/active-network-acquires-maximum-solutions)

RTP was acquired by Active Network for \$21.5m in 2011 based on 4x revenue multiple. RTP formed in 1998 and developed software to help resorts manage ticket sales and gear rentals. Clients of RTP include Aspen Skiing, Intrawest, Vail Resorts and Powdr Corp.

Northstar Travel took a majority stake of approximately 70% in Inntopia in 2014.<sup>35</sup> Inntopia is an online booking tool for mountain travel and ski markets. Inntopia let's travel sellers package a range of products, such as rentals, specific activities and tours, along with more traditional items like flights, car rentals and hotel reservations. They also provide their proprietary SaaS booking platform for other travel verticals, including golf, destinations, tour operators and theme parks. This deal allowed Northstar Travel to license Inntopia's booking platform and partake in transactional revenues from travel and destination suppliers.<sup>36</sup>

Accesso acquired Siriusware in 2013 for £8M.<sup>37</sup> Siriusware is a ticketing and point of sale software company. The rationale behind the acquisition was to allow Accesso to strengthen their existing product offering and move it into new sectors like snow sports. Accesso provides technology for the leisure and attractions industry and the acquisition was expected to boost earnings straight away<sup>38</sup>. Siriusware posted revenues of \$8.1M and a pretax loss of \$0.42M in 2012, with revenues increasing 25% in 2013.

## VALUATIONS

Snowvation appears to have wisely timed their entry to market over the last year. As addressed in the NSAA Journal report from 2016, "Growing Snow sports in the Age of the Millennials," the ski resort industry is at a major inflection point with gross attendance and participation rates declining over the last 10 years as Boomers continue to age out of snow sports and Millennials are putting in far fewer days per season on average. It's estimated that for every Boomer aging out of snow sports at the top of the customer lifecycle, another 2 Millennials need to be brought in at the bottom of the lifecycle to stay even on gross participation<sup>39</sup>.

It can be argued that much of the lack of Millennial participation in this industry has to do with the economics of visiting a ski resort and learning how to ski or snowboard, but there is also the factor of poor user experience. For most snow sport participants, the customer experience of buying lift tickets or booking ski or snowboard lessons does not match the ease of use of hailing a car or booking a place to stay; something that Millennials expect at a minimum when paying for expensive experiences like skiing.

The ski industry is actively considering how to best market to and cater to Millennials to drive their participation. Reaching them through mobile and web-based technology solutions that allow users to connect directly with ski instructors and book lessons quickly is one way of doing that. Additionally, making the barriers of entry for novice millennial skiers low could help drive traffic at the bottom of the customer lifecycle. Snowvation feels that they are positioning themselves to help resorts better reach this coveted demographic and increase the participation levels.

On a more micro level, Snowvation is aiming to motivate resorts by enhancing their revenue potential from lower friction sales of ski lessons and lift tickets, and by providing a unique customer experience in comparison to rival ski resorts (at least initially). At this stage, however, both the micro and macro factor-led hypotheses have only limited validation. The resorts that Snowvation has brought on are

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<sup>35</sup> [corp.inntopia.com/northstar-travel-media-acquires-a-majority-stake-in-leading-e-commerce-booking-technology-company-inntopia/](http://corp.inntopia.com/northstar-travel-media-acquires-a-majority-stake-in-leading-e-commerce-booking-technology-company-inntopia/)

<sup>36</sup> [www.foliomag.com/northstar-travel-media-takes-majority-stake-inntopia/](http://www.foliomag.com/northstar-travel-media-takes-majority-stake-inntopia/)

<sup>37</sup> [accesso.com/news/accesso-acquires-siriusware](http://accesso.com/news/accesso-acquires-siriusware)

<sup>38</sup> [lse.co.uk/AllNews.asp?code=udx2w798&headline=Accesso\\_Technology\\_Buys\\_Siriusware\\_Of\\_The\\_US\\_For\\_GBP8\\_Million](http://lse.co.uk/AllNews.asp?code=udx2w798&headline=Accesso_Technology_Buys_Siriusware_Of_The_US_For_GBP8_Million)

<sup>39</sup> [www.snowoperating.com/wp-content/uploads/2017/03/MillennialGuests.W17.pdf](http://www.snowoperating.com/wp-content/uploads/2017/03/MillennialGuests.W17.pdf)

just now completing their first full season with the SV Enterprise software and the ShredBetter platform remains a marketing channel, but not yet a revenue engine.

When valuing Software-as-a-Service (SaaS) businesses, it is important to consider the upward growth rate to date, while also considering actual and potential customer churn. With \$86,000 in revenue to date through their first full ski season in market and low customer churn, Snowvation has shown viable early value. Snowvation's platform may prove to be pretty sticky for resorts once they on-board, as the legacy software that Snowvation is aiming to disrupt has been held by existing customers for decades. RVC investors familiar with similar models in other industries noted that B2B2C software can be difficult for customers to switch from if it shows valuable ROI. Snowvation's competitors all offer mostly B2B software solutions, providing for an easier switch.

Snowvation has a goal of securing 25 resorts as customers by 2017 year-end. With 8 resorts currently on-boarded, the Company is on pace to hit their target if they average 6 resorts per quarter through the rest of the year. It should be addressed that Snowvation comes up against seasonality issues, with both U.S. and Asian resorts falling into a closely aligned sales cycle ahead of their ski seasons. Distribution partners in China and Japan, and sales trips to those locations to secure leads will help (the Snowvation team estimates that they developed roughly 15 strong resort leads during a recent sales trip in Asia), but they will need to simultaneously focus on resort acquisition in the U.S. to reach their quota. This international go-to-market strategy is proving to be effective thus far, but it remains a clear risk as Snowvation scales.

The timing of entry to market, the traction achieved to date, and the risks that Snowvation presents at the time of this fund raise all factored in to the valuation review conducted by the RVC executive team. Several valuation methods were utilized to determine a narrow valuation range. A snapshot of some of the methods is presented below, with the full Valuation Methodology report available upon request. Snowvation is seeking \$500K through a preferred equity raise with a pre-money valuation of \$3.5M.

## MULTIPLE RAISE/DILUTION METHOD

The Multiple Raise/Dilution Method is utilized for companies expecting to raise several rounds of financing, with at least one subsequent financing to follow the current raise. It demonstrates the cumulative effect of dilution from these multiple raises on the Company's, early investors, and the Angels they are seeking capital from in this current fund raise. This model also provides for complex exit scenarios to be tested to determine if the presented deal terms on a current raise could provide Angels with a suitable Internal Rate of Return (IRR).

Snowvation's \$500k funding request on a \$3.5M pre-money valuation would yield Angels in this round roughly 12.5% of the company. The Snowvation team anticipates a subsequent Series A raise of \$3M in Q3 of 2018. Assuming that VCs leading the Series A would look for 20% of Snowvation at that time, Snowvation would be raising this Series A on a \$12M pre-money valuation, which would indicate a 3x valuation bump.

When modeling out potential exit scenarios, Angel investors in this \$500k seed raise would only reach the desired target 10x multiple on investment if the company were to exit for \$72.5M or higher. Snowvation approximates \$18.27M in revenue by year 5, so they would need to hit a 3.97x revenue multiple at acquisition to reach \$72.5M+ as a terminal value. This is feasible, but it would place Snowvation among other high-growth SaaS businesses that are in much larger verticals. It's been perceived by some RVC investors that this may be difficult for Snowvation to achieve. Active Networks acquired Resort Technology Partners (RTP), one of the legacy technology solutions that Snowvation looks to disrupt, in 2011 for \$21.5M at what is estimated to be a 4x revenue multiple. Snowvation's B2C revenue channel could be the differentiator needed, but Snowvation will need to execute on its B2B and B2C models, both domestically and internationally, in order for these 4x multiple to be reached.

This valuation method yielded a pre-money valuation of \$3.5M.

## SCORECARD METHOD

The Scorecard Method measures the company in question based on variables derived from a starting, baseline valuation from an average company at the same stage and ideally in the same industry as the company in question. For a baseline valuation for comparable SaaS businesses, a median valuation of \$3.5M pre-money was used. Comparables measured were also seed stage deals with some initial traction and revenues above \$50k, but with further tech development and partnerships still to be finalized.

The "Weight" column in the table below is held constant for all valuations (unless an investor wanted to change their values based on their own valuation theory), with Team, Opportunity Size, and Product/Technology the most heavily weighted areas. The "Multiplier" is based on the particular company and its relative performance compared to its peers. The results are added to obtain a cumulative multiplier factored into the baseline valuation.

Snowvation met the average in regards to their founding team and supporting members. Mike Ma and Brian Morgan both add value to the team, but they are both fractional in terms of time devoted to Snowvation. Michael Stocker has proven to be extremely coachable and sharp, but as a first-time CEO, there have been concerns that there may be hiccups at the point of scale, especially as international traction continues. The Market Opportunity here was also a positive, with the ski industry looking for innovative ways to reach new customers and legacy software in need of disruption. If the overall market was larger, this number may be higher, but the entry point to market for Snowvation still outweighs the relatively small total addressable market. Regarding Product/Technology; there are still some technology risks as Snowvation continues to build out the SV Enterprise platform to become more of an all-inclusive, ERP solution for resort operators, and to make ShredBetter.com a white-label offering. Marketing/Partnerships have proven to add value thus far, with established distribution partners in Asia and good traction with the first 8 resorts on-boarded. The team also has a strong understanding of how to maximize tradeshow and industry conferences as marketing and client lead generation tools.

Snowvation will need to raise at least \$3M through a Series A in 2018, and there may be some fund raising challenges in doing so if revenues are still below \$1M at the time of the raise. This is a clear land grab play, so it will be important for Snowvation to grow rapidly with subsequent financing after initial validation has been achieved. Additional Factors addressed in this model had to do with international scalability and maintaining international clients. Even with distribution partners, it has been perceived by RVC investors that this could be a notable risk as the company continues to scale.

Scorecard Method			
Average Company Valuation			\$3,500,000
Team	30%	100%	0.30
Opportunity Size	25%	125%	0.31
Product/Technology	15%	75%	0.11
Competitive Environment	10%	100%	0.10
Marketing/Sales Partnerships	10%	125%	0.13
Need for additional investment	5%	50%	0.03
Other factors	5%	75%	0.04
<b>Total Scorecard Adjustment</b>			<b>1.0125</b>
<b>Scorecard Adjusted Valuation</b>			<b>\$3,543,750</b>

## SUMMARY

The five valuation methods utilized in this review yielded a standard deviation of \$94k, with the Risk Adjusted presenting the highest result of \$3.7M and the Multiple Raise/Dilution Method yielding the lowest result of \$3.5M. The median valuation came to \$3.54M, while the average of all models was a \$3.58M pre-money valuation for Snowvation. The models fell in line with Snowvation's proposed valuation of \$3.5M pre-money.

Valuation Summary	
Method	Valuation Pre-Money
Scorecard Method	\$3,543,750
Risk Factor Adjusted Method	\$3,700,000
Multiple Raise/Dilution Model	\$3,500,000
Burn Rate Method	\$3,666,667
Gut Check Method	\$3,500,000
<b>Standard Deviation</b>	<b>\$94,873</b>
<b>Median</b>	<b>\$3,543,750</b>
<b>Average</b>	<b>\$3,582,083</b>

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It is assumed that readers of this report have thoroughly reviewed the company's documents and are already familiar with the business and its operations. This document does not attempt to reproduce those documents in full or in summary. As the accompanying due diligence checklist shows, the RVC Team has gone through the company's documents to review the company's proper formation, agreements, resumes of principals, etc. These documents are available to all potential investors.