**1). Competitive forces that will across the food industry that ultimately could negatively impact FC:**

There are some market drivers within the food space that could impact commercial kitchens and food industry as whole. The Food Corridor (TFC) team sees regulations to home chefs and home kitchens for commercial use being one potential threat, albeit a minimal risk given that these spaces are currently unregulated and therefore illegal. The [Cottage Foods Industry](https://www.colorado.gov/pacific/cdphe/cottage-foods-act) has seen some growth in recent years. [Josephine](https://www.josephine.com/) is a competitor of The Food Corridortargeting the Cottage Foods Industry; an Uber-like model aiming to certify home chefs/home kitchens, and skirt state health department regulations. Cottage Foods regulations currently allow for foods cooked in a home kitchen to only be sold in farmer's markets or through direct to consumer models. The regulations also require that foods be low water content and sales be under a specific ceiling. These parameters limit the potential for food entrepreneurs and The Food Corridor team indicated that they do not foresee the Cottage Foods regulations being amended anytime soon. There are also clear barriers by state health departments on these type of ventures.

**2). Competitors who provide competitive services and tools to shared kitchens:**

The Food Corridor’s competitors currently fall into three categories:

1. SaaS models for shared facility commercial kitchen management
* Ex. [Nexudus Spaces](http://coworking.nexudus.com/en)
1. Physical kitchen incubators using or developing software to manage branded facilities
* Ex. [Foodworks](https://thefoodworks.com/)
1. Collectives - formal organizations of smaller shared kitchens”
* Ex. [Detroit Kitchen Connect](https://detroitkitchenconnect.com/)

Larger companies (Amazon, AirBnB) could become competitors, partners, or acquirers.  TFC is currently beginning talks with these companies.

Current competitive advantages for The Food Corridor:

* Pure play software model uniquely tuned to shared commercial kitchen facility requirements
* Executive team thought leadership and relationships in the commercial kitchen community
* Executive team relationships in the government agency community
* Fully integrated software platform:  booking, scheduling granularity, workflow approval, document management, invoice and payments
* No capital requirements for branded kitchen facilities

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| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Soft-****ware-as-a-****Service****Model** | **Booking & Sched-****uling**  | **Sched-****uling & Billing Granu-****larity** | **Approval Workflow****Manage-****ment** | **Document Manage-****ment** | **Invoice Generation****& Payments** | **Software User** **Interface/****Experience** |
| **FoodCorridor** End-to-end  for shared commercial kitchens | Pure-play SaaS for shared commercial kitchens | Strong | Strong | Strong | Strong | Strong | AdequateUI needs enhancement |
| **Foodworks** Focused on incubator physical kitchens | Linked to physical kitchens  | Available using  Nexudus SW | NotAvailable | Uses Nexudus SW | Uses Nexudus SW | Uses Nexudus SW | Strong |
| **Nexudus** Co-working space management software retrofitted to kitchens | Designed for co-working spaces | Available but generic not kitchen specific | Not Available | Generic not kitchen specific | Generic not kitchen specific | Generic not kitchen specific | Strong |
| **Book Here Cook Here** Software for physical incubator program | Linked to physical kitchens | Available  | Not Available | Weak | Weak | Weak | Adequate  |
| **Your Pro Kitchen**Software for franchise -asset based kitchens | Linked to physical kitchens | Available | Not Available | Weak | Weak | Weak | Adequate  |

The Food Corridor has a competitive advantage in the essential processes unique to managing shared commercial kitchens: scheduling and billing granularity (e.g., ability to schedule specific equipment in the kitchen), approval workflow management, document management and invoice/payment generation.

The two most serious competitors are Food Works and Nexudus - either could add TFC’s markets to their business models by expanding their software features.  Food Works, a Techstars grad, has raised over $2M and is using Nexudus now, but the TFC team says they are beginning to develop their own software platform to manage their portfolio of branded commercial kitchens.  This new software platform could be offered to other commercial kitchen owners beyond the actual branded Food Works’ kitchens.

Nexudus is a well-established, Spanish company offering white label generic facility management software.  This software platform could be further modified or enhanced to add the granularity and commercial kitchen specific scheduling, invoicing and approval processes.  Nexudus is perceived to have a stronger UI than the current TFC platform.

Collectives were explored but weren’t viewed as a significant competitor group.  One collective, Detroit Kitchen Connect, is currently a customer, adding smaller opportunity kitchens to their collective and enrolling them on the Food Corridor platform.

Another competitor sector are individual smaller kitchens continuing to use manual processes augmented with spreadsheets, Google calendar, dry erase boards, and texting

The competitive priority is speedy market penetration and rapid improvement in the user interface/customer experience.  This UI/UX enhancement is currently in The Food Corridor’s development plan, and with funding they will execute a proposal from a respected UI/UX software developer in Ft. Collins.

**3). Software review of the Food Corridor application:**

The Food Corridor’s platform is built on Heroku, and supported by Amazon Web Services (AWS). The company is utilizing Stripe as the primary payment processor.

The RVC due diligence analyst team signed up for a  “Food Business” (i.e., entrepreneur) account and the initial setup process was straightforward. Describing and validating the business was not difficult, but the user experience could be improved to help the business scale. For example, once inside the platform, the entrepreneur should be prompted what to do (provided with some directional next steps). Based on our experience, the user can figure out next steps on their own, however, to significantly scale, the company understands that they need to invest in user experience and automation of certain processes. The company plans to use a portion of their proceeds to hire a firm that will help them close their UI/UX and product management gaps. There are significant opportunities to improve the look and functionality of the platform, which will improve scalability and reduced customer acquisition and onboarding costs.  The company also plans to closely watch user behavior and invest appropriately when they identify a piece of the platform that warrants investment.

The platform in its current form is primarily an Enterprise Resource Platform (ERP) for Commissary Kitchens, which creates a stable monthly recurring revenue stream, plus variable revenue off each transaction. Additionally, the platform has potential to grow into a market maker model where they match commercial grade kitchens and food entrepreneurs for less guaranteed revenue but capture a higher percentage of each transaction. Investors are encouraged to discuss what capabilities would have to be developed to expand into the marketplace model. In the meantime, the current ERP functionality makes the product very sticky and creates valuable and attractive MRR.

The Food Corridor team plans to use proceeds from this round to achieve three significant milestones, including:

1. **Complete platform development:** Proceeds from this round will be used to complete their digital time tracking module which allows them to dominate the Commissary Kitchen marketplace. The platforms technology stack is based on Ruby & Heroku cloud application platform running in an Amazon Web Services hosted environment.
2. **Expand into the under-utilized kitchen market:** This phase of development will allow the company to expand their marketplace by adding tools necessary to lease out space in kitchens that are under utilized. More research needs to be completed to understand exactly how the platform will need to evolve to service this space.
3. **Research additional market expansion opportunities:** The company plans to use the remaining funds to explore other revenue opportunities such as:
	* + General document management
		+ Background / credit check services
		+ Brokering insurance for day use
		+ Connecting entrepreneurs with wholesale food distributors
		+ Supporting “cloud kitchens” (i.e., kitchens that distribute exclusively through food delivery  services such as Uber Eats)
		+ Health department record management (i.e., allowing local authorities to access the platform to validate entrepreneur compliance)
		+ API development & partnership revenue