Veranda SOLAR
Bringing Solar to a Mass Market

1 Executive Summary

Veranda Solar manufactures beautiful, affordable solar panels that mount easily in a variety of locations: outside windows, on walls, roofs or balconies. Our plug-&-play, snap-together systems fold flat, install with a screwdriver, plug into an ordinary wall socket and eliminate the need for electrician oversight, government subsidies or rebates. Our unique plug-&-play inverter allows our customers to add to their system as their budgets and spaces grow, empowering ordinary people to invest in their own personal green energy future for as little as $600. The iconic design of our panels makes a bold statement about collecting energy from the sun, creating a community of impassioned power generators whose efforts combine to make a giant impact.

By targeting a mass market at an affordable price point, we predict that within five years our panels would generate 150 million dollars in sales and profits in excess of 20 million dollars, even with very low market penetrations. Unlike most solar startups, we are not a risky lab project pushing the boundaries of materials to transform solar energy into electricity. Instead, we use the best of existing technologies and remove the barriers to their adoption, which means that our product will come to market far faster than other startup energy companies and can be distributed through innovative channels, such as planned pilots through utilities' clean energy programs.

Our founders developed our product at Stanford University and confirmed our research with SunPower Corporation, whose high-efficiency cells form the basis of our panel prototypes. Our design innovation method, which involves gaining insight into customers' underlying needs, is key to our strategy and gives us a competitive advantage in a market whose products have been dominated by an engineering mind-set.

Veranda Solar's product and business plan won 100,000 Euros in the PICNIC Green Challenge in September 2008, allowing us to assemble a team that has completed our market research and is finishing product development, securing IP for our inventions, and creating prototypes to pass regulatory requirements. We are pursuing $1.5 million in seed funding for a startup phase that will allow us to complete our management team, set up supply chains, negotiate contract manufacturing deals and begin manufacturing and sales of our products through a mixture of retail and direct sales. This should position us for our first round of funding in 2010 that will help us expand production and achieve profitability.

1.a Market Opportunity

Companies within the exploding 2.5 Billion $ residential solar industry have focused their attention on creating more efficient cells and on manufacturing innovations to bring the cost per watt of power down to grid parity.

Almost no attention has been placed on the customer's adoption and use of the product, so products still require engineering to fit individual roofs, and they cost so much that state subsidies are required for even wealthy consumers to afford them.

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1.b The Veranda Solar Difference

Veranda Solar turns the concept of a roof-mounted solar panel on its head, opening the grid intertie market to those who might only be able to afford gadgets in the current market. Veranda Solars unique scalable systems allow customers to start generating solar and add to their system as their budget allows.

Our plug-&-play system reduces installation costs and hassles, allowing us to offer our panels for around $6-8 per watt installed—less than the cost of installed traditional solar. Our portable systems eliminate worries about moving before the panel has paid for itself, and allow customers to meet their need to do something active for the environment that is visible and tangible to themselves and others.

Our target market of young urban people from the age of 20-40 comprises 65 million households in the US alone, and is growing as fears about climate change loom. Already, enthusiasm and interest in our product has spread well outside this market and across the globe as we receive thousands of requests for panel systems from countries on every contient.

1.c The Products

Fig 1.1: Panel Installed*

Fig 1.2: Solar Petals, working prototype*

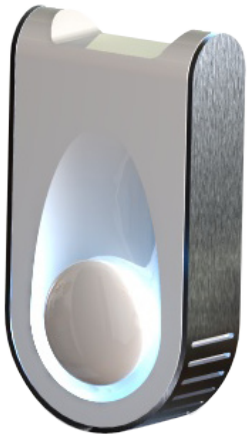

Fig 1.3: Inverter, in development*

Users easily install their portable, fold-flat panels and add additional panels as their budget allows. Quick-connect cables make it easy and safe to connect panels to one another and to the inverter that plugs into the grid through a wall socket. The inverter clearly shows users how much power their system generates throughout the day, month and year and connects them to others via mobile networked applications.

*prototypes in development, designs subject to change

1.d Marketing and Distribution

Our product's "friendly" profile makes it fit in home decoration stores such as Pottery Barn or Restoration Hardware, as well as being sold in technical solar shops and home improvement stores. In our first years we will offer panels through utilities' green power programs for a monthly fee that would allow users to lease or purchase their system and help us to set up working relationships with utilities. We have a growing database of potential customers worldwide because of the global media exposure our product received in the New York Times, Forbes and BBC. We will launch another media campaign to coincide with the release of our product, and use online networking tools built into our products to create viral attention for our panels.

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1.e The Numbers

We expect to reach our sales goals within five to ten years by aggressively manufacturing and marketing our products in the US and abroad, and expanding our market over time with new products and services that allow a mass market to start generating energy.

Because our business is not vertically integrated or tied to intellectual property related to a particular solar collecting material, we have the flexibility to improve our panels' efficiency and affordability by utilizing the latest technologies from traditional silicon to nano-coatings and dyes. Our product road map includes concentrating solar products that drastically increase efficiency and cost.

Our products are priced to allow 40% wholesale margins and 33% retail margins, and still allow consumers to put together a functional system for starting prices around 600 dollars.

1.f Our Team

Capra J'neva, CEO – 12 years marketing and design with clients such as Intel, Merck, Nike, Miele, Clorox, Suez, the Port of Portland and Hewlitt Packard. Executive experience in nonprofit management. Masters of Product Design, Stanford University. BA, University of Oregon/Occidental College. 1 European patent. Winner of AIGA Award for Industrial Design and 2nd place prize of 100,000 Euros in the PICNIC Green Challenge for Veranda Solar.

Peter Jones, VP of Engineering – After 12 years product development and engineering with Ziba & Yakima, his products are in many homes, cars and sidewalks throughout the world. Experienced in all phases of product development, from concept and budget to design, engineering, production and distribution. BA, Physics/Chemistry, Colorado College. 8 US and International patents.

Additional Contractors:
Zac Elder, Design Engineer, Industrial Designer - Senior Model Maker, Design Researcher, ID, Yakima.
Emilie Fetscher, Research and Design - MSE, Stanford University. Design Engineer, Black Diamond.
Steven Kung, Electrical Engineering - Power Conversion Engineer, Maxim.
Eric Roesinger, Distribution Channel Development - Category Business Manager, Yakima.
Brian Amble, Prototyping & CAD/CAM - Electrical and Mechanical Engineer, Inventor, 2 Cedar electric car.

Advisory Board:
Dana-Lee Smirin. Principal, Dana Smirin Consulting.
Barbara Karanian. Stanford Center for Design Research Visiting Professor. Associate Professor of Humanities, Social Sciences and Management, Wentworth Institute of Technology.
Marc Theuwees. Associate Professor, Stanford University. Director of Mobile Products, Gracenote. Senior Manager, Nokia.

Additional Advisors:
Bill Burnett. Executive Director, Stanford Joint Program in Design. Board member and fellow at D2M. Former Product Developer for Apple Computers.
Banny Bannerjee. Academic Director, Stanford Joint Program in Design. Recently Project Manager at IDEO.
Jim Patell, Ph.D. Former Associate Dean of Stanford Graduate Business School. Herbert Hoover Professor of Public and Private Management at Stanford University.
Kingsley Chen, Albert Change Applications Engineers, SunPower Corporation.

1.g Timeline of Activities and Profits*

	Q1 09 - Research, Engineering & Business Development	Q2 09 - Engineering & Pre- Production	Q3 09 - Test & Certification	Q4 09 - Production & Pilot Sales	2009	Q1 10 - Ramp Up, Marketing & Sales	Q2 10 - Expansion & International Cert.
# Customers				300	300	400	500
Gross Sales				259,090	259,090	562,861	703,577
COGS				163,945	163,945	400,200	500,250
Total Income	62,500	62,500	0	95,145	220,145	162,661	203,327
Total Expenses	72,173	234,039	151,088	65,894	550,793	428,999	474,456
EBITDA	$ (9,673)	$ (171,539)	$ (151,088)	$ 29,251	$ (330,649)	$ (266,338)	$ (271,130)
NET INCOME	$ (9,673)	$ (171,539)	$ (151,088)	$ 29,251	$ (330,649)	$ (266,338)	$ (271,130)

Activities:
- Prototyping & User Testing
- Engineering II
- IP & Patents
- Supply Chain
- Develop Utility Partnerships
- Channel Development & LOIs
- Funding

Activities:
- Prototyping & User Testing
- Engineering III
- Electrical Development
- Lock Supply Chain Agreements
- Develop Utility Partnerships
- Channel Development & LOIs

Activities:
- Final Prototypes & Models
- Package Design
- UL Investigation
- Set Up Manufacturing Lines
- Develop Utility Partnerships
- Channel Development & LOIs

Activities:
- Begin Production
- Begin Sales
- Begin Customer Support
- Marketing & PR Campaign
- Install Utility Pilot Project
- Engineering I for 2010 Product Map
- Develop Utility Partnerships

Activities:
- Continued Market Research
- Prototyping, User Testing & Engineering II for 2010 Product Roadmap
- Global User Study
- Develop Utility Partnerships
- Begin Home Decor Sales

Activities:
- Engineering III for 2010 Product Roadmap
- CE Preliminary Investigation
- Develop Utility Partnerships
- Add doors
- Channel Innovation, Viral Videos
- Build Online

	Q3 10 - Product Lines & International Cert.	Q4 10 - Product Line & International Production	2010	2011 - Strategic International Expansion	2012 - Capital Expansion	2013 - Tipping Point
	600	800	2,300	10,000	30,000	80,000
	844,292	1,125,723	3,236,452	17,446,686	52,591,763	140,580,310
	600,300	800,400	2,301,150	10,005,001	30,015,004	80,040,009
	243,992	325,322	935,302	7,441,684	22,576,760	60,540,301
	493,285	524,292	1,901,858	3,638,592	8,825,549	15,837,921
	$ (249,293)	$ (198,970)	$ (966,556)	$ 3,803,092	$ 13,751,210	$ 44,702,380
	$ (249,293)	$ (198,970)	$ (966,556)	$ 2,133,715	$ 8,938,287	$ 29,056,547

Activities:
- CE Testing
- UL Testing for 2010 Product Roadmap
- Develop Utility Partnerships
- Begin Home Improvement Sales
- Add doors
- Channel Innovation
- Build Online Community
- Technology Search

Activities:
- Engineering I for 2011 Product Roadmap - CPVs
- Develop International Utility Partnerships
- International PR & Marketing
- Begin Production on 2010 Products
- Online Community Challenges

Activities:
- Expand to Select International Markets
- Move testing in-house
- User Studies, Engineering, Testing & Patenting Next-Generation Technologies
- Web - Community Solar Challenge

Activities:
- Expand to Broader International Market
- Add Doors & Channels to Existing Markets
- Assess Capital Equipment Needs
- Explore Off-Grid Product Map

Activities:
- Manufacturing Innovation
- Off-Grid Applications for International Market
- Supply Chain Innovation
- Assess Incorporation of New Materials (DOE)

*Based on most conservative production ramp-up estimates

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