

Business Plan



WAVE Service Solutions

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EXECUTIVE SUMMARY

I. Opportunity. *WAVE* Service Solutions is a San Ramon, California-based company whose mission is to revolutionize the restaurant dining experience. The restaurant market is struggling with several issues that reduce both customer satisfaction and restaurant profitability. *WAVE* is an innovative solution that addresses these market issues and adds value in numerous other ways. *WAVE* leverages Apple's iPad technology to provide restaurant patrons the opportunity to pay their bill at their own leisure, split payment multiple ways among groups, and allows for browsing menu items and ordering at the table without having to wait for server assistance. Our solution is attractive for both restaurant owners and patrons. When customers can pay faster and at their own convenience, restaurants will benefit from increased table turnover, reduced server time per table, lower employee costs and reduced liability for credit card fraud. In turn, customers are often pressed for time and would benefit from a technology allowing them to pay quickly and conveniently with minimal server assistance.

II. Market Appeal. The restaurant technology industry has tremendous growth potential and the market for our solution is large with fragmented competition. The total worldwide market consists of 8.1 million restaurants with annual revenues of \$7.8 trillion. The U.S. market has 579,102 restaurants with annual revenues of \$558 billion. The total potential market for *WAVE* in the U.S. (at a 3% service charge) is \$16.74 billion, with a worldwide market of \$234 billion. We project to grow from \$1.3 million in revenue in the first year to over \$1 billion in revenue by year five. This growth will be achieved by penetrating the U.S. markets followed by expansion to Canada

and Europe and then worldwide. The market for our product is relatively new and competition is fragmented with no one solution owning a significant market share or providing the same all-in-one solution. We intend to gain bargaining power through partnerships with both Apple and Darden Restaurants (a large multi-restaurant chain owner). By integrating software applications into iPads, we become a value-added dealer for Apple. This strategy will provide leverage in expanding our market share as it creates a new market for iPads, revolutionizes the dining experience, and changes the service model by which restaurants operate.

III. Competitive Advantage. Our product offers an innovative solution in a market with many entrants. However, the market is highly fragmented with no dominant players or a direct match for our product. Personal service is an important brand differentiator and our product enhances this critical element. Our pricing and service strategy is service fee based and allows implementation of our product at no upfront cost. This fee based model removes the financial barrier to adopting our product. Many of our competitors offer expensive solutions to just one problem, such as credit card security; however, our product offers multiple solutions while providing additional features to enhance the customer experience and add value for the restaurant. We will file patents to provide barriers to our competition, but we believe the key to preserving our advantage lies in rapid product development and market penetration. Long term acquisition by one of the large restaurant technology providers such as QSR Automations could also help preserve our competitive lead.

IV. Positioning. We plan to target the most profitable and visible markets first to gain an advantage over competitors and then leverage into broader markets. There are four main market segments in the restaurant business: Fine Dining, Casual Dining, Quick Service, and Fast Food. Our product addresses the casual dining segment and is differentiated by providing an all-in-one solution and focusing on enhancing restaurant branding. We intend to pursue large corporate-owned chains first, as these provide opportunities for rapid and highly profitable expansion. Our position in the value chain is as a value-added dealer to Apple, providing an iPad integrated with *WAVE* software to be distributed to restaurant chains. We intend to be a first mover in the restaurant market and create barriers to entry by patenting our technology and partnering with Apple and Darden Restaurants for distribution purposes.

V. Management Team. *WAVE* Service Solutions' management team comprises five highly developed professionals with extensive experience in the areas of finance, technology, marketing and operations. With over 50 years of combined experience, our management team has the capability to develop and expand the *WAVE* product to the U.S. and global restaurant markets.

VI. Operational Issues. In order to provide an optimal service experience we have developed a 5-point staging plan, which begins with an initial pilot period with a corporate partner, Darden Restaurants, at twelve of its locations. We will then rollout our product to all Darden Restaurants followed by penetration of the U.S. and global markets. During the expansion we realize there will be certain operational issues. We have accounted for the possibility of patent infringement and will be employing an Intellectual Property Firm to do further investigation and patent our product. We

have assessed possible risks in the market place and designed a plan to identify any potential production, manufacturing, or inventory challenges that could arise due to purchasing or development shortcomings. We have also detailed our distribution process including any possible issues as well as what facilities we will provide for implementation, testing and release of our product. We plan to provide a maintenance contract to our customers and have anticipated any potential issues that could be found post-installation.

VII. Financials. Our company will provide *WAVE* as a service with no up-front costs or fixed monthly fees. Revenue is based on a transaction fee we take from every sale we process. The fee is based on the restaurant's revenue such that we always receive 1% over the cost of equipment (averages to 3% gross for the overall market). Equipment is the largest expense but neither the restaurant nor *WAVE* Service Solutions owns the equipment, which is leased with the option to exit at any time allowing us to match our revenues to expenses and avoid the need for additional investment to expand. With a 1% annual market penetration rate into the markets we are targeting first, we project \$1 billion in revenue in 5 years, making this a phenomenal opportunity. Based on these projections and a 50% discount rate our company, with funding, has a net present value of \$581 million. We are seeking an initial \$179,000 to develop the product with an additional investment of \$220,000 once we have a market ready product to carry us through to positive cash flow. This results in a total investment of \$399,000. The new market we create will showcase iPads worldwide in elegant and stylish settings. With this opportunity, as well as synergies in our product strategies, we believe Apple to be an ideal partner and source for our initial funding.

OPPORTUNITY

WAVE Service Solutions is a San Ramon, California-based company whose mission is to revolutionize the restaurant dining experience.

Current Market Issues: The restaurant market is currently struggling with several issues that reduce both customer satisfaction and restaurant profitability. As much as a third of a waiter's contact time with customers is wasted on handling payment; a necessary function but one that adds no value to the customer experience. Customers frequently have to wait for long periods of time while they flag down a server and wait for them to bring the bill and handle payment, which can be very frustrating to busy customers on the go. Add to this broken process the need to easily and flexibly split the bill among different people in a group, handle partial payments by different people as well as the issue of credit card identity theft within restaurants, and the scope of the problem and the need for a comprehensive solution becomes critical. In a study of restaurant customer perceptions, 60% said they were concerned about credit card theft while 76% felt a pay at the table solution would be faster. There is also desire among restaurants for improved leveraging of current technology. High-end restaurants like Mundo Global Tapas have gone to the expense of developing their own iPad menu display for internal use to improve their brand and gain the edge over the competition.

Introducing "WAVE": *WAVE* is an innovative solution that addresses these market issues and adds value in numerous other ways. *WAVE* provides patrons the opportunity to quickly and easily pay their bill at their own leisure, split payment multiple ways among groups, browse through menu items and order from the menu, among other features. *WAVE* leverages the iPad 2 and credit card reader attachment, allowing patrons to securely pay their bill at the table, which in turn provides customers a safer, faster and more convenient dining experience. The solution is structurally attractive for both restaurant owners and patrons alike.

Appeal for Restaurant Owners: Restaurants will benefit when customers can pay faster and at their own convenience, especially when groups use multiple credit cards for payment. With patrons having the opportunity to pay when they want, restaurants will see an increase in revenue due to faster table turnover, reduced server time per table, lower employee costs and reduced liability for credit card fraud. Between customers paying when ready and ordering through the menu, we estimate an increase of approximately 20% in table turnover. Additionally, the

dynamic electronic menu allows for instant and free updates, meaning that “Today’s Specials” or “Soup of the Day” and other items that change frequently and consume waiter time to describe can be on the menu in detail with little effort and no added cost. After ordering, the table device will slowly cycle through promotions of desserts, drinks and other items the restaurant wants to sell, thus creating an opportunity for restaurants to further increase their revenue per seating. Finally, *WAVE* can help restaurants track vital statistics about individual customer consumption for a variety of uses.

Appeal for Restaurant Patrons: *WAVE* is extremely attractive to restaurant patrons.

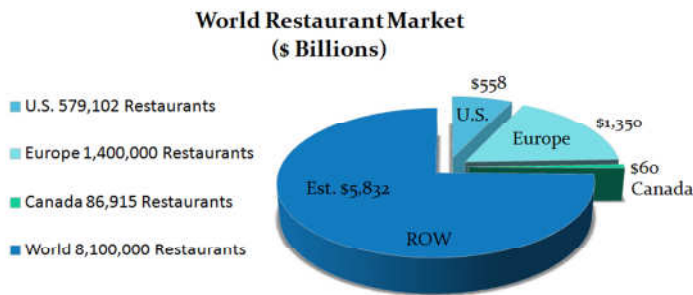
Customers are often pressed for time and would benefit from a restaurant technology that allows them to walk in and order themselves after being seated, as opposed to waiting for a server to assist them. They can browse through menu items on their own, view details on ingredients and sourcing, and can place their own order. After their meal, they have the option to pay their bill at the table as well as split payment multiple ways; rather than waiting for a server to run multiple credit cards separately from the table and waiting again for them to return with your card and receipt. Environmentally conscious patrons can have their receipt emailed rather than printed. Internet access and entertainment software to keep kids entertained will be available as well.

Social Media Influence: The market for *WAVE* is large and rapidly growing. Widely used social media networks, such as Facebook, Meetup and LinkedIn have accelerated the opportunities for groups to connect and there continues to be an increasing number of restaurant patrons who dine out in groups. For example, currently there are over 800 million active users on Facebook and the average user is connected to 80 community pages, groups and events. Many meetings and get-togethers discussed on these social media sites result in a restaurant outing. Meetup is another popular and expanding social media site. One group known as Dining Out, has almost 1.5 million members with over 4,700 groups in 41 countries. With the rapid growth of these social connection sites, more people are scheduling meetings at restaurants which makes *WAVE* extraordinarily beneficial for group payments at restaurants.

OVERALL MARKET APPEAL

The restaurant technology industry is large and diverse, driven by constant cycles of innovation that feeds a never ending appetite among restaurants to increase profitability and gain competitive advantage. The market for our solution is large, high growth, and has highly fragmented competition.

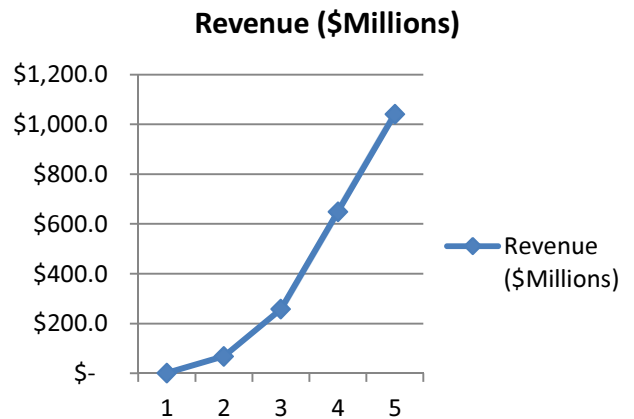
Large Market Size: The total worldwide market consists of 8.1 million restaurants with annual revenue of \$7.8 trillion. The U.S. market has 579,102 restaurants with annual revenues of \$558 billion. The Canadian market is smaller with 86,915 restaurants and annual revenues of \$60 billion, but is a strong target for our business as legislation has recently passed in Canada requiring credit card transactions to be processed at the table in restaurants. The greater



European market (Scandinavia, Eastern and Western Europe) consists of 1.4 million restaurants with annual revenues of \$1.35 trillion. The rest of the world market (ROW) consists of 6,033,983 restaurants with annual revenue of \$5.832 trillion.

Total Potential Revenue: The total potential revenue for *WAVE* in these markets, with a 3% service charge, is \$234 billion for the entire world market; \$16.74 billion in the U.S. Market; \$1.8 billion in the Canadian Market; \$40.6 billion in the greater European Market and \$174.96 billion in the rest of the world. (See Appendix H for additional market breakdown)

High Growth: This is a fledgling market with tremendous potential growth for a tablet menu and payment system. Our projections for growth in the first five years are shown here. As indicated, the projected growth for this kind of solution is virtually exponential. We expect to grow from \$1.3 million in revenue in the first year to \$1.041 billion in revenue by year five. This growth comes from penetrating the U.S. markets, followed by eventual expansion to Canada and Europe. This growth does not



address the rest of the world (ROW) market. In years 6 through 10 we have the potential of growing from over \$1 billion to \$234 billion in annual revenues for *WAVE*.

Fragmented Competition: The market for our solution is relatively new with many different competitors, however it is extremely fragmented and there is no dominant rival yet with whom we would have to contend. Likewise the large established restaurant technology providers appear content to wait until a leading solution emerges, presumably with the intent to acquire the winner. None of the existing solutions appear to have the necessary ingredients to be the winner.

Bargaining Power: We intend to seek a patent for our unique technology and to hire a law firm to defend our patent against any similar patents and to insure we do not infringe on others' patents. Secondly, we intend to form important partnerships with Darden Restaurants (a large multi-restaurant chain owner) and Apple Computer. We are a value added dealer for Apple, integrating software into iPads to provide turnkey solutions to restaurants, opening a huge new market for iPads. The patent and partnerships will give us leverage in expanding our market share and dealing with some of the other large players.

Disruptive Innovation: Our product revolutionizes the restaurant dining experience. It also changes the model by which restaurants operate, requiring less wait time for customers and more throughputs for restaurants. Our product also creates a novel use for tablet computers. Our ability to provide a solution without upfront costs to restaurants also disrupts the current market.

COMPETITIVE ADVANTAGE

Overview: This is a new market with a lot of interest so there are a lot of competitors in and around this space. The market is highly fragmented with no solution owning any significant share of the market. By far, the dominant competitor up until now has been to not address the market problems due to the previously prohibitive cost of doing so. We studied the many entrants to this market, and while no one offers an exact match to our product, we examined how others have tried to address some of the issues. We group our competitors into two broad types:

Proprietary Pay-at-the-Table Devices: Designed primarily to address credit card security, they largely lack other functions. They are expensive, custom built, and generally cost the restaurant around \$2,000 per device, upfront.



Next Generation Devices: These competitors have solutions that leverage broadly adopted existing technology. The biggest failures from this group have come from solutions that focused too heavily on minimizing cost or on removing human contact from the dining experience.



WAVE Advantages: Success in this market means understanding how full-service restaurants differentiate themselves from fast food and quick-service restaurants through the quality and personal touch of the experience they offer. Ordering a full service dinner is an experience, trying to over-automate the process destroys the brand differentiator of that restaurant. Our product focuses on enhancing the customer experience, eliminating non-value added activities (i.e. waiters handling payments), and providing the option to order through the menu to patrons (and restaurants) that are so inclined. Electronic menus are updatable, provide highly detailed information, and help up-sell items like drinks and desserts as well as provide entertainment and internet access. Restaurants have the option to disable ordering entrée's through the menu if they feel it tarnishes their brand. Secondly, our solution is a service with no upfront or fixed monthly expense; we get paid as the restaurant gets paid. Thirdly, we offer an all-in-one solution that addresses a cocktail of experience enhancing issues. Fourthly, we will be able to leverage our partnerships with Apple and Darden, as well as our patents, to create barriers to entry for our competition. However, speed to market and rapid market penetration is also vital to sustaining our advantage.

POSITIONING

It is a vast market and we are positioning ourselves to target the most profitable, as well as the most visible markets first to gain advantage over competitors and leverage into broader markets.

Product Positioning: There are four main segments in the restaurant business: Fast Food, Quick Service, Casual Dining, and Fine Dining. We are initially targeting the Casual Dining market with *WAVE* as this segment is the furthest behind in addressing market issues and our product can provide the best value-add and thus gain more rapid acceptance. Within this segment we intend to target large corporate chains first which have higher than average revenue per restaurant and can deploy to vast numbers of restaurants rapidly (See Appendix I). From these high profile positions, we can gain faster penetration to the broader market.

Competitive position: We have identified two relevant competitive segments. One is companies providing table side credit card processing. Two is trendy restaurants that currently offer an iPad menu system. *WAVE* will be positioned to provide an all-in-one solution that provides both of these elements and more; a complete at the table ordering and payment system. Our competitive position is to be a first mover of this novel technology and to create barriers to entry for possible competitors by securing a patent, defending ourselves against any patent infringements, and by partnering with Apple as we are a major mover of iPads into a new segment, and with Darden and its extensive network of restaurant chains.

Position in the Value Chain: *WAVE* is a Value Added Dealer to Apple. We integrate our software, the iPad, and credit card swiper. To the restaurant chain owners, such as Darden, we are a solution provider to enhance their operations (and integrate our solution to their existing computer software systems, providing such information as patron statistics).



Distribution Channels: In addition to direct distribution, we hope to eventually partner or be acquired by one of the large restaurant technology companies like QSR Automations and utilize their vast distribution networks. See Operational Issues for additional discussion on this.

MANAGEMENT TEAM

The management team at *WAVE* brings the right mix of skills and backgrounds to take full advantage of the opportunities presented by the complexities and challenges of this venture.

Chief Executive Officer (CEO): Derrick L. Pendleton, MBA - Finance

Derrick Pendleton has been involved at the ground level in several software startup companies and was co-founder of one of them. A couple of these ventures received substantial funding and went on to be acquired by larger corporations. Mr. Pendleton is experienced in leading teams and has specialized skills in optimizing businesses both in reducing costs and increasing revenue.

Chief Marketing Officer (CMO): Eric W. Wasiolek, M.S., MBA - Marketing

Eric Wasiolek has over 22 years of experience in Software and Hardware Engineering as well as High Tech Product Marketing Management. Mr. Wasiolek is Stanford, Berkeley and CSU East Bay educated, has published numerous technology business articles and has skills in defining the next generation of products, developmental release stages and product launches.

Chief Financial Officer (CFO): Lindy R. Greenspan, MBA

Lindy Greenspan brings extensive financial and management expertise of over 8 years in both a corporate and start-up environment. Ms. Greenspan has worked extensively in the budgeting/forecasting process with both FP&A and Accounting departments and is experienced in managing teams to improve efficiencies and optimize company performance.

Chief Operating Officer (COO): Andrew P. McIntyre, MBA – Strategy & Intl. Business

Andrew McIntyre has been directly involved in software development and operations in start-up environments as well as globally operated companies. Mr. McIntyre has over 12 year of sales, development and operations experience in the software industry as well as experience in large scale product rollouts, product design, implementation and integration in customer environments.

Vice President, Sales and Business Development: <Planned Hire>

WAVE Service Solutions plans to hire a sales executive with over 10 years of business development experience in the restaurant industry who will develop the necessary contacts to expand the company to the U.S. and Global Markets. This future employee will be in charge of expanding the sales staff in appropriate restaurant markets across the U.S. and globally.

OPERATIONAL ISSUES

Staging: *WAVE* Service Solutions has developed a 5-point staging plan to proliferate the U.S. and global restaurant service market. During the first stage, we plan to hire the necessary personnel to implement *WAVE* made up of a Software Architect who will design the software, two Software Engineers, and a Quality Assurance Engineer that will begin in-depth quality analysis after the first two months of development. In Stage 2 (month 7) we begin rolling out *WAVE* to pilot Darden Restaurants in twelve Red Lobster locations. We will monitor

performance, incorporate feedback and unearth any additional issues. With Darden satisfied, we will rollout to 75 Darden Restaurants including Olive Garden followed by a rollout in phase three to the remaining Darden Restaurant locations (See Appendix F). In Stage 3, we expand to the rest of the U.S. Full-Service Market. During Stage 4 (months 18+) we develop a customized solution for the fast food, quick service and fine dining markets and expand into the remaining U.S. Restaurant Market. In stage 5 we roll *WAVE* out to the Canadian market (months 24+), European market (Months 36+) and the remaining worldwide market going forward.

Intellectual Property: From an operational standpoint, *WAVE* Service Solutions plans on producing a product that will redefine the restaurant service industry. Currently there exists one similar patent from inventors Daniel Joseph Baril, Raymond Joseph Barbuto, and Thomas Joseph Druan Jr. United States patent number 7,831,475. (See Appendix G. for analysis).

Risks: *WAVE* Service Solutions is also operating under the assumption that any potential customers we present this product to could look for a way to produce this themselves so we are prepared to enter our own patent on this technology using an Intellectual Property Firm as well as require signing of a Non-Disclosure-Agreement (NDA) to each customer we present the idea to. We will continually examine the competition in order to avoid any market pitfalls.

Production/Manufacturing/Inventory: We have planned a 9 month product development period. During this time we have identified the potential for production delays from a software standpoint. We have allowed an extra month of buffer during this time (month 8) to account for any holdups in development found during the testing period by our QA Engineer. We are also prepared to outsource work if necessary during this time period to keep development on schedule. Hardware will be leased through the Apple Leasing Program and we plan on having additional stock on-hand in case Apple has a distribution challenge.

Facilities: The management, sales, engineering, and quality assurance teams will have offices in Bishop Ranch, San Ramon, CA in order to create a close team environment during the development and rollout stages. Necessary facilities will be leased in order to handle expansion.

Distribution: We plan on installing the product using a Just-In-Time (JIT) system of production in order to reduce costs. During Stages 2 through 5, using a highly trained installation and service team, we will roll out *WAVE* to each restaurant location by installing *WAVE* software on the iPad 2, applying the credit card scanner, the mounting mechanism to the iPad and installing

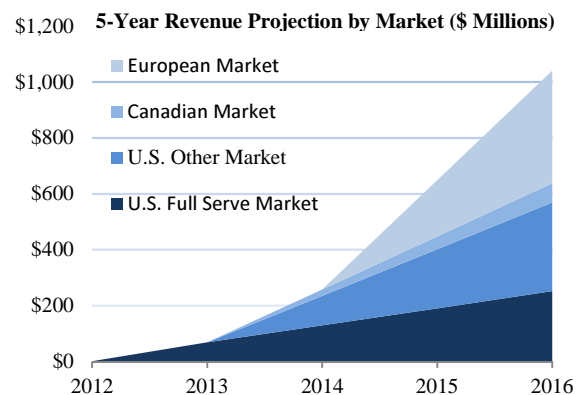
the unit into each applicable table at the restaurant. The software to handle the server application will be installed on the main restaurant computer. The install team will then train the manager and the restaurant employees on the capabilities and cover any potential concerns or questions.

Maintenance and Service: Any maintenance issues will be covered by the product agreement and any service related calls will be opened by restaurant management at the product location. If upon investigation the product is proved damaged based on consumer alteration or intentional damage by restaurant personal, billed work and product replacement costs will be assessed based on the applicable charges outlined in a forthcoming Master Service Agreement (MSA). All work will be handled on an on-call basis by our service team which will be dispatched as necessary. A plan to keep enough service stock will be developed to handle any service related issues.

FINANCIALS

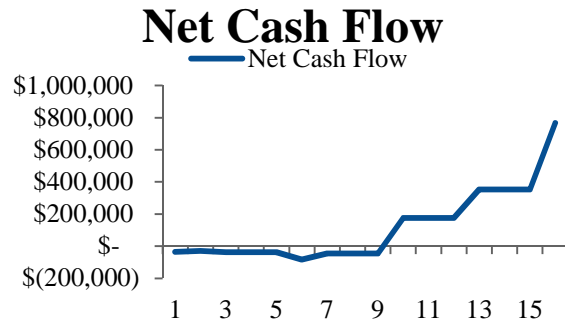
Business Model: The heart of our business model is providing our system as a service, with no upfront costs or fixed monthly fees in order to remove those barriers to client acquisition. We provide all of the hardware and software; however, we never own any of the equipment that goes into our customer's restaurants. We lease the needed equipment on a two year basis with the option to exit the contract at any time should we need to, with the equipment being replaced at the end of that period. This allows us to match the equipment expense to revenue from the customer and prevents us from suffering cash flow issues from unexpected loss of a customer.

Revenue Projections: Our positioning strategy is to penetrate the higher revenue full service chains first, followed by aggressive expansion into broader markets. Here is our revenue forecast by market, based on a 1% per year penetration rate per market, except Europe which we use .5% per year. (see Appendix A&C)

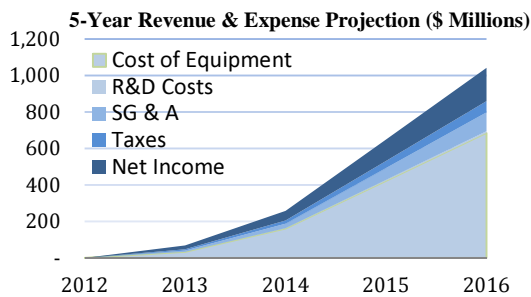


Valuation: The net present value of these future cash flows valued at a 50% discount rate comes to \$581 Million (see Appendix B), making this a truly exceptional opportunity.

Cash Flow: The initial development of *WAVE* will take six months, including testing and feedback. This is followed by three months of testing and customization for our first corporate client. Then we deploy to more restaurants, putting us well into positive net cash flow by month 10. (see Appendix D&F)



Pricing Strategy: Our pricing strategy is to charge 1% in service fees over cost of equipment. This results in a smaller and more competitive rate for high revenue restaurants, while ensuring we make our target margin even in lower revenue locations. Example: Average Darden restaurant will have equipment costs of 0.51% of restaurant revenue; the average full service restaurant is 2.1%, which means we can charge 1.51% to Darden to hit our gross margin target of 1% of restaurant revenue, while having to charge 3.1% per transaction for the market on average. Thus our gross margins start high, but adjust to the average as we penetrate the broader market.



\$ Millions	2012	2013	2014	2015	2016
Total Revenue	1.3	68.0	257.7	649.3	1,040.9
Total Cost of Sales	0.4	33.0	160.9	423.2	685.5
Gross Margin (\$)	0.9	35.0	96.8	226.1	355.4
Gross Margin	67%	51%	38%	35%	34%

Source of Funding: The cost of goods expense is from leasing Apple hardware, creating a vast new market for them which will exceed half a billion dollars within five years. We also share a common product philosophy, creating a quality customer experience at every brand touchpoint. We enhance customer experience to the benefit of our brand, the restaurant's brand, and Apple's brand. Quality restaurants everywhere become a showcase for Apple's superior quality and elegance. For these reasons we consider Apple an ideal partner and source for initial funding.

Funding Requirements: The initial funding needed to develop a market ready product comes to \$178,687, followed by an additional \$219,404 in month 6 to carry us through to profitability (see Appendix D&F). This comes to a total investment of \$398, 091 with the majority of it invested after *WAVE* is ready for sale and has been operating in a restaurant for several months.

Appendix A: Income Statements Projections, 2012-2016

(See Valuation Assumptions in Exhibit 3 for a list of assumptions)

	2012	2013	2014	2015	2016
Revenues					
U.S. Full Service Restaurants	1,268,423	68,034,359	129,069,470	190,104,581	251,139,692
U.S. Non-Full Service Restaurants	-	-	105,956,600	211,913,200	317,869,799
Canadian Restaurants	-	-	22,688,299	45,376,599	68,064,898
European Restaurants	-	-	-	201,904,988	403,809,977
Revenues: (Total)	1,268,423	68,034,359	257,714,369	649,299,367	1,040,884,366
Cost of Sales					
COGS: U.S. Full Service Restaurants	417,615	33,021,610	74,596,721	116,171,832	157,746,943
COGS: U.S. Non-Full Service Restaurants	-	-	69,616,600	139,233,200	208,849,799
COGS: Canadian Restaurants	-	-	16,688,299	33,376,599	50,064,898
COGS: European Restaurants	-	-	-	134,404,988	268,809,977
Total Cost of Sales	417,615	33,021,610	160,901,620	423,186,618	685,471,617
Gross margin \$	850,808	35,012,749	96,812,749	226,112,749	355,412,749
Gross margin %	67%	51%	38%	35%	34%
Research and development	540,813	1,081,625	2,163,251	4,326,501	8,653,003
Selling, general and administrative	110,867	6,803,436	25,771,437	64,929,937	104,088,437
Operating income	199,128	27,127,688	68,878,061	156,856,311	242,671,309
Interest expense	-	-	-	-	-
Other income (expenses)	-	-	-	-	-
Income before income taxes	199,128	27,127,688	68,878,061	156,856,311	242,671,309
Income taxes	49,782	6,781,922	17,219,515	39,214,078	60,667,827
Net income	149,346	20,345,766	51,658,546	117,642,233	182,003,482

Appendix B: Valuation Calculations.

Free Cash Flow

Net Free Cash Flow	199,128	27,127,688	68,878,061	156,856,311	242,671,309
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Net Present Value

Discount Rate										
16%	\$	171,662	\$	23,385,938	\$	51,187,620	\$	100,491,199	\$	1,516,695,684
50%	\$	132,752	\$	18,085,125	\$	30,612,472	\$	46,475,944	\$	485,342,619
30%	\$	153,176	\$	20,867,452	\$	40,756,249	\$	71,395,681	\$	808,904,365

Potential Valuations

Highest Val	\$	1,691,932,103	PV of future cash flows = NFCF/(1+Discount Rate)*yr
Lowest Val	\$	580,648,912	Terminal value of future cash flows = NFCF in yr 5/(discount rate)
Most Likely	\$	942,076,923	

Appendix C: Valuation Assumptions

2012 - Forecast based on R&D budget figures and revenue from initial deployment.

See R&D Budget

2013 - Revenue Forecast based on information provided to us by Darden on rollout process and their timing requirements.

See Darden Rollout Schedule - Testing and Rollout times provided by Darden Investor Relations Department

2014 - Revenue Forecast based on expected Full Service market penetration rate.

Size of U.S. Full Service Restaurant Market	\$ 194.6 Billion	216,529 Restaurants
Average Service Charge Rate (1% over hardware cost)	3.14%	
Expected Annual Penetration rate, U.S. Full Service Market	1.0%	

2015 - Revenue Forecast adds Total U.S. restaurant market penetration rate supported by expanded product offerings

Size of Entire U.S Restaurant Market	\$ 558 Billion	579,102 Restaurants
Size of Non-Full Service U.S Restaurant Market	\$ 363 Billion	362,573 Restaurants
Average Service Charge Rate (1% over hardware cost)	2.92%	
Expected Annual Penetration rate, Non-Full Service Market	1.0%	

2016 - Revenue Forecast includes expected European and Canadian restaurant market penetration rate

Size of Canadian Restaurant Market	\$ 60 Billion	86,915 Restaurants
Average Service Charge Rate (1% over hardware cost)	3.78%	
Expected Annual Canadian Penetration rate	1.0%	

Size of European Restaurant Market	\$ 1,350 Billion	1,400,000 Restaurants
Average Service Charge Rate (1% over hardware cost)	2.99%	
Expected Annual European Penetration rate	0.5%	

Research And Development (other segments, countrys, OS's)

Selling, general and administrative

Tax Rate

100%	Budget Growth Per Year
10.0%	of Revenue
25%	

We intend to lease all equipment, furniture, office space. Therefore we expect minimal assets and depreciation expense

Non R&D capital expenses fixed annual growth:

\$ 1,000

Average Cost per Restaurant (Basic unit for COGS Calculation)

		#Ipads	
Ave Seats (menu Ipads)	120	30	U.S. Ave. Seats / Restaurant
Ave Tables (pay Ipads)	30	30	U.S. Ave. Tables / Restaurant
Additional Ipads needed, Kitchen/Server area		2	
Cost per Ipad (Assumes no volume discount / price erosion)	\$ 500		
System Server	\$ 2,000		Integrates system locally
Total equipment cost per site:	\$ 33,000		
Annual Lease Rate	15%		
Monthly equipment Leasing Cost per Site:	\$1,600.06		

Appendix D (Page 1/2): R&D Budget Wave Development

Development Phase Requirements (People)			Funding 1		Phase 2:	
			Phase 1: Design	Implementation	"Early" Beta	
			Month 1	Month 2	Month 3	Month 4
Executive Team						
CEO						
COO						
Gen work, document planning, Marketing, Business Development, HR						
CFO						
CMO						
VP Sales						
Creates the plan & mng process	System Architect		\$ 12,759	\$ 12,759	\$ 12,759	\$ 12,759
Software Engineers whos job is to help design, document and implement specific project modules	Software Engineer		\$ -	\$ 7,113	\$ 7,113	\$ 7,113
	Software Engineer		\$ -	\$ 7,113	\$ 7,113	\$ 7,113
	Quality/Test Engineer		\$ -	\$ -	\$ 6,929	\$ 6,929
Development Phase Requirements (Hardware)			Month 1	Month 2	Month 3	Month 4
Developer Computer Equipment			\$ 20,000	\$ 500	\$ 500	\$ 500
Misc. Supplies			\$ 400	\$ 400	\$ 400	\$ 400
Development Office Rent 1000 sqft \$2 / sqft	Monthly Rent Cost	\$ 2,000.00	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Misc Office Expense						
	Sites	Monthly Equipment Leasing Costs				
Early Beta Site Equipment	1	\$1,600				\$ 1,600
Beta Site Equipment	12	\$19,201				
Intellectual Property Legal Expenses						
Total Costs			\$ 35,159	\$ 29,885	\$ 36,814	\$ 38,414
Period 1	Expense	Revenue	Net Required Funding			
	\$ 178,687	0	\$ 178,687			
Period 2	\$ 389,842	\$ 170,438	\$ 219,404			
			\$ 398,091			

Appendix D (Page 2/2): R&D Budget

Funding 2

Phase 3: Multi-site Testing, first customer

Month 5	Month 6	Month 7	Month 8	Month 9	Totals	Annual Cost	Notes
	\$ 6,929	\$ 6,929	\$ 6,929	\$ 6,929	\$ 27,717	\$ 83,150	Chief Executive Officer
	\$ 6,929	\$ 6,929	\$ 6,929	\$ 6,929	\$ 27,717	\$ 83,150	Chief Operating Officer
	\$ 6,929	\$ 6,929	\$ 6,929	\$ 6,929	\$ 27,717	\$ 83,150	Chief Financial Officer
	\$ 6,929	\$ 6,929	\$ 6,929	\$ 6,929	\$ 27,717	\$ 83,150	Chief Marketing Officer
	\$ 6,929	\$ 6,929	\$ 6,929	\$ 6,929	\$ 27,717	\$ 83,150	VP Of Sales, QSR
\$ 12,759	\$ 12,759	\$ 12,759	\$ 12,759	\$ 12,759	\$ 114,834	\$ 153,112	Lead System Designer
\$ 7,113	\$ 7,113	\$ 7,113	\$ 7,113	\$ 7,113	\$ 56,903	\$ 85,354	Engineer - Client
\$ 7,113	\$ 7,113	\$ 7,113	\$ 7,113	\$ 7,113	\$ 56,903	\$ 85,354	Engineer - Server
\$ 6,929	\$ 6,929	\$ 6,929	\$ 6,929	\$ 6,929	\$ 48,504	\$ 83,150	
Month 5	Month 6	Month 7	Month 8	Month 9	Totals		
\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 24,000		Phase 1 Dev Equip.
\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	\$ 3,600		Supplies
\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 18,000	\$24,000.00	Office Lease
\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 9,600		Alpha Restaurant Equip.
		\$ 19,201	\$ 19,201	\$ 19,201	\$ 57,602		Beta Restaurant Equip.
	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 40,000		
\$ 38,414	\$ 83,060	\$ 102,261	\$ 102,261	\$ 102,261	\$ 540,813	\$846,720.06	

Appendix E: Employee Compensation

Software QA Engineer II (Median)		
Core Compensation	Median	% of Total
Base Salary	\$59,517	68.06%
Bonuses (2%)	\$1,190	1.36%
Value of Benefits		
Social Security	\$6,500	7.43%
401K/403B	\$3,104	3.55%
Disability	\$572	0.65%
Healthcare	\$6,507	7.44%
Pension	\$0	0.00%
Time Off	\$10,054	11.50%
Total Compensation	\$87,444	100%

Wave Executive Team (per person, significant stock)		
Core Compensation	Median	% of Total
Base Salary	\$59,517	71.58%
Bonuses (0%)	\$0	0.00%
Value of Benefits		
Social Security	\$6,500	7.82%
401K/403B	\$0	0.00%
Disability	\$572	0.69%
Healthcare	\$6,507	7.83%
Pension	\$0	0.00%
Time Off	\$10,054	12.09%
Total Compensation	\$83,150	100%

Software Architect (Median)		
Core Compensation	Median	% of Total
Base Salary (20% less w/stock options)	\$110,488	72.16%
Bonuses (2%)	\$2,210	1.44%
Value of Benefits		
Social Security	\$8,789	5.74%
401K/403B	\$5,679	3.71%
Disability	\$1,046	0.68%
Healthcare	\$6,507	4.25%
Pension	\$0	0.00%
Time Off	\$18,393	12.01%
Total Compensation	\$153,112	100%

Software Engineer (Median)		
Core Compensation	Median	% of Total
Base Salary (20% less w/stock options)	\$59,278	69.45%
Bonuses (2%)	\$1,186	1.39%
Value of Benefits		
Social Security	\$5,750	6.74%
401K/403B	\$2,856	3.35%
Disability	\$526	0.62%
Healthcare	\$6,507	7.62%
Pension	\$0	0.00%
Time Off	\$9,252	10.84%
Total Compensation	\$85,354	100%

Appendix F: Darden Rollout

Begins in month 7 of R&D Budget Timetable

Time to implement: 16 Months

3 Month Initial Testing Period 12 restaurants
 6 Month Trial Period with 30-60 restaurants
 4 Month Final Rollout to remaining restaurants

Continued

Below

		2012				2013			
Chain		Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14
Red Lobster	Deployed ² :	12	12	12	45	45	45	45	45
	Projected Revenue ³ :	\$ 56,813	\$ 56,813	\$ 56,813	\$ 213,047	\$ 213,047	\$ 213,047	\$ 213,047	\$ 213,047
	Hardware Expense ⁴ :	\$ 19,201	\$ 19,201	\$ 19,201	\$ 72,003	\$ 72,003	\$ 72,003	\$ 72,003	\$ 72,003
Olive Garden	Deployed ² :				12	12	12	45	45
	Projected Revenue ³ :	\$ -	\$ -	\$ -	\$ 65,858	\$ 65,858	\$ 65,858	\$ 246,969	\$ 246,969
	Hardware Expense ⁴ :	\$ -	\$ -	\$ -	\$ 19,201	\$ 19,201	\$ 19,201	\$ 72,003	\$ 72,003
Longhorn Steakhouse	Deployed ² :				12	12	12	45	45
	Projected Revenue ³ :	\$ -	\$ -	\$ -	\$ 46,989	\$ 46,989	\$ 46,989	\$ 176,208	\$ 176,208
	Hardware Expense ⁴ :	\$ -	\$ -	\$ -	\$ 19,201	\$ 19,201	\$ 19,201	\$ 72,003	\$ 72,003
The Capital Grille	Deployed ² :				2	2	2	5	5
	Projected Revenue ³ :	\$ -	\$ -	\$ -	\$ 14,033	\$ 14,033	\$ 14,033	\$ 35,084	\$ 35,084
	Hardware Expense ⁴ :	\$ -	\$ -	\$ -	\$ 3,200	\$ 3,200	\$ 3,200	\$ 8,000	\$ 8,000
Bahama Breeze	Deployed ² :				2	2	2	5	5
	Projected Revenue ³ :	\$ -	\$ -	\$ -	\$ 12,367	\$ 12,367	\$ 12,367	\$ 30,917	\$ 30,917
	Hardware Expense ⁴ :	\$ -	\$ -	\$ -	\$ 3,200	\$ 3,200	\$ 3,200	\$ 8,000	\$ 8,000
Season 52	Deployed ² :				2	2	2	5	5
	Projected Revenue ³ :	\$ -	\$ -	\$ -	\$ 13,700	\$ 13,700	\$ 13,700	\$ 34,250	\$ 34,250
	Hardware Expense ⁴ :	\$ -	\$ -	\$ -	\$ 3,200	\$ 3,200	\$ 3,200	\$ 8,000	\$ 8,000
Total Projected Revenue ³ :		\$ 56,813	\$ 56,813	\$ 56,813	\$ 365,995	\$ 365,995	\$ 365,995	\$ 736,476	\$ 736,476
Total Hardware Expense ⁴ :		\$ 19,201	\$ 19,201	\$ 19,201	\$ 120,004	\$ 120,004	\$ 120,004	\$ 240,009	\$ 240,009

	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Wave Year-End Totals		Darden Figures
									2012	2013	FY2011
									Totals	Totals	Chain Totals ¹
Red Lobster	45	201	357	513	670	670	670	670	\$ 809,580	\$ 426,095	\$ 2,520,000,000
	\$ 213,047	\$ 951,612	\$ 1,690,176	\$ 2,428,741	\$ 3,172,040	\$ 3,172,040	\$ 3,172,040	\$ 3,172,040	\$ 273,610	\$ 144,005	\$ 313,433
	\$ 72,003	\$ 321,612	\$ 571,221	\$ 820,830	\$ 1,072,040	\$ 1,072,040	\$ 1,072,040	\$ 1,072,040			\$ 748
Olive Garden	45	45	45	45	221	397	572	748	\$ 197,575	\$ 493,938	\$ 3,490,000,000
	\$ 246,969	\$ 246,969	\$ 246,969	\$ 246,969	\$ 1,211,521	\$ 2,176,074	\$ 3,140,626	\$ 4,105,178	\$ 57,602	\$ 144,005	\$ 388,815
	\$ 72,003	\$ 72,003	\$ 72,003	\$ 72,003	\$ 353,213	\$ 634,424	\$ 915,634	\$ 1,196,844			\$ 354
Longhorn Steakhouse	45	45	45	45	122	200	277	354	\$ 140,967	\$ 352,416	\$ 983,700,000
	\$ 176,208	\$ 176,208	\$ 176,208	\$ 176,208	\$ 478,699	\$ 781,190	\$ 1,083,680	\$ 1,386,171	\$ 57,602	\$ 144,005	\$ 231,568
	\$ 72,003	\$ 72,003	\$ 72,003	\$ 72,003	\$ 195,607	\$ 319,212	\$ 442,816	\$ 566,421			\$ 44
The Capital Grille	5	5	5	5	15	25	34	44	\$ 42,100	\$ 70,167	\$ 286,000,000
	\$ 35,084	\$ 35,084	\$ 35,084	\$ 35,084	\$ 103,497	\$ 171,910	\$ 240,323	\$ 308,736	\$ 9,600	\$ 16,001	\$ 541,667
	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 23,601	\$ 39,201	\$ 54,802	\$ 70,403			\$ 26
Bahama Breeze	5	5	5	5	10	16	21	26	\$ 37,100	\$ 61,834	\$ 143,000,000
	\$ 30,917	\$ 30,917	\$ 30,917	\$ 30,917	\$ 63,380	\$ 95,843	\$ 128,305	\$ 160,768	\$ 9,600	\$ 16,001	\$ 458,333
	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 16,401	\$ 24,801	\$ 33,201	\$ 41,602			\$ 17
Season 52	5	5	5	5	8	11	14	17	\$ 41,100	\$ 68,501	\$ 107,100,000
	\$ 34,250	\$ 34,250	\$ 34,250	\$ 34,250	\$ 54,800	\$ 75,351	\$ 95,901	\$ 116,451	\$ 9,600	\$ 16,001	\$ 525,000
	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 12,800	\$ 17,601	\$ 22,401	\$ 27,201			
	\$ 736,476	\$ 1,475,040	\$ 2,213,605	\$ 2,952,169	\$ 5,083,937	\$ 6,472,406	\$ 7,860,875	\$ 9,249,344	\$ 1,268,423	\$ 1,472,952	
	\$ 240,009	\$ 489,618	\$ 739,227	\$ 988,837	\$ 1,673,662	\$ 2,107,278	\$ 2,540,894	\$ 2,974,510	\$ 417,615	\$ 480,018	

¹ Dardens FY 2011 10-K filing. Number of Restaurants, Total Revenue, Average Site Revenue / Month

² In accordance with Darden's Testing and rollout requirements, assuming longest timeline. (Also assuming a scaling for the smaller chains)

³ Determined based on a 1% markup over cost of equipment based on Dardens average revenue per chain.

⁴ Directly computed rather than percent of revenue as this is by far the largest and most significant expense item.

(First 3 months of Red Lobster expense included in Development Costs)

Appendix G. Preliminary Patent Investigation

United States patent number 7,831,475 is a patent for a “Remote ordering system” which offers a selective menu processing device that will handle non-cash (credit card) payment device as well as an alpha-numeric keyboard. The patent also includes the possibility of printed receipt functionality. The proposed patent also includes a menu made available to the customer by an electronic device, but specifies a non-tablet device due to the battery consumption concerns. The patent defines a product that displays a menu with information about the food and nutritional information and allows the user to make menu selections, order food, and pay the bill at the table. The differences between *WAVE* and this patent is that *WAVE* offers a fully integrated dining solution. Our product will provide patrons the ability to choose from multiple pages of menu items as a current menu would do, allow the user to page the server for the table if needed, order menu items, and split the bill payment into multiple different bills which can be completed through the credit card swipe machine attached to the stationary tablet at the table. The “Remote ordering system” patent does not allow for the last functionality of being able to split credit card payments multiple ways amongst members of the dining party, produce a recommended tip amount for each patron, and allow signed copies of the tip and payment amount to be emailed to the patron. The “Remote ordering system” patent is mainly designed toward fast-food businesses and enhancing the customer experience while focusing more on the almost complete elimination of the restaurant server. The focus of *WAVE* is more of a tool for the patron in addition to the server and the focus is more on making the restaurant experience more enjoyable with options like bill-pay split and the email receipt option.

Based on the above assumptions *WAVE* does not infringe upon patent number 7,831,475. *WAVE* Service Solutions understands that we need to employ a Patent Law Firm to investigate this matter more fully and find any discrepancies or infringement in the above patent.

Appendix H. Supplemental Market Analysis.

Number of tables, seats, and estimated number of transactions: The max number of seats we could serve with our devices (assuming the average of 30 tables per restaurants or 122 seats per restaurant) is 998.2 million seats or 247 million tables in the world market, and assuming the average restaurant stays open from 6 a.m. to 10 p.m., with a one hour processing time per table, and assuming one transaction per table, with a 30% average occupancy rate throughout open hours, that's about 1.185 billion transactions per day or 370 billion transactions per year. That's about \$21 a meal (remember in most of the world a meal is much less costly than in the U.S., where the average ticket or transaction may be at least \$40 or \$50 per table). In the U.S. there are 70.65 million seats or about 17.6 million tables. Assuming the same transaction rate, that would be about 11.16 billion transactions per year (average cost of meal per table \$50). In Europe there would be about 27 billion transactions (with the average ticket per table costing \$67.73). In Canada there would be about 1.2 billion transactions.

Other facts: There was an average of 78,313 restaurants per country. The number of restaurants within each region ranged from 4,723 in the Caribbean to 698,040 in Northeast Asia. The low-income countries have approximately one restaurant unit per 618 people; the upper-middle income group has one restaurant unit per 268 people. The average number of outlets across all countries is one restaurant unit per 477 people.

Restaurant Market Growth. The restaurant market itself is somewhat stagnant. In the U.S., the 2011 restaurant market is shrinking slightly from 2010. Nielsen data shows a decline of 4,628 U.S. restaurant units since last year. That's a growth rate of about -.79% (less than -1%). Total restaurant sales figures for the U.S. are also down significantly for the second year in a row, off nearly \$10 billion from a year ago. And, nationally, sales have fallen on a per unit basis, by almost \$10,000 from \$686,723 to \$676,807 per foodservice establishment.

Appendix I. WAVE Restaurant Market Overview
Major Players by Segment

Fast Food Restaurant Segment

Name	Gross Revenue	Chains	Notes
McDonalds	\$22.7B FY2009	McDonalds	81% Franchised
Doctors Associates	\$16.2B FY2010	Subway	~100% franchised
Yum! Brands	\$10.8B FY2009	(see below)	varies with chain
		KFC, Pizza Hut, Taco Bell, Long John Silvers, A&W, Pasta Bravo, Wing Street, East Dawning	
Triarc	\$3.6B FY2009	Wendy's, Arby's	80% Franchised
3G Capital	\$2.5B FY2009	Burger King	88% Franchised
Jack in the Box	\$2.5B FY2009	Jack in the Box, Qdoba Mexican Grill	N/A
CKE Restaurants	\$1.2B FY2008	Carl's Jr, Hardee's, Green Burrito and Red Burrito	

Casual and Upscale Restaurant Segment:

Name	Gross Revenue	Chains	Notes
Darden Restaurants	\$7.2B FY2009	See Below	Corporate Owned.
		Olive Garden, Red Lobster, LongHorn Steakhouse, Capital Grill, Bahama Breeze, & Season 52	
Brinker Intl.	\$3.6B FY2009	See Below	40% Franchised
		Chili's, Romano's Macaroni Grill, On the Border Mexican Grill, & Maggiano's Little Italy	
Chipotle	\$1.8B FY2010	Chipotle	Corporate Owned
Cheesecake Factory	\$1.6B FY2009	See Below	Corporate Owned
		Cheesecake Factory, Grand Lux Cafes, RockSugar Pan Asian Kitchen	
Dine Equity Inc	\$1.3B FY2010	See Below	80% Franchised
		Applebee's, International House of Pancakes (IHOP),	
Ruby Tuesday	\$1.2B FY2009	Ruby Tuesday	25% Franchise
P.F Chang	\$1.2B FY2008	P.F. Chang	
Panera Bread Co.	\$1.1B FY2008	Panera Bread Co.	

Other Segment Restaurants of Interest

Starbucks	\$10.7B FY2010	Starbucks	47% Franchised
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