WEBSEE

Improving the customer experience...

Paint Selector Application

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Executive Summary

Websee has come to inception with the sole purpose of creating innovative solutions, creating benchmarks and redefining the customer experience. With strong emphasis in the home improvement industry, our team has recognized the paint market and the roadblocks that currently hinder customers from making quality purchases with confidence, in a timely manner. Websee is looking for opportunities to bring the Virtual Reality Paint Selector Application to paint retail locations in order to provide the ideal platform for customers to experience colour in a whole encompassing way. As a strong competitor in the paint market, Sherwin-Williams would be an enticing partner in launching this new technology in Canada.

Both companies show strong values in service, integrity, people, quality, growth, performance, and of course, innovation. Websee is planning to set up a trial run at two paint retail locations for one quarter in the GTA, with the purpose of tracking how such tool can influence transaction size, sale cycle, marketing and customer satisfaction. Websee encourages Paints and Coatings companies to grow and integrate with innovative retail approach. This tool will bring confidence to customers and provide a wide absolutely new spectrum of possibilities for retailers and manufacturers. Websee will always continue to move forward and improve its product to better suit the society and change the retail approach.

Highlights

According to the American Coatings Association "the engagement of consumers with digitalization and e-commerce in the paint industry is stronger than ever and will only increase" (CoatingsTech). Digital and online colour tools are playing a significant role in architectural coatings industry. Currently, the vast majority of research during the inspiration phase takes place through internet and other digital tools. The paint and coating industry is moving rapidly to digitalization in all aspects of the business from manufacturing to sourcing to marketing to retail operations. It is crucial for modern companies to follow the technological improvements in order to stay competitive. Using innovative approaches to marketing and retail operations will allow companies to support customers more effectively than only using their knowledge. This is why Websee is introducing a new innovative colour selector tool, which is very cost efficient and provides the intuitive navigation and simplicity. This process relieves stress from two points in the retail business which thrives off interactions and transactions; the time that each customer spends looking for paint along with the time allocated to support their decision-making process and their comfort level in being able to make a confident selection.

Aside from those aspects there are more important business aspects that this toll will influence. Such technological involvement in home improvement and interior/exterior design can contribute to:

1. Increase in transaction size
2. Increase in items per transaction
3. Reduction in product returns
4. Reduction in average sales cycle
   (Marxent)

Objectives

The primary goal of this business plan is to help Sherwin-Williams increase their overall market share by capturing a larger portion of the paints market. The strategy that will be used is offering the unique VR experience as a service that should be free of charge to the customer in order to increase engagement and the customer experience. The product line that would create the largest and most significant financial impact is the **HGTV Sherwin-Williams Showcase** line. We recognize this line of paint as the most competitive brand of paint in the Sherwin-Williams family of paints. It will resonate well with customers and act as the most attractive transition paint for customers that are currently using competitive products. A timeline for the product execution strategy will outline the goals we are planning to hit and will be supported using key performance indicators that track results.

Test POC: Begin with soft launch in-store for 3 months at 2 locations in a competitive market (high volume sales). These stores will have to be identified as areas that have a high population density of technology adoption. Websee will have two representatives that will stay in stores during power hours to engage customers and help them test the VR application with their favorite Sherwin-Williams colours.

Market Introduction: Begin introducing Virtual Reality on a larger scale after two weeks of "Test POC" phase into radio, social media, and in-store advertising to create interest in future VR app launch in selected POC market. Increasing the hours per week that Websee representatives will be in store to support the customer experience.

Market Launch: 6 weeks after "Test POC" phase; Publicly launch the Virtual Reality application, continuing to advertise on platforms that have more reactive results (views, clicks, likes, targeted foot traffic).

Adapt to change: Recognize trends of consumer traffic and spending. Ask customers for feedback on the app experience and offer incentives to return to buy more product. **requires $5 off coupon for next paint gallon purchase

Complete Trial Period: Once the 3-month trial period is completed, review the key performance indicators that outline the change in sales results from previous financial quarters, as well as same store sales from other locations in the same city/region.

Key Performance Indicators: Unit and dollar comps in - Sales per brand, sales conversion from one brand to another, total all brand sales performance, average ticket total, ticket volume, attachment sales, returning customers tracked by customer coupon …

Target Market

We have identified the most applicable target market to be millennial generation 24-41 years old as according to research the millennial population is at its peak as well as older consumers. Also, the younger segment of people is more and more influenced by innovation and technology.

Figure 2.1
Age pyramid of population estimates as of July 1, 1997 and 2017, Canada
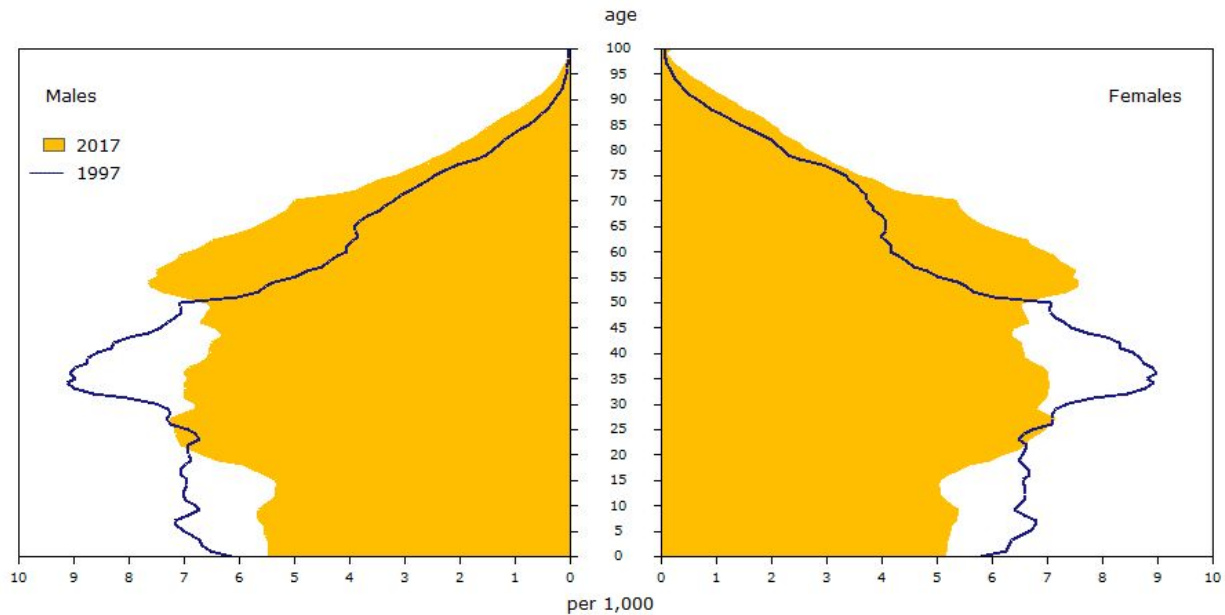
Source: Statistics Canada, Demography Division.

Consumers today turn to digital interfaces first before looking for a product or service (CoatingsTech), especially this applies to millennial generations which are more familiar with technological advancements than elderly population. Most of Do-It-Yourselfers belong to millennial generation and these are the people who follow trends and change the perspective on old usual processes. In Paint and Coating industry it is more and more obvious that companies are in search for more digitalization of their business. You can see it from manufacturing to sourcing, to marketing and retail operations. Newly introduced phone paint apps and in-store tablet displays, are the sign of the industry moving towards intuitive and simple ways to present their product. Innovation is more likely to hit the millennial generation first due to their high levels of adaptation to change. This will be a jump into introduction of innovation to elderly generations.

Mission Statement

The mission of Websee Corp is to continuously recognize changes in the mass market by utilizing new technologies with the ultimate goal of increasing the customer experience. In the established world of commerce and competition, Websee strives to make complex technologies accessible and relevant in everyday consumer use in a simple way. Taking advantage being able to translate difficult to simple is our specialty!

Keys to Success

Websee Corp is comprised of progress driven and knowledgeable team members that are determined to implement the change that your company has been looking for. We are the catalyst that will support the team in evolving into the next step of retail sales and strategic development. One of the strategic factors of the program implementation is that it is part of the natural evolution of the paint selection process, which will make the implementation seamless for both customer

and Sherwin Williams. Websee will provide tutorial training for associates who will be involved into day-to-day utilization of the Paint Selector App. Our team of dedicated professionals will provide 24-hour technical support and regular maintenance of the devices.

Description of Business

"Covestro's three angles include optimizing internal processes, enhancing collaboration with customers, and new business models based upon digital technology, according to Jim Charron, vice president of Application Development for Coatings, Adhesives & Specialties."

Websee Corp has developed a paint selector application that utilizes Virtual Reality with aspects of pass-through technology in order to help customers experience colour change in real time. Upon comfortably mounting the device, the customer is launched into a rendered room in an upscale condo style apartment with a variety of angular corners, obstacles, fixtures, **and a variety of lighting sources**. The customer is able to pull up an entire colour pallet, narrow it down to colour collections that inspire them most and then select their specific colour shade of that collection.


(example of same paint under different lighting conditions)

Evonik also sees digitalization as fostering meaningful interactions with customers and elevating the customer experience in a new way, according to Oliver Kröhl, vice president, Strategic Business Development for the Business Line Coating Additives.

Utilizing Sherwin-Williams unique colour collections and pallets, we have pre-programmed several options that will allow the customer to experience the full spectrum of The Sherwin-Williams Experience!

Full Colour Palette

We will take the full colour palette of the brand of your choice and place them into the full colour selection option within the app. This will allow customers to view the entire colour selection that this brand has to offer. They will be able to go into the broad colour mixes and then deep dive into specific shades within each of those colour mixes.
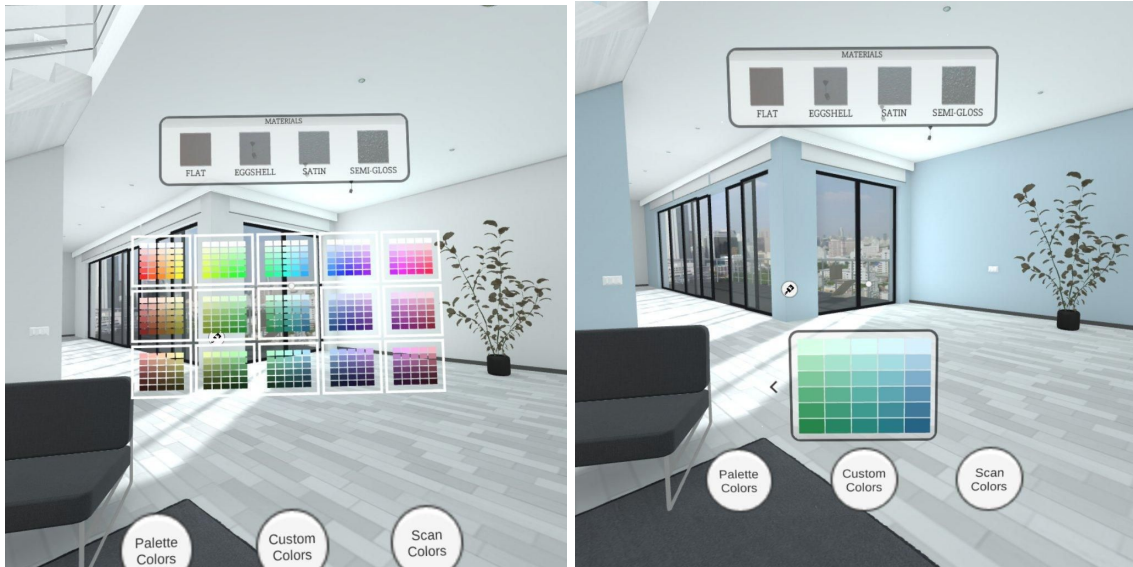
Colour Card Scanning

The Colour Card Scanning option will allow the customer to access the headset's camera, and is able to scan the UPC on the back of each colour card. The room will instantly change to their selected card. Additionally, we ensure that the customer is able to create a cache of recently viewed colours for ease of comparison once they've gone through the changes. (no longer required to scan previously used cards)
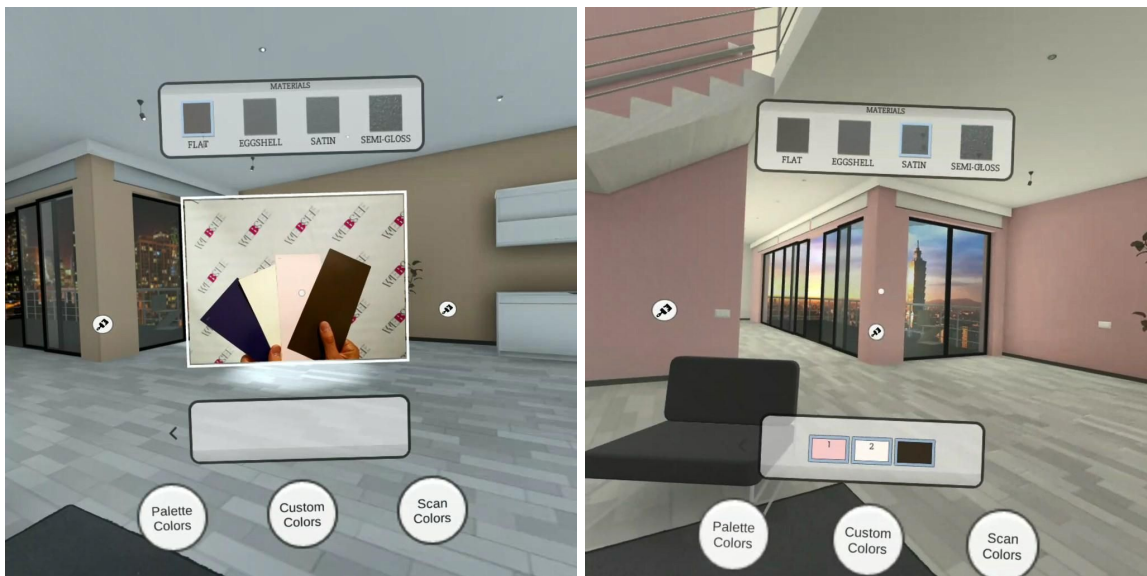
Colormix Forecast 2019

We've taken the Colormix into consideration when structuring the basis of this version of the platform. The user of the headset will be able to access the 2019 Colormix which will bring them to the six unique colour personalities that will take them on their colour voyage. Diving into each one of the colour personalities will populate a palette with seven distinct colours within each collection.
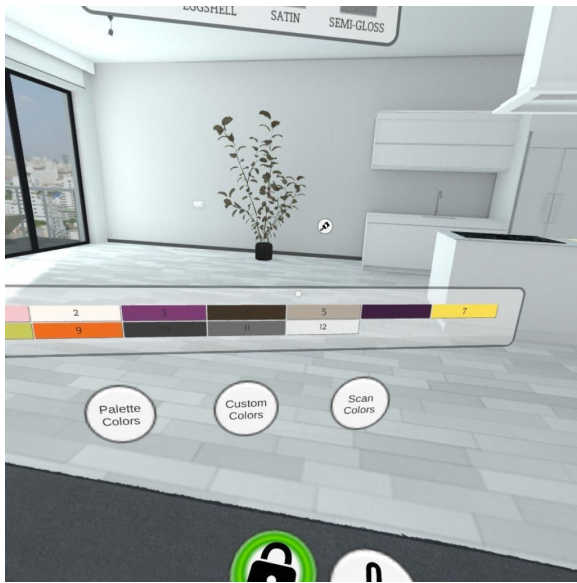
Analytics

Gathering statistics by collecting first colour choice of single user. Websee can provide you with customize statistics for your Colormix direction.

We strive to connect all business and management processes to better serve our customers; here we consider all customer touchpoints. A better understanding of trends will, of course, also affect the development and manufacturing of new, innovative products and service offerings.

**In order to create a realistic colour experience for the customer, we would require colour codes for each colour and colour card in the Sherwin-Williams collection. This will ensure that we are able to produce the most accurate paint rendition for customers.

Company Ownership/Legal Entity

Websee is a new independent Ontario based Software Development Corporation targeting retail utilization of virtual reality potential.

Location

Lowes Stores

Based on our primary research, we speculate that utilizing the brands and locations within Lowe's Home Improvement Warehouses would be the best location for our POC. Lowe's stores present great growth potential for a variety of reasons. In regard to the paint aspect of the business, Lowes is able to generate a great volume of DIY customers into their aisles with a range of brands and prices, including several Sherwin-Williams brands that can be identified as fan favourites. Lowes is known for its vast selection of home improvement products, supplies, and services; this produces a significant amount of foot traffic within the stores. As part of our objectives, increasing conversion rate would be a key

factor; Being able to utilize higher foot traffic locations will increase the ability to maximize the conversion rate by greatly increasing total sales dollars.

The two Lowes locations that we have identified as the most attractive site for the POC project are the Queensway and Eglinton East locations in Toronto. We have conducted covert observation as a primary means of research to identify that these locations meet the criteria we believe would yield positive results.

Sherwin-Williams Stores

Sherwin-Williams specialty stores presents an intriguing opportunity as the site for this POC project. Customers that come into the store are looking specifically for paint and have made the decision to start the browsing process for that perfect colour and product. The staff that work in these locations are so well trained that they are able to assist the customer with a high level of service as a specialty consultant. The introduction of this tool sharpens the blade for any and every sales associate in one of these stores in being able to help customer verify their paint selection option.

The advanced training and knowledge of the staff at one of these locations allows for the unique opportunity to become a licenced Websee certified technician. This role of a Websee certified technician entails a full encompassing training program with Websee to allow them to take care of customer inquiries and troubleshoot any issues that may arise in store. This training program would focus on technical and sales skills, which would complement their knowledge of the products.

Hours of Operation

Based on common consumer traffic in stores, it is commonly practiced for stores to bring in additional sales support staff during power hours. We analyze the best times for us to provide support in the store are 10am-2pm and 3pm-7pm Monday-Sunday. This captures the majority of consumers that spend times shopping at home improvement stores.

Products and Services

Aside from features of Paint Selector App mentioned above, there are a few additions to make it even more beneficial for paint companies to implement.

1. Advertising platform

Within virtual environment there is a great opportunity to capture customers' attention by exposing them to advertising which may be played on TV or just hang as an image on the wall and become a part of the interior design of the environment. Head office will be provided with a drop-in folder with randomizer for each region in order to change the advertising preferences in a timely manner. Staff will just drop the needed advertising materials in the designated shared drop-in folder on their computer, and the randomizer feature will enroll them into virtual environment among regional devices randomly selecting resources from the materials shared.
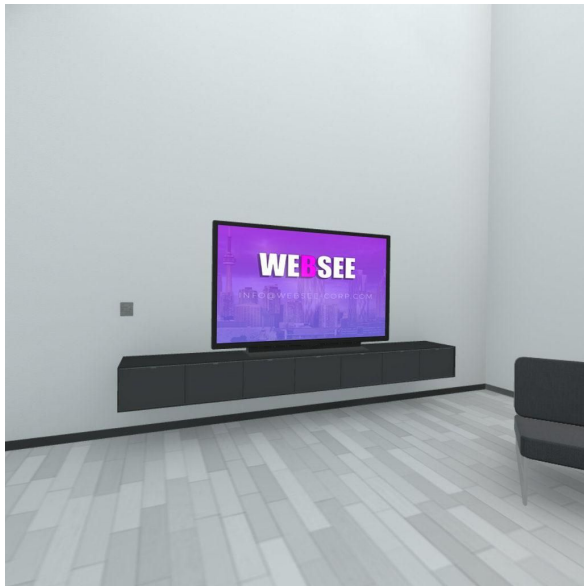
Service

After completing a series of public surveys, and analysis of customer feedback, the main strength of our software is that it provides the most realistic presentation of the paint color, considering the lighting conditions of the room, time of the day, type of light used and the shape of the room. Moreover, according to user's opinions it is very beneficial to actually be able to be present in a room painted in the colour you are choosing, before making a decision to purchase.

Management

Yaraslau Voitka (Founder)

Founder of multiple businesses such as Websee Corp, Perspick Tile, Yaramount Construction. Has over a decade of experience in business development, project management and coordination, negotiations and customer relations. Being involved in custom built projects was always hands-on with interior design creation process, therefore guided the development of the software in a right direction, in order for the program to aid real life day-to-day projects.

Spectrum of responsibilities:

- Assess the principal risks of the company and to ensure that these risks are being monitored and managed
- Development and Implementation of business strategies, plans and procedures
- Overseeing company operations
- Set comprehensive goals for performance and growth
- Responsible for all day-today management decisions
- Formulating company policies
- Help with recruiting new staff members when necessary.
- Oversee the company's fiscal activity, including budgeting, reporting, and auditing.
- Work with the executive board to determine values and mission, and plan for short and long-term goals.
- Identify and address problems and opportunities for the company.

Serguei Pertsev (Co-founder)

Experienced in software development, previously was taking part in online game development and contributed to online infrastructure of the project. Highly skilled in graphic design and web development. Fluent in 3DMAX, Adobe Photoshop, C++, C# and Java. Currently overseeing technical aspect of the project and coordinating IT team.

Spectrum of responsibilities

- Running regular checks on network and data security

- Identifying and acting on opportunities to improve and update software and systems

- Developing and implementing IT policy and best practice guides for the organisation

- Designing training programs and workshops for staff

- Conducting regular system audits

- Running and sharing regular operation system reports with senior staff

- Overseeing and determining timeframes for major IT projects including system updates, upgrades, migrations and outages

- Managing and reporting on allocation of IT budget

- Providing direction for IT team members

- Identifying opportunities for team training and skills advancement

Anna Baraukhina (Operations Manager)

Holding a Business Administration diploma and Social Work diploma. Social Work background contributed to experience of data collection and analytical involvement of the software development. Anna guided the program development team to create optimal interface for all age segments and eliminating language barrier making it intuitive. Currently involved in project management, organizational processes, coordination of necessary steps to achieve end results in the most efficient way. Experienced in Enterprise Resource Planning implementation, production software implementation, planning and process analytics.

Spectrum of responsibilities:

- Collaborate with the founders in setting and driving organizational vision, operational strategy, and hiring needs
- Translate strategy into actionable goals for performance and growth helping to implement organization-wide goal setting, performance management, and operating planning
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- Participate in expansion activities (investments, acquisitions, corporate alliances etc.)
- Oversee recruitment and hiring process
- Adhere to company, federal, state, and local business requirements, enforcing compliance and taking action when necessary
- Collect and analyze reports from various departments
- Perform organizational duties
- Manage relationships with partners/vendors

Arman Abdollahian (Brand Ambassador)

Arman has worked for over a decade in the home renovation sector both in the private construction industry and as a supervisor and store manager for the largest global retailer of home improvement products. He partnered with Websee Corp. because he understood that the industry was in dire need of technological advancement. As Brand Ambassador, Arman is well-versed in Websee's flagship product, the Paint Selector Application, a cost-effective Virtual Reality app that exponentially reduces the amount of time it takes you to model and design your perfect home.

Arman holds a Bachelor of Commerce Degree from Seneca College in Toronto, Ontario. He also captains a volunteer team that helped with the logistical planning of homeless youth shelters to revitalize shelter grounds and facilitated hands-on workshops at the Horizons for Youth Shelter in Toronto.

Marketing

Our business is not for general public distribution but exclusively for paint manufacturers and distributors. Due to this, all marketing decisions and strategies should be done by the utilizing partner in order to introduce the end-user to their fresh approach to old process.

Market Analysis

The software that Websee is offering to test, is very simple to navigate and use. During our public surveys held earlier this year we collected numerous feedbacks from users from different age segments and made improvements based on the information collected. It was easy to navigate for kids as well as senior generation.

Our main target market is DIY customers with no designer assist, though this platform can help designers to express their vision to the clients as well.

Market Segmentation

Market segmentation in our field of operations would be the differences between the end-user categories, such as contractors, designers and do-it yourselfers. Each of those categories have their own criteria of material selection. For example, a designer would more likely to require a more complicated edition of the software in order to be able to work with accent walls and create complicated projects, at the same time do-it-yourselfer will be perfectly satisfied with basic edition of the software. Contractors usually are time oriented and, in this case, they may require a portable version of the software in order to eliminate the time spent shopping with their customer. Instead they may just provide them with a headset for one evening and the next morning he knows exactly what he is going to purchase on their behalf.

Competition

Companies are beginning to implement the use of Virtual Reality and Augmented Reality in their businesses to increase interest. We see this with the use of VR in the Ikea Virtual Kitchen, Lowe's Holoroom, Amazon's furniture AR, Cineplex's movies and The Rec Room's immersive video games. Some of these have great potential to help grow their current businesses and some have developed a new revenue stream all together. Unfortunately, due to the short fall in creating something without the intention of solving a problem, most of these are more of a gimmick than an actual an effective tool.

1. Lowes Labs has much more complicated technology for kitchen design - Holoroom. This is a very expensive, bulky, and hard to install equipment. Moreover, it requires the associate to always assist the end-user with operations of the program.
2. Huge variety of phone apps are on the market that may help to visualize colors of the walls, however those apps do not include lighting conditions, are not done in VR, do not realistically translate the selected colour on the wall, and the user will not be able to buy the exact same colour in the store after using those apps.
3. Ikea Virtual Kitchen- giving customers a chance to participate in a virtual cooking class, it lacks the ability to feel the moving parts of ingredients in an actual cooking experience.
4. Amazon- the AR furniture app lets customers see what a couch or chair would look like but has been released with very low-resolution images.

Strategy and Implementation

Implementation process and costs highly depend on the volume. Websee software implementation consists of the following steps:

1. Obtaining Sherwin Williams paint database
2. Obtaining all necessary equipment and devices (TV, Headsets, wires etc.)
3. Scheduling of the in-store technical set up (by city/by province)
4. Scheduling of the shared folder and head office set up
5. Running a test push-update
6. Scheduling of the online associate tutorial and undergoing training
7. Running a test
8. Going live.