

^ allay

HR and benefits platform  
for insurance brokers and their customers

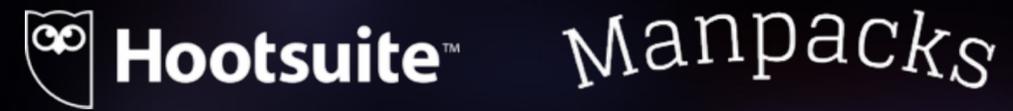
# Business & Engineering Team



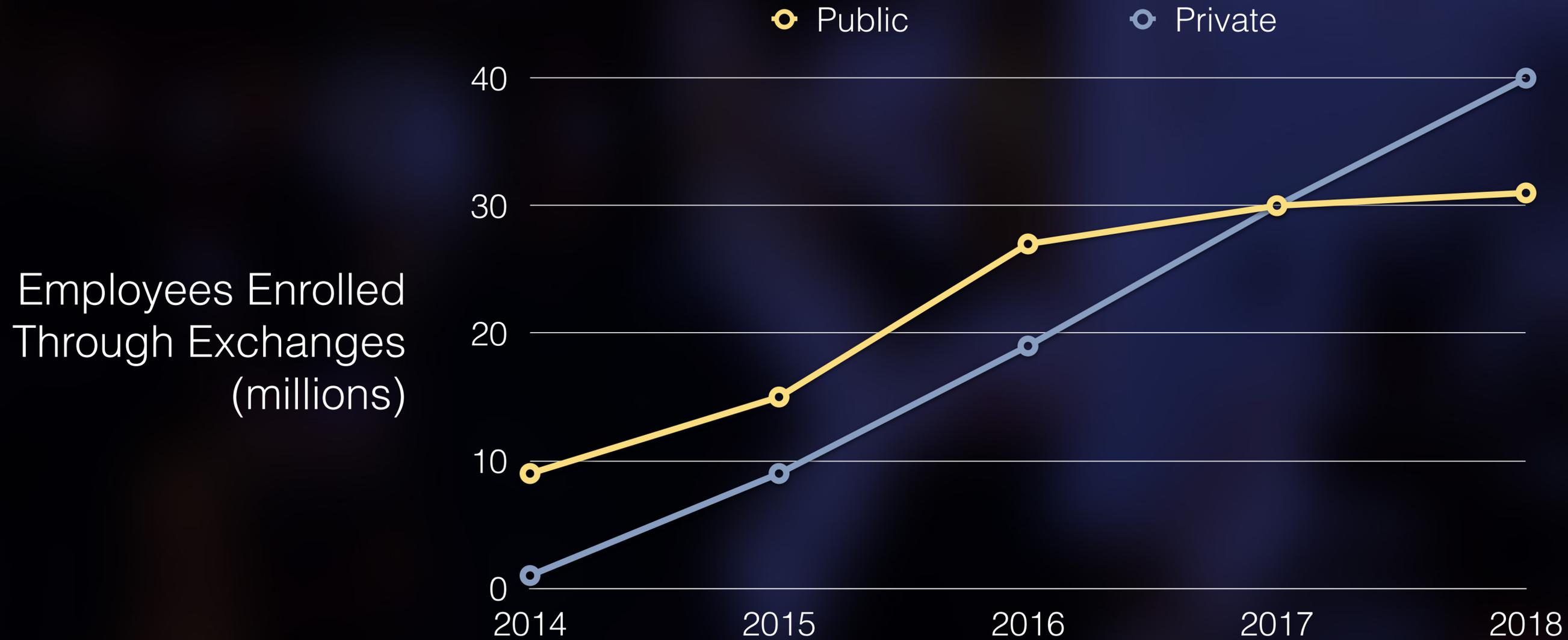
Julien Emery



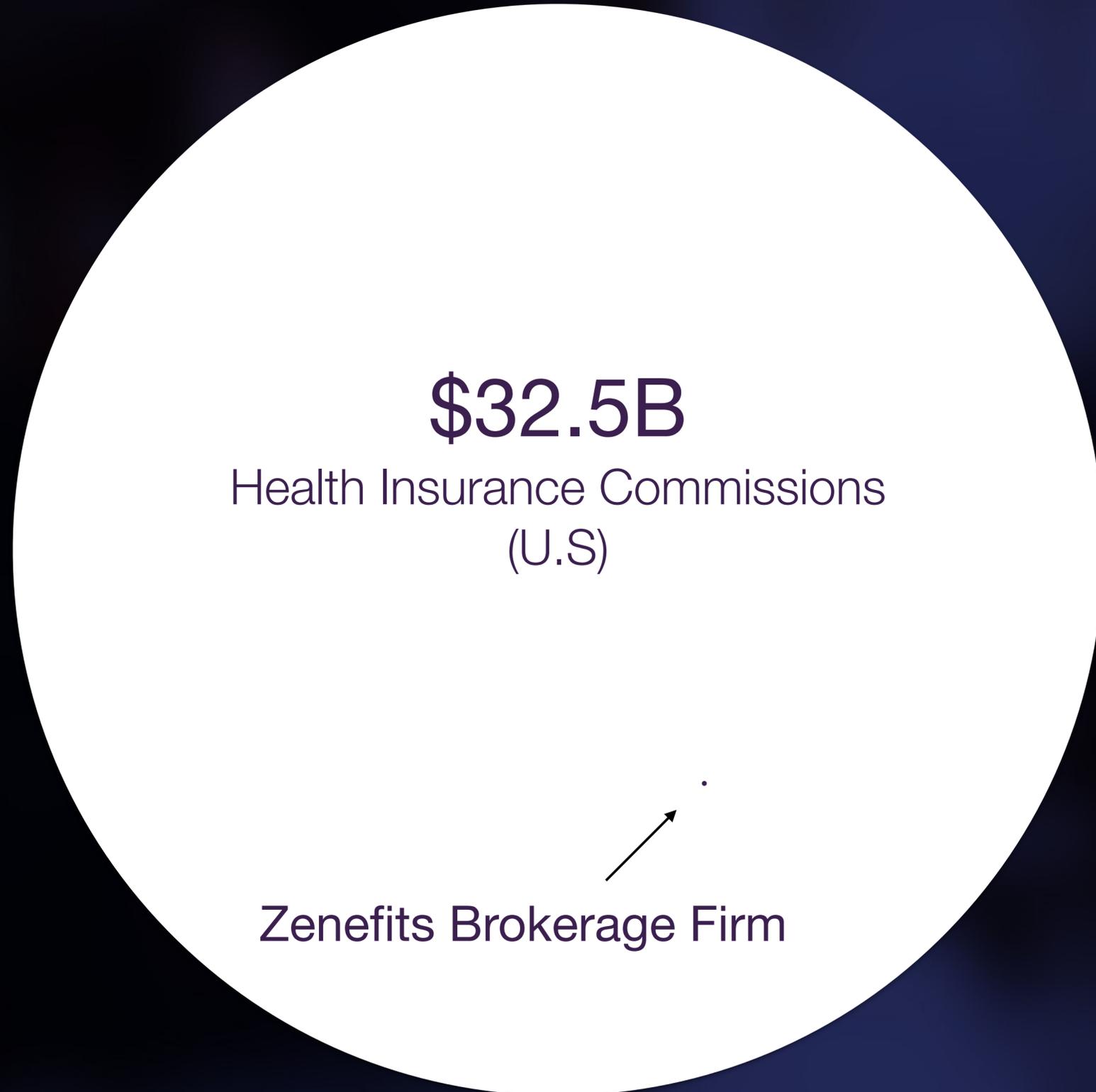
Andrew Draper



# Benefits Purchasing Going Online



# 500,000 Health Insurance Brokers



# A Solution for HR + Broker



allay Employees

Find  Sort by: **First Name** You have 8

 <b>Andrew Draper</b> Lover, fighter, wild bull rider andrew.draper@allay.io 613.878.8716	 <b>Tiffany Long</b> Lead Developer tiffany.long@allay.io 613.878.8717	 <b>Walter Fisher</b> Sales walter.fisher@allay.io 613.878.8718
 <b>Samantha Hamilton</b> Director of Marketing samantha.hamilton@allay.io 613.878.8720	 <b>Jerry Salazar</b> Business Development jerry.salazar@allay.io 613.878.8721	 <b>Thomas Marshall</b> Designer thomas.marshall@allay.io 613.878.8722

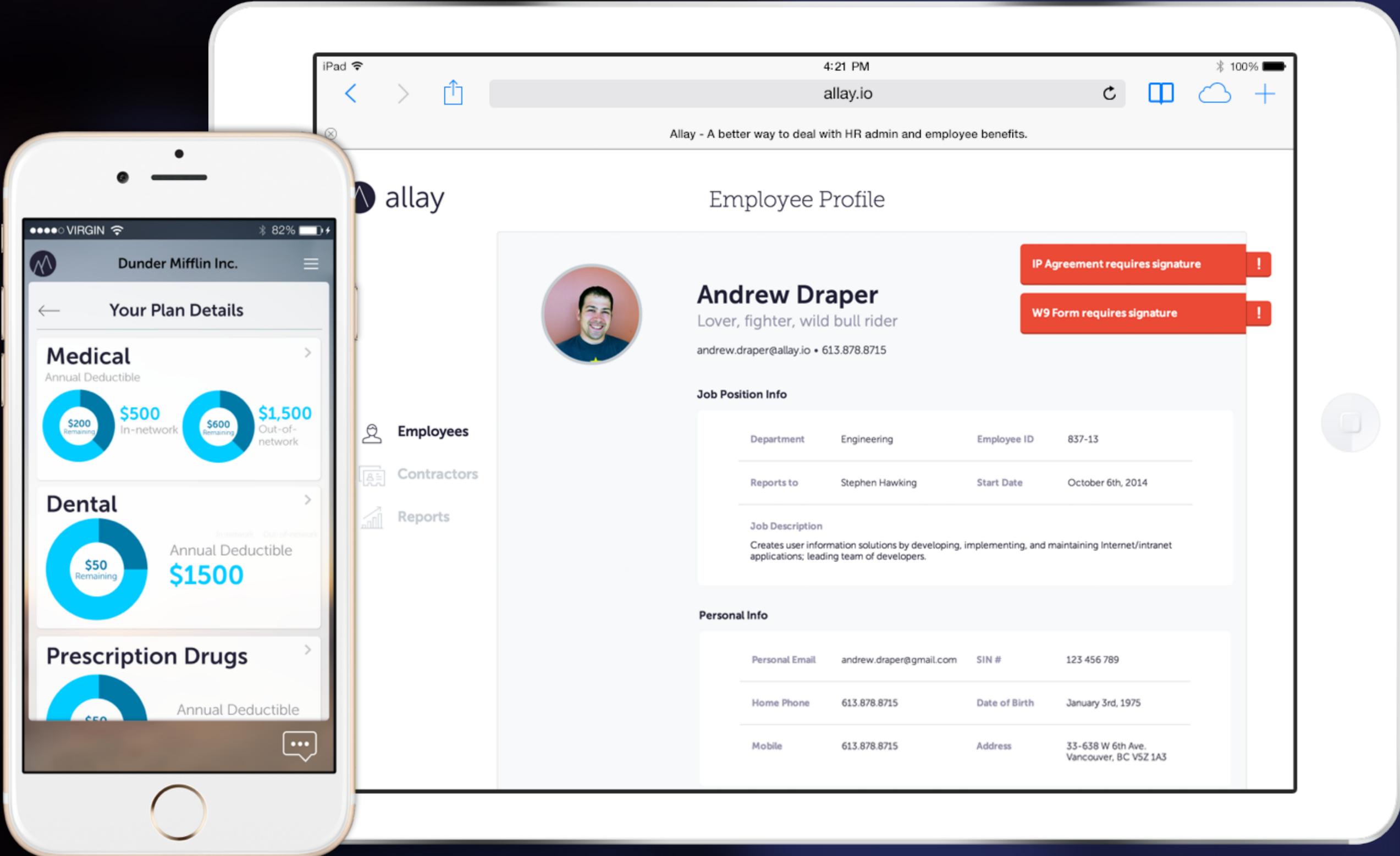
- Employees
- Contractors
- Documents
- Company Info

allay Your Company Benefits

- Employees
- Contractors
- Documents
- Company Info

Health	Dental	HSA	More >
 <b>Oscar</b> Oscar Gold \$511.82 /month Office Visits \$25 Generic Drugs \$10 Deductible \$600 / \$0 <a href="#">Add Another Health Plan</a>	 <b>Bay PPO</b> \$29 /month Teeth Cleaning 0% Deductible \$50 Annual Limit \$1000 Fillings 50%, 6 month <a href="#">Add Another Dental Plan</a>	 <b>Humana</b> Health Savings Account Monthly Fee \$0 Opening Fee \$20 Minimum Balance \$25	

# A Solution for Employees



# A Solution for Brokers



Broker Portal

Companies Revenue Find Add +

 <b>Patchbay inc.</b> 19/39 employees with benefits	 <b>sokanu</b> Sokanu inc. 9/11 employees with benefits	 <b>Quietly</b> 6/9 employees with benefits
 <b>Strategic Natural Resources</b> 34/63 employees with benefits	 <b>Perelson Weiner</b> 9/18 employees with benefits	 <b>VariDirect Solutions</b> 26/26 employees with benefits

Broker Portal

Companies Revenue Find Add +

## Sokanu

http://sokanu.com

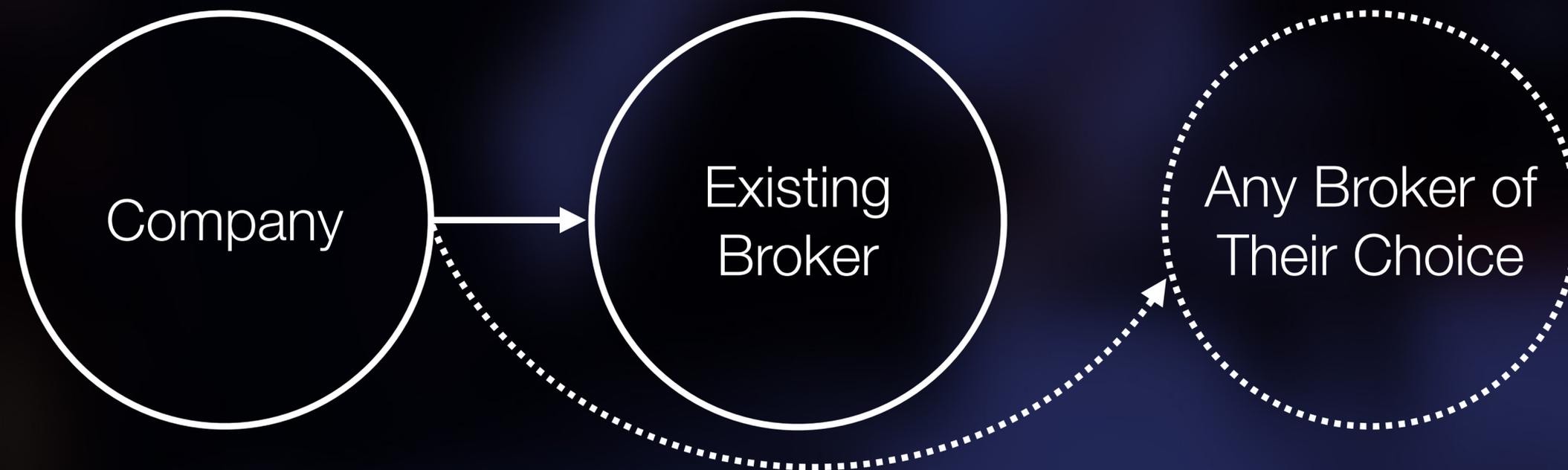
spencer@sokanu.com

604-555-1234

Insured Employees Uninsured Employees

	Medical	Vision	Dental	Life & Disability
<b>Spencer Thompson</b>	UnitedHealthcare Choice	Humana Vision Care Plan	IHC Dental Bay	aetna Basic Coverage
<b>Chris Noble</b>	Empire HMO 2000 Silver	Humana Vision Care Plan	Secure DentalOne	aetna Supplemental Coverage

# Via Brokers + Direct to Companies



# Financial Model



Phase 1

Brokers pay Allay  
20% commission  
  
(~\$60 / emp / yr)

- Benefits Admin
- HR Admin
- Plan Selection / Enrollment



Phase 2

Become MGA to get  
carrier overrides +  
broker rates  
  
(~ \$150 / emp / yr)

- Benefits Admin
- HR Admin
- Compliance Library
- Private Exchange
- Inside Sales / Enrolment Team
- Broker Training

# It's working.



**PERELSON  
WEINER<sub>LLP</sub>**



**sokanu**



 **SNR**  
STRATEGIC NATURAL RESOURCES

- 11 customers beginning to implement
- 20 more companies moving forward
- New sales leads each week from broker partners



founders@allay.io  
angel.co/allay



Appendix

# Broker Important, but Role is Changing allay

- Consumerization of health insurance decisions, means brokers have to scale
- Companies are demanding more from their broker
- Brokers must partner with technology to succeed

# Role of Broker Evolving



Today's Broker

Tomorrow's Broker / Consultant



Consumerization of Insurance



# General Landscape



## HR software options are few:

BambooHR - *(mostly  
dropbox for HR docs)*

Namely- *(no insurance  
purchasing, focused on  
companies scaling fast)*

KinHR - *(no insurance  
piece)*

Others are focused at  
top of market or  
outdated products.

## Pure Private Exchanges fall short:

Liazon - *(acq by Towers)*

Gravie - *(cuts out broker)*

Zane Benefits - *(HSA primarily)*

Maxwell Health - *(just  
exchange)*

eBenefit Marketplace - *(bSwift  
backend acq by Aetna)*

GetInsured - *(more gov't  
consumer)*

VelaPoint - *(consumer)*

## Very Poor Broker Back Office Tools:

ZyWave - *(broker  
back office product  
started in 1995)*

Solstice Benefits

BenenefitsConnect -  
*(Outdated broker  
back office product  
started in 2001)*

Health Partners  
America

## Broker + Exchange + HR Software

Allay

Zenefits - *(forced to  
use Zenefits broker)*

# Allay Will Get Greater Market Share vs Straight Private Exchange



Companies in our target market need help with HR compliance like:

- Family Medical Leave Act tracking,
  - sick leave tracking,
  - PTO tracking, new hire paperwork like W4, W9, and I-9 completion,
  - employee handbooks,
  - employment and IP agreements,
  - asset tracking like who has fobs, laptops, phones etc.
- 
- Brokers evolving and need to offer more capabilities beyond just insurance purchasing.
  - For 5-500 person company, offering benefits plus HR administration / compliance and monetizing through insurance premiums is a far better option.

# Allay Will Get Greater Market Share vs Existing PEOs



- Currently less than 5% of all employees that work for companies between 1-500 employees in the U.S. are employed through a PEO relationship of some kind. (Source, TriNet S-1 filing and NAPEO statistics) PEOs are a very small segment of the market. Although PEOs do have a higher penetration rate with tech startups.
- The reason it's a small segment is that, unless the customer is a startup or a <10 person company, there is a high switching cost associated with going to a PEO. The customer has to switch out their payroll, switch their benefits plans, and sometimes their broker, and if there is an in-house HR person or two they often perceive it as a threat to their job and block the PEO. Also if the customer has an HR person, a broker, and payroll set up, the pain is not usually large enough to make a big of a switch to a PEO.
- If it makes sense in the future Allay could easily provide a PEO offering without changing our product. We would have a much lower cost of acquisition than other PEOs because Allay could simply convert businesses who would already be using existing versions of Allay.

# Interesting Reads on the Market

- Underpenetrated HR Tech Market: 450 million people around world could license and use corporate HR software. Only 55-60 million seats have been sold.

<http://www.forbes.com/sites/joshbersin/2013/05/31/7-reasons-hr-technology-is-so-hot-today/>

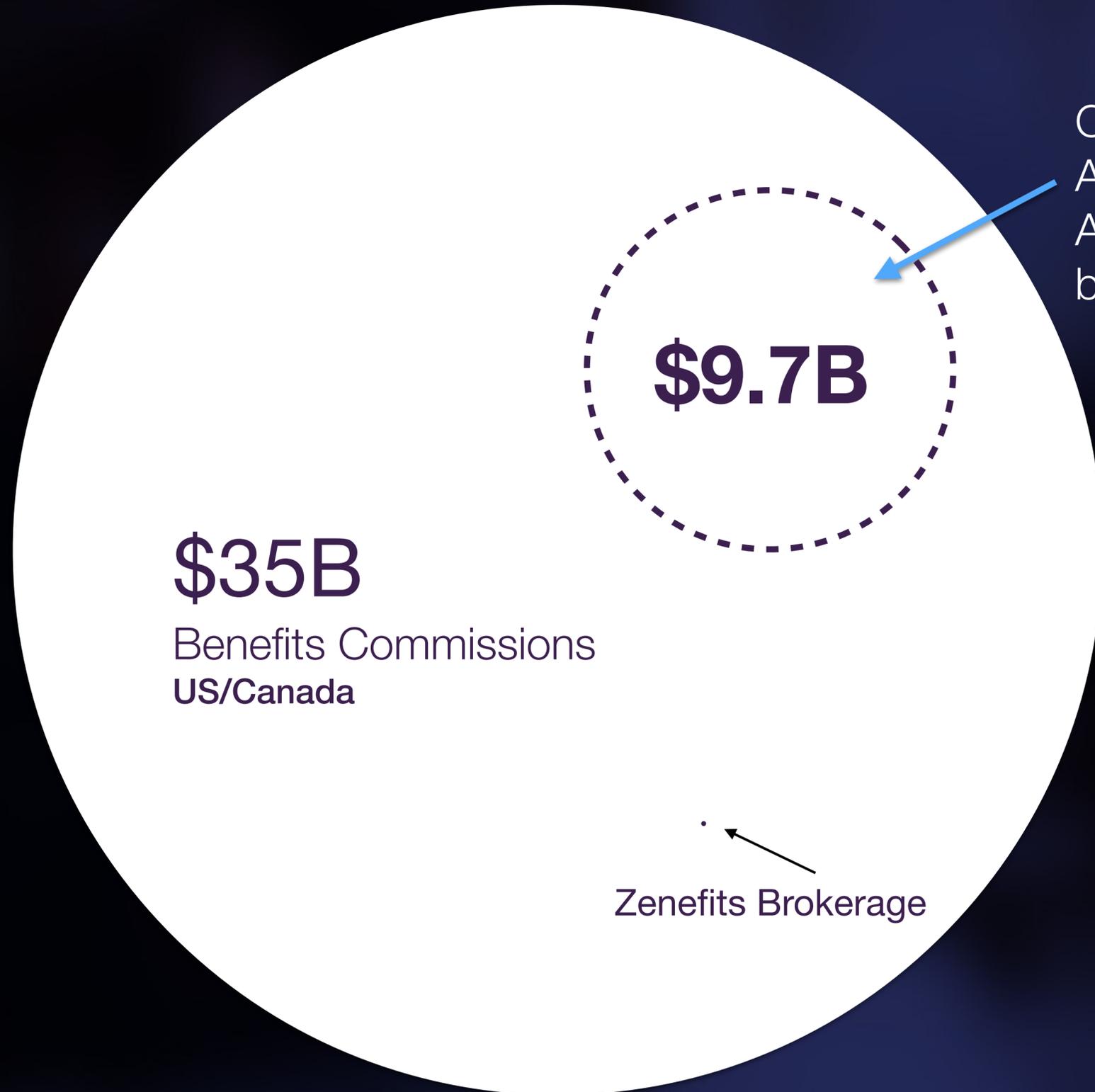
- Presentation by CEO of Aetna (Dec 2014), slide 45 and 46 show future of health insurance purchasing:

<http://www.aetna.com/investors-aetna/assets/documents/2014-investor-conference/2014InvestorConferencePresentation.pdf>

- Good article about how brokers are evolving.

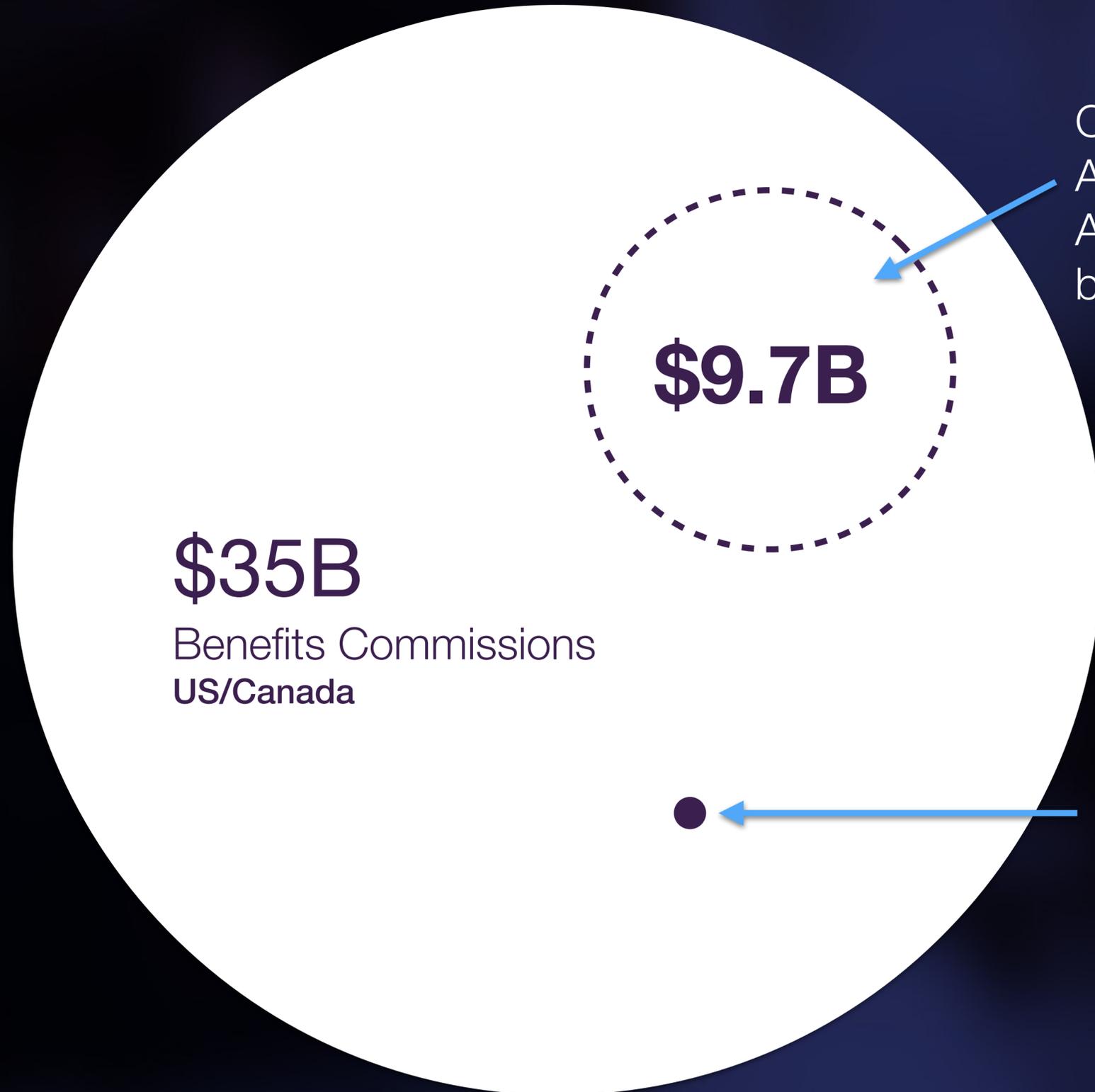
<http://www.ibj.com/blogs/12-the-dose/post/46539-health-insurance-brokers-must-change-to-survive>

# Benefits Commissions Market



Companies 5-500 employees.  
Assuming \$150/employee/yr to  
Allay (taken from Liazon  
benchmark pre acquisition)

# Benefits Commissions Market



**\$9.7B**

**\$35B**

Benefits Commissions  
US/Canada

Companies 5-500 employees.  
Assuming \$150/employee/yr to  
Alloy (taken from Liazon  
benchmark pre acquisition)

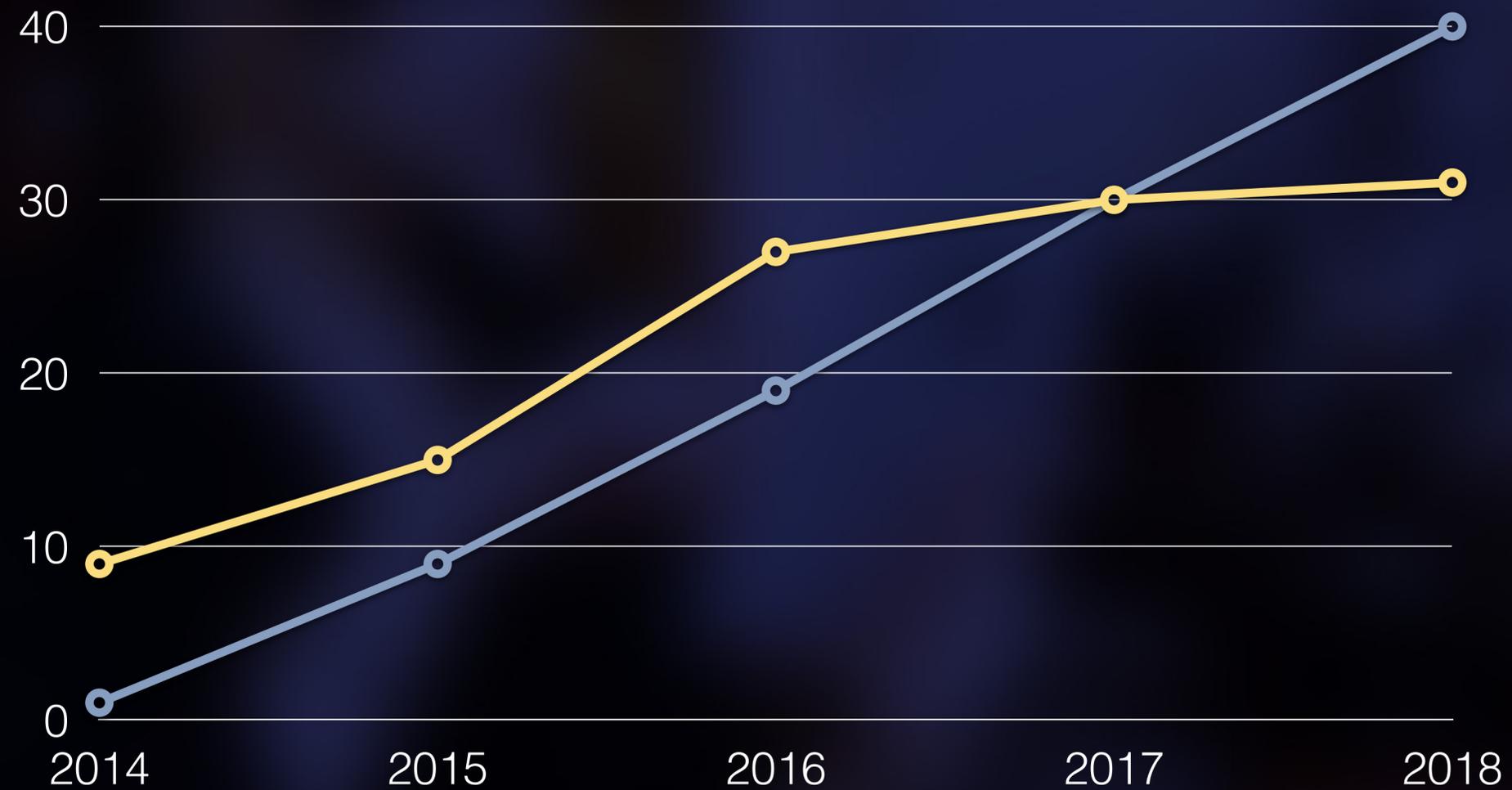
Online Brokers:  
Zenefits 20M  
ADP 34M  
Paychex 40M  
Other Private Exchanges 740M  
(mostly large enterprise)

# Benefits Purchasing Going Online

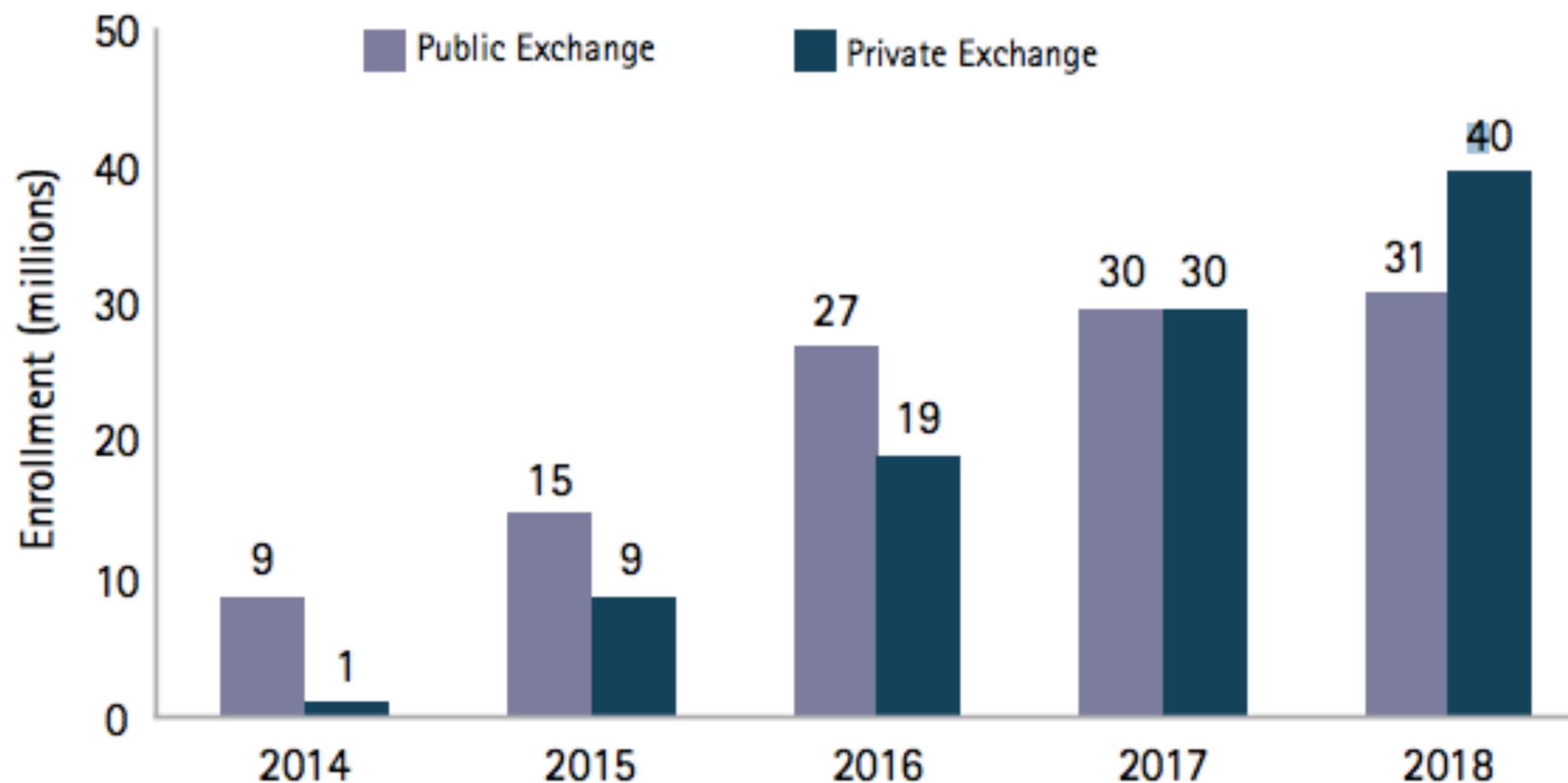


Public Private

Employees Enrolled  
Through Exchanges  
(millions)



### Public vs. Private Exchange Annual Enrollment



Source: Private Exchange: Accenture analysis, based on data from: U.S. Census, Bureau of Labor and Statistics, Kaiser Employer Health Benefits 2012 Annual Survey. Calculations exclude post-65 retirees and individuals.

**40M** people will purchase benefits through private exchanges by 2018

# All insurance commissions in US



**\$137B**

409k broker & agency firms  
70% single person companies

**\$11B**

- Top 4 Firms:
- Aon
  - Marsh
  - Willis Group
  - Arthur Gallagher

## Report Snapshot

### Market Share of Companies

Aon Corporation	XX%	🔒
Arthur J. Gallagher & Co.	XX%	🔒
Marsh & McLennan	XX%	🔒
Willis Group Holdings	XX%	🔒

### Industry Statistics & Market Size

Revenue	Annual Growth 09-14	Annual Growth 14-19
<b>\$137bn</b>	<b>1.1%</b>	X.X% 🔒
Profit	Employment	Businesses
X.X% 🔒	<b>962,052</b>	<b>409,980</b>

### Industry Analysis & Industry Trends

The Insurance Brokers and Agencies industry experienced subdued growth over the five years to 2014 due to tempered disposable income levels and delayed purchases of homes and consumer durables. The industry has also faced increased competition from underwriters that provide insurance services directly to clients, threatening revenue growth. In the five years to 2019, improvements in car sales, homeownership rates and employment levels are all anticipated to drive revenue. In addition, the unemployment rate is expected to decline, increasing demand for property and casualty insurance. However, the industry will continue to face pricing pressures from external competition, such as online carriers... [purchase to read more](#)

### Industry Report - Industry Key Buyers Chapter

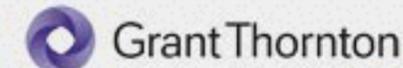
Market share concentration within the Insurance Brokers and Agencies industry is low, with the top four firms accounting for an estimated 7.9% of total industry revenue in 2014. The majority of industry operators are smaller firms that specialize in specific regions or industries, largely explaining this low level of concentration. An estimated 30.8% of industry enterprises are employer firms, with nonemployers accounting for the remaining 69.2% in 2014... [purchase to read more](#)

 REQUEST A DEMO

*"IBISWorld is the first place I go for research... especially information on middle market and niche industries that just doesn't exist anywhere else."*

**Bank of Montreal**

### Select Clients



# Common info, multiple places



## Personal Information

SSN  
Name  
Email  
Employment Agreement  
IP Agreement  
Medical Enrollment  
Dental Enrollment  
Vision Enrolment  
Life / Disability Enrolment  
Salary  
Job Description  
W4 form  
I-9 Form

Allay

Med  
Carrier

Dental  
Vision  
Carrier

Spreadsheet  
or HR system

Payroll

Gov't

Dropbox,  
Google Drive,  
Physical file

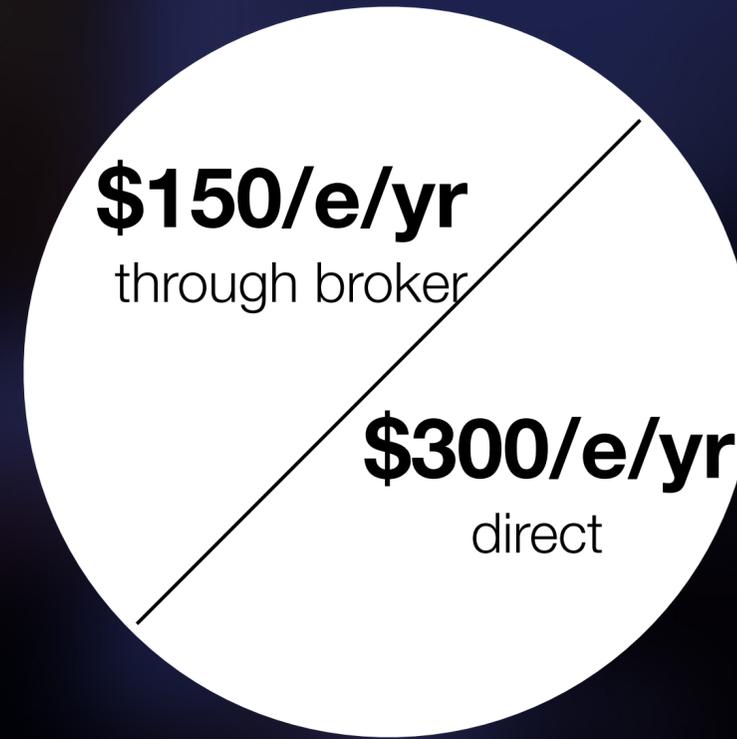
# Revenue Averages

Avg health commissions



(100 person+ group negotiated)

Liazon comparable



# Financial Model



## Assumptions:

- Avg total commissions per employee per year for employees with integrated benefits = \$300
- Commission split on \$300/employee/year = 20% - 50%
- Avg customer = 71 employees in size  
(based on US Census data + focus within target market of 5-500 employee companies)

# Financial Model



## Minimum ARPU

\$5 / mo = \$60 / yr

Based on 20% commission split on all financial products.

## Target ARPU

\$12.5 / mo = \$150 / yr

Based on 50% commission split on all financial products.  
(Taken from Liazon avg.)

## How to hit target ARPU:

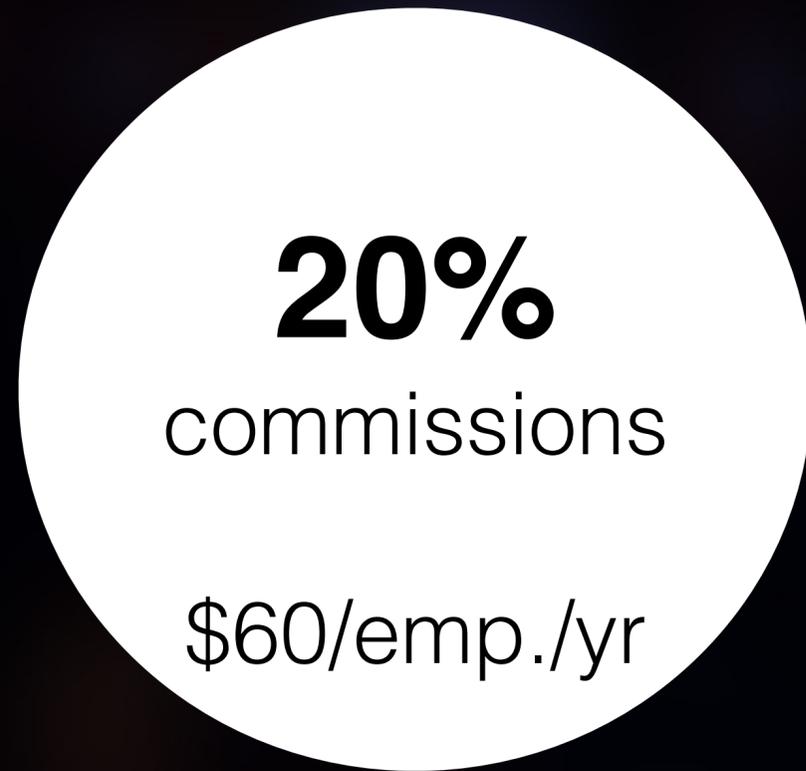
- provide decision support technology for company and employees
- provide inside sales / enrolment team to support broker partners
- provide free HR compliance and administration technology for broker's customer
- provide HR / ACA compliance training and collateral for broker and customer
- lead gen for brokers through free HR + compliance technology
- as industry demands more from brokers and consumerization of purchasing continues there will be a natural power shift toward technology as distribution platform.

# Financial Model



Today's Broker

Tomorrow's Broker / Consultant



Consumerization of Insurance



- Private Exchange
- HR Suite

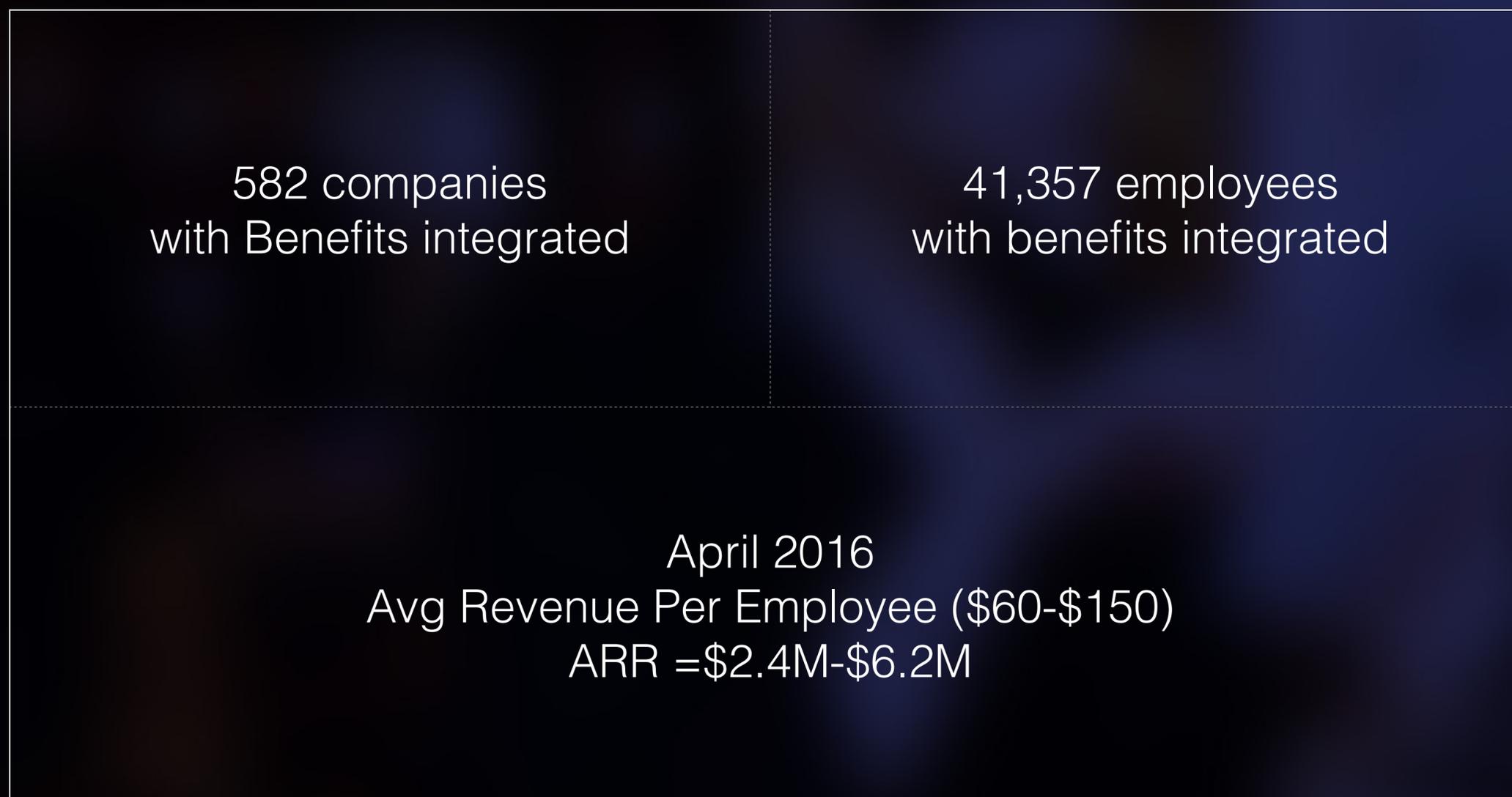
- Private Exchange
- HR Suite
- Inside Sales / Enrolment Team
- Compliance Training and Education

# Financial Model



Avg # of years client spends with Allay	6
Expected LTV	\$63,900 (71 employees * \$150/yr* 6yrs)
Expected CAC	\$1,000 - \$10,000

# Targets with funding



## Key Drivers:

- Online Sign-Off to Joint Broker Relationship
- Self-Serve On Boarding
- Broker Partner Referrals
- Outbound / Inbound Leads

# Hiring Plan



\$1.9 M = 18 Months with 11 FTE

## GTM

Julien - Sales / BD

Sales/BD	Open
Sales/BD	Open
Sales/BD	Open
Lead Gen	Open

## Product

Andrew - Engineer / Design

Full Stack Engineer	Chris
Full Stack Engineer	Kevin
Back End Engineer	Open
Front End Engineer	Open
Integrations	Open

# Hiring Plan (Scenario 2)



\$3.3 M = 18 Months with 18 people

## GTM

Julien - Sales / BD

Sales	BD
Sales	BD
Sales	Support

## Product

Andrew - Engineer / Design

Full Stack Engineer	Full Stack Engineer
Full Stack Engineer	Designer
Back End Engineer	Product Marketing
Front End Engineer	Content Marketing
Integrations	
Integrations	

# Targets with funding (Scenario 2)



1,164 companies  
with Benefits integrated

82,644 employees  
with benefits integrated

April 2016

Avg Revenue Per Employee (\$60-\$150)

ARR = \$4.9M-\$12.4M

## Key Drivers:

- Online Sign-Off to Joint Broker Relationship
- Self-Serve On Boarding
- Broker Partner Referrals
- Outbound / Inbound Leads

Product



# Your Company Benefits

- Employees
- Contractors
- Documents
- Company Info

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[Terms](#) [Privacy](#)

## Health

**OSCAR** >

Oscar Gold  
\$511.82 /month

Office Visits	\$25
Generic Drugs	\$10
Deductible	\$600 / \$0

**Empire** >

Empire HMO 2000 Silver...  
\$511.82 /month

Office Visits	\$25
Generic Drugs	\$10
Deductible	\$600 / \$0

[Add Another Health Plan](#)

## Dental

**THE IHC GROUP** >

Bay PPO  
\$29 /month

Teeth Cleaning	0%
Deductible	\$50
Annual Limit	\$1000
Fillings	50%, 6 month

[Add Another Dental Plan](#)

## HSA

[More >](#)

**Humana.** >

Health Savings Account

Monthly Fee	\$0
Opening Fee	\$20
Minimum Balance	\$25



# Employees

Sort by: **First Name**

You have **8** employees

**Add**

- Employees
- Contractors
- Documents
- Company Info

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**Andrew Draper**  
 Lover, fighter, wild bull rider  
 andrew.draper@allay.io  
 613.878.8716



**Tiffany Long**  
 Lead Developer  
 tiffany.long@allay.io  
 613.878.8717



**Walter Fisher**  
 Sales  
 walter.fisher@allay.io  
 613.878.8718



**Thomas Simmons**  
 Front-end Developer  
 thomas.simmons@allay.io  
 613.878.8719



**Samantha Hamilton**  
 Director of Marketing  
 samantha.hamilton@allay.io  
 613.878.8720



**Jerry Salazar**  
 Business Development  
 jerry.salazar@allay.io  
 613.878.8721



**Thomas Marshall**  
 Designer  
 thomas.marshall@allay.io  
 613.878.8722



**Aaron Ferguson**  
 Customer Support  
 aaron.ferguson@allay.io  
 613.878.8723



What is the worker's first name?

Next →



Review the info below, edit it, or tap continue.

First Name

Cheryl

Last Name

Draper

Email

cheryl@allay.io

Continue →



Your Documents

-  Directory
-  My Details
-  Benefits
-  Vacation
-  Documents

	Requires Signature	IP agreement
	Signed	W9 Form for Tax Deductions
	Signed	Employee agreement
	Signed	Non-disclosure agreement
	Signed	Company Policy



Sign Document



- Directory
- My Details
- Benefits
- Vacation
- Documents

## EQUAL OPPORTUNITIES POLICY

### POLICY STATEMENT

The Company is unreservedly opposed to any form of discrimination, and seeks to ensure equal opportunities in employment matters.

It is this organisation's policy to treat job applicants and employees in the same way, regardless of their sex, race, religion, skin colour, sexual orientation, marital status, ethnic or national origin, age, or disability. Further, the organisation will introduce positive action if it appears that this policy is not fully effective.

In addition, the principles of Equal Opportunities are embodied in the following:

- The Sex Discrimination Acts 1975 and 1986
- The Race Relations Act 1976
- The Equal Pay Act 1970 Amended 1983
- The Disability Discrimination Act 1995
- The Employment Equality (Age) Regulations 2006
- The Employment Equality (Sexual Orientation) Regulations 2003
- The Employment Equality (Religion or Belief) Regulations 2003

### PROCEDURE

1. The Company is an equal opportunity employer. Equal opportunity is about good employment practices and efficient use of our most valuable asset, our employees. Every manager and employee has personal responsibility for the implementation of this policy. Any instance of doubt about the application of the policy, or other questions, should be addressed to management, as should any requests for special training.
2. The Company will not discriminate on grounds of their sex, race, religion, skin colour, sexual orientation, marital status, ethnic or national origin, age, or disability.
3. The policy applies to the advertisement of jobs, recruitment and appointment to them, training, conditions of work, pay and to every other aspect of employment. The policy also applies equally to the treatment of our customers / clients. Staff



Sign Document



EC Type your full name to sign:



PC

Andrew Draper

Sign

It i

regardless of their sex, race, religion, skin colour, sexual orientation, marital status, ethnic or national origin, age, or disability. Further, the organisation will introduce positive action if it appears that this policy is not fully effective.

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- Directory
- My Details
- Benefits
- Vacation
- Documents

Here's the best plans we've found for your company.

View All Plans

Medical

Dental

Vision

Life & Disability

Basic



Open Access Plus (OAP)

Premium	\$000
Dependents	\$000
Max Out-of-pocket	\$000
Doctor Visits	\$000
Prescription Drugs	\$000

Additional Details

Select

Value-added



UnitedHealthcare Choice

Premium	\$000
Dependents	\$000
Max Out-of-pocket	\$000
Doctor Visits	\$000
Prescription Drugs	\$000

Additional Details

Select

Prime Choice



Open Access Elect Choice

Premium	\$000
Dependents	\$000
Max Out-of-pocket	\$000
Doctor Visits	\$000
Prescription Drugs	\$000

Additional Details

Select

Exceptional

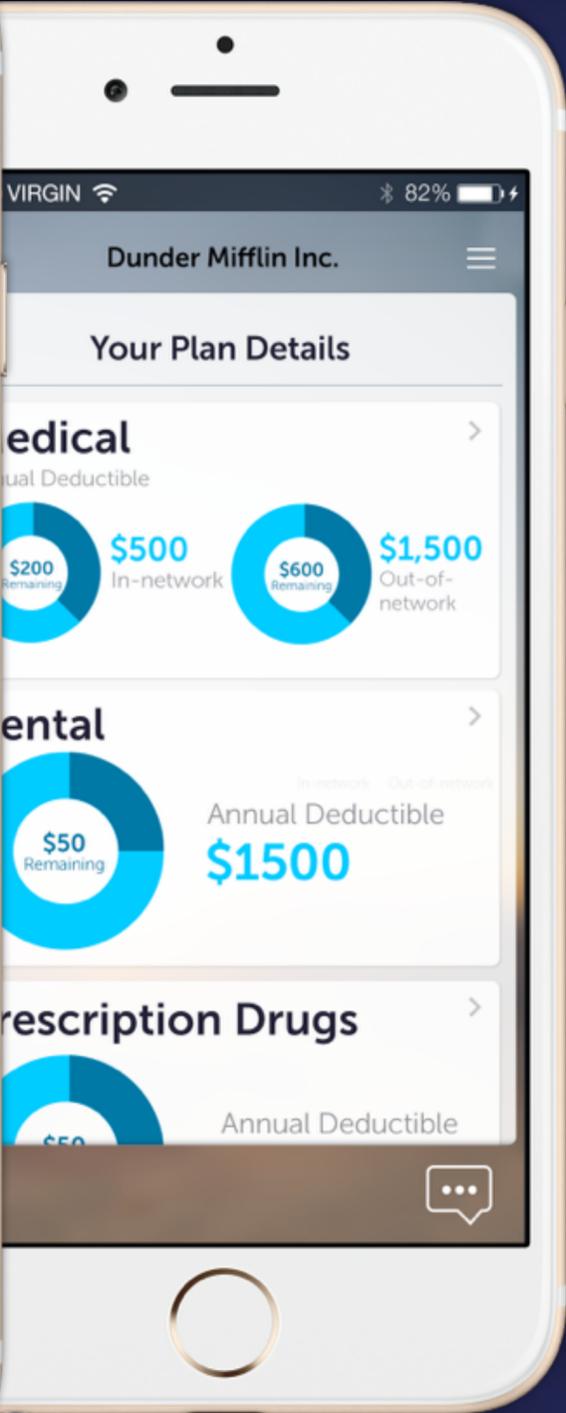
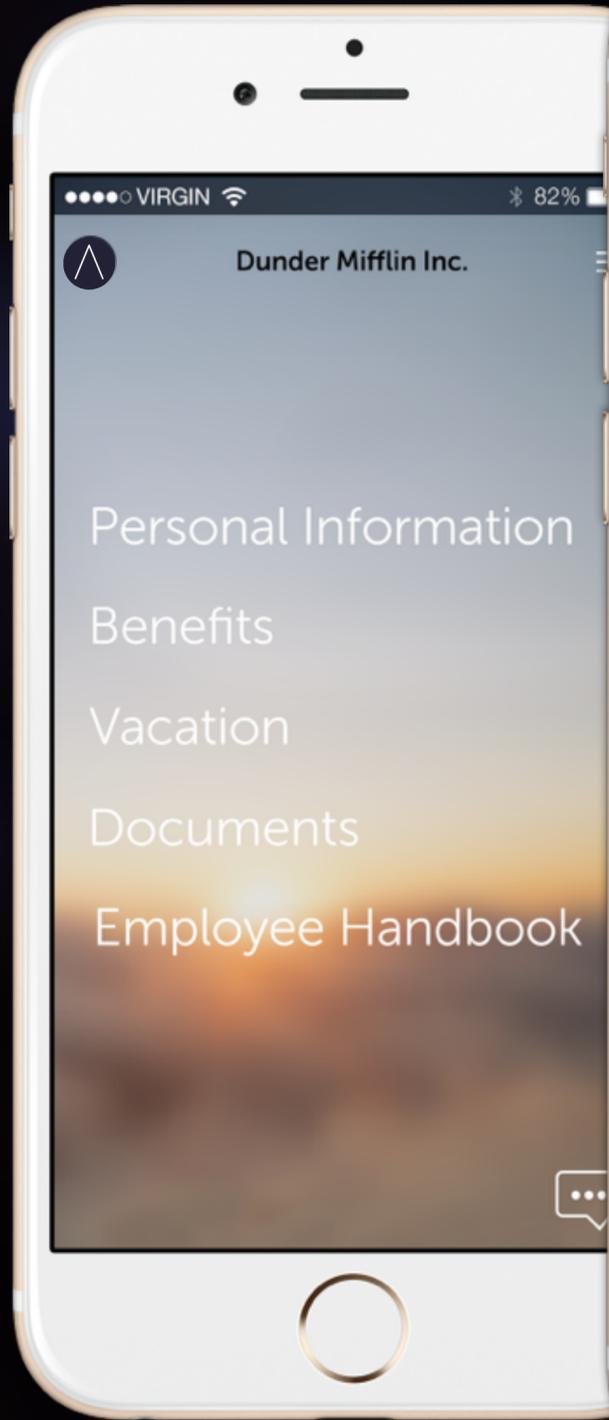


TotalFreedom

Premium	\$000
Dependents	\$000
Max Out-of-pocket	\$000
Doctor Visits	\$000
Prescription Drugs	\$000

Additional Details

Select





Welcome

Company Personal Signout



Directory



My Details



Documents

[Change Password](#)



Directory



My Details



Documents

**Upcoming**

Past

Who's out

Date(s)	Days	Status
Mon Jan 5 to Fri Jan 16, 2015	10	
Mon Jan 19 to Fri Jan 23, 2015	5	
Mon Mar 23 to Fri Mar 27, 2015	5	

**Request Time-off**

### Used & Remaining Time-off

	Remaining	Used	Total
<b>Vacation</b>	5	10	15
<b>Sick Days</b>	2	3	5
<b>Personal Days</b>	1	2	3
<b>Moving</b>	2	1	3
<b>Funeral</b>	1	1	2



# Request Time Off

[Company](#) [Personal](#) [Signout](#)

- Directory
- My Details
- Documents



I'd like to use:

Vacation Time

From:

Sun Jan 25

To:

Sun Jan 25

Send Request



Broker Portal

Companies

Revenue

Find

Add



Patchbay inc.

19/39



employees with benefits

sokanu

Sokanu inc.

9/11



employees with benefits



Quietly

6/9



employees with benefits



ESRA Realty

13/17



employees with benefits



Strategic Natural Resources

34/63



employees with benefits

PERELSON  
WEINER LLP

Perelson Weiner

9/18



employees with benefits

VARI DIRECT SOLUTIONS

VariDirect Solutions

26/26



employees with benefits



Made By Co.

3/4



employees with benefits



Broker Portal

Companies

Revenue

Find

Add

# sokanu

## Sokanu

<http://sokanu.com>

[spencer@sokanu.com](mailto:spencer@sokanu.com)

**604-555-1234**

Insured Employees

Uninsured Employees

Medical

Vision

Dental

Life & Disability

Spencer Thompson

UnitedHealthcare  
Choice

Humana  
Vision Care Plan

THE BIC GROUP  
IHC Dental Bay

aetna  
Basic Coverage

Chris Noble

Empire HMO  
2000 Silver

Humana  
Vision Care Plan

THE BIC GROUP  
Secure DentalOne

aetna  
Supplemental  
Coverage