



REDACTED VERSION

PROPOSAL INNOVATION EXPERIMENT

██████████ Service Partnership &
5-Week Email Drip Marketing Campaign

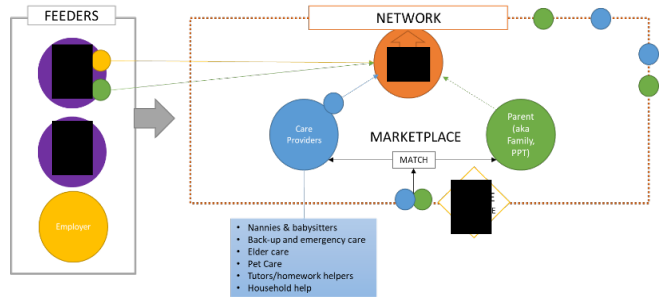
December 12, 2022

Innovation Experiment Proposal

Updated: 02/13/2023

OVERVIEW

Kinside is a B2B & B2C marketplace that matches in-home and child care center providers with parents. In June of 2022, they closed \$12M series A funding and have seen 300% growth in monthly growth sales value in the past 12 months. With the recent acquisition of **LegUp**, owned/operated in the state of Wisconsin, they have an extensive database of child care providers in Wisconsin, and acquired the technology to expand their offering from B2B to now offering a B2C monthly subscription.

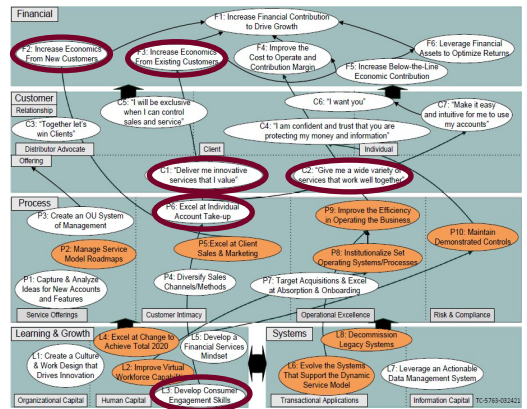


High-level diagram explaining the marketplace relationships of a **Kinside** network and eco-system of supply/demand.

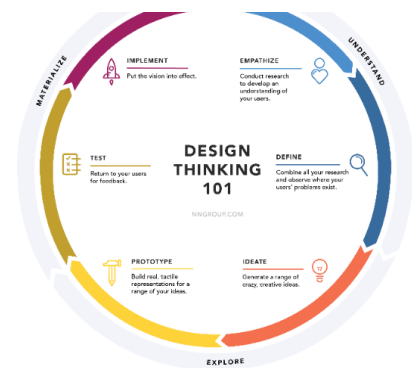
We've been in conversations with **Kinside** since being introduced by Jed White back in 2020. Due to many factors, we held-off and have been rekindling our relationship over the last year to further analyze a strategic alliance of offering Kinside's services with **TASC's** Dependent Care Assistance Plan.

As we look at this relationship, we're focused on the **TASC** strategic alignment to L3 & P6 (Primary), C3 & C6 (Secondary), and F2 & F3 with focus on learning about the relationship(s). Ultimately, we'd like to learn to drive account take-up and account penetration to increase recurring revenue and below the line economics (top 2 corporate goals).

Staying true to **our TASC** Innovation process based on the Design Thinking process and framework, we're requesting permission to conduct user experience research to determine desirability and viability of the **Kinside** alliance. We'd be in the Understand Phase of Design Thinking. We'd limit our outreach to only Clients and participants residing in Wisconsin who are currently offering a BAM account offering. We'd like to conduct a 5-week drip email campaign with an online survey, and in order to effectively triangulate the research methods and data collected, conduct 10 – 12 phone interviews.



TASC Current Strategy Map with light-ups related to Innovation Experiment of DCAP.



Design Thinking Principles from the NN/g Nielsen Norman Group -- World Leaders in Research-based User Experience. An innovation process & framework adopted by TASC.

We'll not only be conducting user experience research, but at the same time, promoting the usage and educating about the importance a DCAP has to working families due to the financial barriers to remain gainfully employed. In addition, if the opportunity presents itself, debunk misnomers that one may have that leads to the disqualification of an employer offering a DCAP.

In addition, our data collected will also assist in more accurately calculating the financial considerations and the account uptake so we can better understand the 'interchange revenue' for the lifetime of a TASC Client and/or Participant (i.e., reoccurring, year over year interchange revenue).

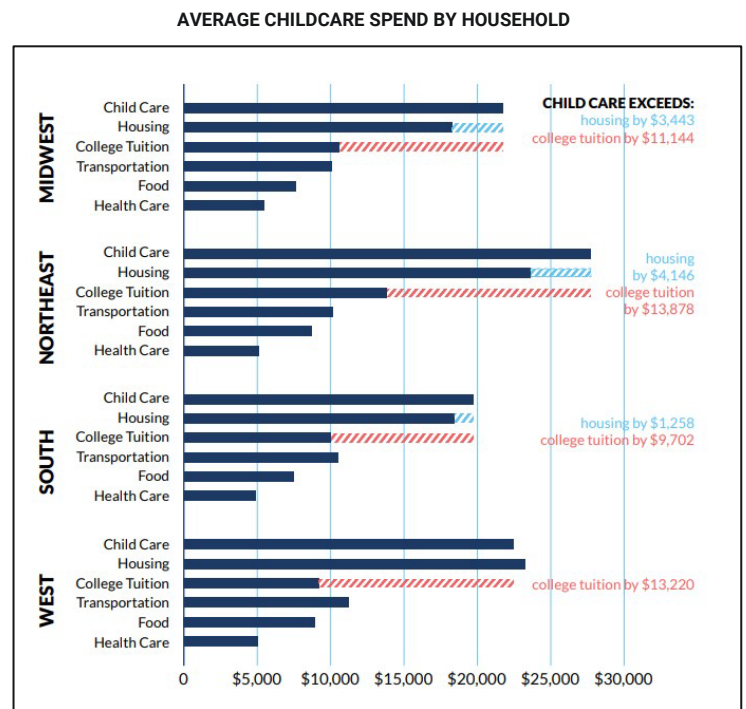
Given Statements

- This will be an unbranded user research study focusing on the behavior.
- If we learn this is a viable feature for TASC to offer customers, we may choose 1 or more suppliers to partner.

MARKET PROBLEM STATEMENTS OR NEED(S) ASSESSMENT

Today's employers, specifically HR staff working directly with the employees, see a variety of workforce trends related to employees with children, examples such as:

1. Employees are struggling to secure child care to remain gainfully employed, increased unplanned absences due to child care failure points, or a disruption to an employee's work day schedule.
 - a) Research states 65% of parent's schedules are affected by child care challenges, an average of 7.5X over a 6 month period.¹
 - b) Today's cost of childcare exceeds 10% of dual household income (some report 8 – 19% of household income) or 35% of a single parent income.³
 - c) As a result, U.S. businesses lose approximately \$4.4 billion annually and employees lose \$28.9 billion in wages affecting most often our front-line workers who build products and serve customers.¹

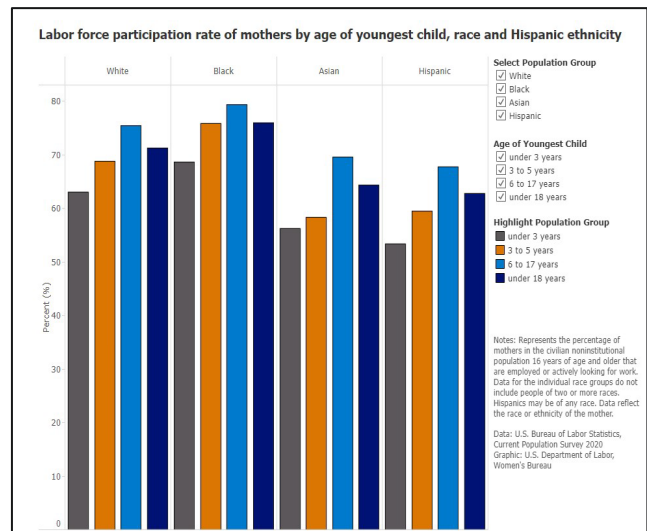


Source: ChildAware.org 2022 Fall Report Demanding Change - repairing our child care system

2. Businesses are seeking a strategic business partner to bring new ideas to their current benefits to build a competitive benefit package attracts and retains talent – especially for front-line workers.
 - a) Persona development was conducted by TASC less than 5 years ago, and two Broker category were identified as Value-add and Consultative. Both of which identify brokers seeking ways to impress clients, look for strategic value, and beat the competition.⁴
3. Seeking ways to create or maintain equity, diversity, and inclusion in the workplace.

- a) In 2019, there was 72.3% of women with children under the age of 18 in the workforce. In 2021, the Bureau of Labor Statistics shows that number decreased to 71.2%.

- b) A recent study shows when women left the workforce during COVID, businesses saw a \$16B loss annually while taxpayers lost \$25B. Industries where women play a large role e.g., leisure, hospitality, education were hit the hardest. However, if we increased women in the workforce by only 12%, studies show we'd see an overall gain of \$2.7 trillion in GDP by 2025.²



Source: <https://www.dol.gov/agencies/wb/data/latestdata/laboforce>

CHILD CARE MARKET PLACE ANALYSIS

Child care is a massive market generating \$57 billion annually (60% in-home and 40% in-center) and another \$2B in child care subsidies provided by Federal and State government programs. The companies listed below are Marketplace competitors, aggregating child care providers and matching those providers with parents. All of these companies work with businesses and assist their employees with a variety of child care benefits. Here are a few general notes about each:

- 1) **Bright Horizon's**
 - a) Partners with businesses to offer back-up care as a benefit including center-based care, in-home care, school break camps, virtual tutoring, virtual camps, and in-home adult care.
- 2) **LifeCare**
 - a) Purchased by Care.com – see Care.com below.
- 3) **Care.com**

- a) A software company started as B2C but recently expanded to B2B as Care.com for Business. A database for searching for back-up care, background checked care providers for short-term or long-term care, and 1:1 support service. Provides services for P&G, TripAdvisor, Workday, and Twitter. Kinside partners with Care.com to add in-home child care centers to their database/inventory.
- 4) **Weecare**
- a) Began offering child care providers a business in the box to start their in-home services. They've recently developed a channel to work with business and offer a database of in-home child care, nanny, and sitter matching parents.
- 5) **Learning Care Group**
- a) Appears to be high-touch, consultation for employers to begin a child care program either by starting their own center or providing a benefit to match employees with a back-up care provider and/or on-site options. Serve customers like Dick's Sporting Goods, Carnival Cruise Lines.
- 6) **KinderCare Learning Companies**
- a) Offers a B2B service that helps businesses provide a tuition benefit, setting up a business's child care center, back-up care, priority waitlists, before and after school programs. Serves companies like Microsoft, Seattle Children's Hospital, Reid Health.
- 7) **Urban Sitter**

EMPLOYERS OFFERING A CHILD CARE BENEFIT

Large companies are offering some type of child care benefit, either on-site child care, back-up care options, flexible schedules, additional paid time off, etc. Here are a few companies to mention and those working specifically with Care.com are noted:

- Clif Bar & Company
- Goldman Sachs⁵
- Citi⁵
- Intuit⁵
- The Summit Center⁵
- Patagonia⁵
- Microsoft⁵
- Carnival⁵
- John Hopkins University⁶
- University of Colorado⁸ Partnered with Care.com
- Syracuse University¹⁰ Partnered with Care.com
- Facebook¹¹
- Mercedes-Benz¹¹
- Carter's¹¹
- Expedia¹²
- FTI Consulting¹³
- New York Life¹³
- Aflac⁵
- Publix⁵
- SAS Institute⁵
- General Mills⁵
- Intel⁵
- Bank of America⁵
- USAA⁵
- Google⁵
- Harvard⁷ Partnered with Care.com
- Purdue University⁹ Partnered with Care.com
- Apple¹¹
- General Motors¹¹
- Carnival¹¹
- Best Buy¹¹
- Fidelity¹²
- Mastercard¹³
- Bloomberg¹³

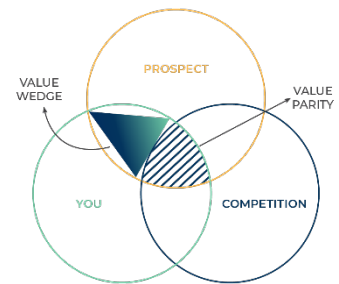
- Yelp¹³
- Raytheon¹³
- Thales¹³
- PwC¹³
- T Rowe Price¹³
- Wells Fargo¹³

POTENTIAL VALUE CURVE/WEDGE

1. [REDACTED] is down ~25%YOY since 2020, any increase in Client account uptake or participant penetration into a currently offered DCAP would be a win.

| Dependent Care Assistance Plan Accounts | Apr-20 | Aug-22 | Attrition | Rate |
|---|------------|------------|------------|------|
| [REDACTED] only clients with DCAP | [REDACTED] | [REDACTED] | [REDACTED] | -29% |
| [REDACTED] only ppts with DCAP | [REDACTED] | [REDACTED] | [REDACTED] | -26% |
| Avg # of ppts per client | [REDACTED] | [REDACTED] | [REDACTED] | |

2. Of the list of TASC's top 20 competitors, none are currently partnering with a marketplace solution for child care matching. However, two benefit administrators were found that do have a partnership, Navia (partnered with Kinside) and Work Day Benefits (partnered with Care.com).
3. The list of employers offering a child care benefit are large employers. A marketplace offering could be a value wedge in the Large Market space. Could this be a WIN play in our large market arena?
4. We need to continue our commitment to Corporate Social Responsibility (CSR), and this could be one area we make an impact.
 - a. Seventy seven percent of consumers and 73% of investors are motivated to buy or invest in companies that are committed to making the world a better place. And people are defining value differently; 95% of employees believe businesses should benefit all stakeholders – including employees, customers, suppliers, and communities they operate within. Where businesses traditionally think value exists in customers, the business, and suppliers. ¹³
5. Integration within the Universal Benefit Account system is possible through SSO and API connections, offering a seamless participant experience for finding and paying for childcare. In addition, participants will no longer need to submit receipts, as all providers paid through the Kinside system would be an approved vendor – saving participants time and frustration.



GENERAL Q&A

1) WHO WOULD BE IMPACTED BY THIS USER EXPERIENCE RESEARCH?

- a) Having sensitivity around TASC's current market sentiment, and given this is an experiment, the outcomes are unknown (positive or negative). We're recommending this experiment be limited in exposure to current TASC's Clients residing in the state of Wisconsin.
- b) This will mitigate any negative drain, limit the sales eco-system exposure, and be a concentrated area of the US where Kinside has the greatest number of child care providers of record.
- c) Within Wisconsin, TASC has a relationship with 294 Clients and 1,014 participants who participate in a Dependent Care Assistance Plan.
- d) This experiment would not extend into the BASIC brand; although BASIC carries 13 unique clients and 26 participants in Wisconsin who offer and/or participate in a DCAP.

2) WHEN WOULD THIS USER EXPERIENCE RESEARCH BE CONDUCTED?

- a) The first 5-week phase of the experiment, we'd limit our reach to those WI clients offering a DCAP.
- b) Once results are calculated and shared, assuming a positive response, we'd recommend phase two include a second 5-week email drip campaign to all WI clients offering any BAM account.
- c) We'd hope to see a larger Client account up-take, along with participant account activity/penetration and activity/engagement with Kinside in the free search or paid service.
- d) Specific timing can be determined by leadership/marketing & communication based on other communications in the hopper.

3) WHAT WILL BE THE MESSAGING STRATEGY?

a) OVERALL MESSAGING

- i. Our messaging will be delivered via email and crafted with the forementioned trends in mind for both the Client Box Checker and Value Champion personas.
- ii. Our survey goal is learn if our customers will value an added service feature to the existing account offering, DCAP.
- iii. We'll ask a few screening questions to understand who is responding followed by a few general questions about their employee population with children. Then, we'd ask specific questions about a marketplace solution as a complementary service feature, and if they'd be interested as a business in offering to their employees.

- iv. We'd request that a small amount of funding go towards a participation carrot for those who respond (e.g., enter into a drawing for a \$100 [REDACTED] gift card or win an Alexa – a physical item equivalent to \$100).
- v. We expect the Trailblazer broker to lean in with greater interest in sharing with their clients as well.
- vi. We'll plan to leverage the [REDACTED].com with little to no adjustments to the content or mechanisms for the purposes of this marketing campaign. In order to capture the organic traffic, we'd ask DevOps for a sub-domain to capture traffic to/from [REDACTED].

b) CLIENT MESSAGING

- i. We'd narrow in and focus on value curve attributes (i.e., Integrated Offering, Client Experience, and Participant self-service) along with the persona pain points (e.g. keep employees out of my hair).
- ii. The Client promotion would introduce the [REDACTED] services and highlight the participant access, at no charge, to [REDACTED] exclusive child care database allowing employees to view child care openings, discounts, schedule tours, view pricing, and make online payments to a child care provider (including the option to pay with the [REDACTED] for a small service fee).
- iii. We're reminding Clients that with more employees participating in a DCAP, the business will reduce tax liability, and all eligible child care expenses save their employees, on average, 30% up to \$5,000 a year.
- iv. Also reminding Clients employees may change their election amounts due to child care costs or coverage changing through-out the year (i.e. summer camp planning is just around the corner for most working parents).
- v. [REDACTED] will also take this opportunity to remind employers and brokers to take a second look at employers who may not offer a group health plan, but still would qualify for a DCAP.
- vi. And, of course, highlight [REDACTED] Plan Advisors and their availability to educate and help guide those clients to not only offering a DCAP, but other accounts that do not require a GHP.
- vii. We will promote to Clients the option to opt-in to a paid [REDACTED] service this would extend [REDACTED] concierge services to all (or more employees who

qualify) and/or access to their exclusive database to not only include search results for child care, but also back-up child care, pet care, adult care, and more.

c) PARTICIPANT MESSAGING

- i. In addition, Participants may also elect to opt into a paid upgrade for the [REDACTED] concierge service for custom child care matching.
- ii. The concierge service will be billed as a monthly fee (\$19 per month) directly to the participant and may be canceled at any time. The concierge service will research pricing and availability of providers in and out of our network, set up tours, assist with enrollment etc.

4) WHAT IS EXPECTED ENGAGEMENT SCORES OF USER EXPERIENCE RESEARCH

- a) With our focus on account uptake as a measurement, I'd expect to see a higher-than-average engagement score with the messaging due to our innovative service partnership, highlighting [REDACTED] as a strategic partner, something brokers desire for their client relationships.
- b) We're bringing an added value to an existing client relationship that no other competitor offers, without any additional costs for the client (if they so choose), that will help them attract and retain talent, especially women.

| | Current Active Clients | Current Active, Grace or RO PPTs | Client Goal Engagement | PPT Goal Engagement | Broker Goal Engagement | Opened Rate Goal |
|-------------------------------------|------------------------|----------------------------------|------------------------|---------------------|------------------------|------------------|
| PHASE I – DCAP AO only | [REDACTED] | [REDACTED] | >1% | 2 – 5% | >1% | 25% |
| PHASE II – Any BAM AO | [REDACTED] | [REDACTED] | 2% | 5 – 10% | 2 – 3% | 20% |

5) WHAT ARE THE FINANCIAL CONSIDERATIONS OF THE USER EXPERIENCE RESEARCH?

- a) There will be a small amount of time and mindshare required to execute Phase I & II, but only the minimal and necessary time will be accounted under [REDACTED] labor costs. This innovation experiment will be primarily billed under Innovation PTO and/or in-kind services by an EIR. We expect little to no impact to the [REDACTED] business, and if any, only positive impact in terms of new sales/account up-take and should be treated as business as usual.

6) WHAT IMPACT WILL THIS RESEARCH HAVE ON THE SERVICE OPERATIONS?

- a) To remain control over the messaging and access of the ██████ Clients, service calls will be triaged through ██████ Customer Care. If the call is regarding a ██████ sales or service question, the call will be transferred to a ██████ only service line staffed by dedicated ██████ representatives.

7) HOW WILL BILLING BE HANDLED BETWEEN ██████ TASC & KINSIDE?

- a) Billing for any ██████ services will be handled directly between ██████ and the Client and/or Participant. ██████ will not be involved in any billing but rely on monthly reporting from ██████ to reflect interchange revenue for Client/Participant lifetime, reoccurring revenue. The exchange of ██████ ID and/or email address for only those who sign-up for ██████ services will be necessary for reporting purposes.

APPENDIX

- Investment Portfolio in-take form
- Financial Analysis (including rev share models)
- Organizations service & sales workflow diagrams
- MOU
- ██████ service presentation

REFERENCES

- ¹ Childaware.org, Pg 9, 2018 at https://cdn2.hubspot.net/hubfs/3957809/costofcare2018.pdf?__hstc=&__hssc=&hsCtaTracking=b4367fa6-f3b9-4e6c-acf4-b5d01d0dc570%7C94d3f065-e4fc-4250-a163-bafc3defaf20
- ² McKinley, Bloomberg, and Harvard Business Review articles
- ³ Labor force participation rate by mothers by age of youngest child & pg 18 in Childaware.gov Fall Report).
- ⁵ <https://www.thepennyhoarder.com/make-money/career/companies-with-child-care/>
- ⁶ <https://hr.jhu.edu/benefits-worklife/family-programs/child-care/backup-care/>
- ⁷ <https://hr.harvard.edu/care-at-work>
- ⁸ <https://www.ucdenver.edu/offices/human-resources/human-resources-home/child-care-and-elder-care-resources/anschutzcaregivers>
- ⁹ <https://www.purdue.edu/newsroom/purduetoday/releases/2021/Q1/human-resources-announces-partnership-with-care.com-to-support-employees-diverse-care-needs.html>
- ¹⁰ <https://hr.syr.edu/work-life-benefits-and-resources/carework-by-care-com>
- ¹¹ <https://www.cnn.com/2021/07/09/employers-sweeten-child-care-benefits-to-win-over-workers-.html>
- ¹² <https://powertofly.com/up/companies-with-great-childcare-benefits>
- ¹³ <https://online.hbs.edu/blog/post/corporate-social-responsibility-statistics>