

WEWORK. WE LIVE. WE LEARN. WE PLAY.

Presented to Adam Neumann, Rebekkah Paltrow Neumann and Miguel McKelvey

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# PROBLEM

How should we extend our product offering – specifically in the context of a mission driven company?

How can these new products strengthen WeWork's position?

# EXECUTIVE SUMMARY

Issue	Strategy
Need to determine how to extend product offering	Create a WeCommunity: WeWork (add retail), WeLive (add WeStuff), WeLearn (mentorship and workshops), WePlay (Dining and recreation)
Need to differentiate and protect competitive advantage	Continue to scale quickly to capitalize on global scale and network effect; Add value to WeWork through addition of WeLearn
Millennials may grow out of shared living concept – need to retain	Introduce WeStuff: suburb and community sharing concept
Need to preserve culture as the company grows	Strict adherence to North STAR”
High valuation – pressure to perform	Continued growth through WeCommunity

A world where people work to make life, not just a living

# WHAT DOES THAT REALLY MEAN?

Leverage WeWork competencies and culture to build WeCommunity with additional value add services

WeWork, WeLive, WeLearn, WePlay

# MISSION

To create a world where people work to make a life, not just a living

A person is more than work and home. WeWork needs a solution that addresses every touchpoint in their life

# COMPETITIVE CONTEXT

- WeWork has varied competition (coffee shops to other shared spaces)
- Competitive advantage is derived from a combination of culture and network effects

Company needs to gain scale as well as add value to core product through additional services

# CRITERIA FOR SELECTION

- Extent to which the idea advances mission and culture
- Market size opportunity
- Competitive advantage
- Strategic value

**WECOMMUNITY EXPLAINED**

**KENNY WILL PROVIDE FURTHER DETAIL ON THE RECOMMENDATION**

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# YOU MAY WANT TO USE THIS

“Not a real estate business with a community layer. A community business”

This is critical

# THE WECOMMUNITY



# THE WECOMMUNITY



# WEWORK

## Office

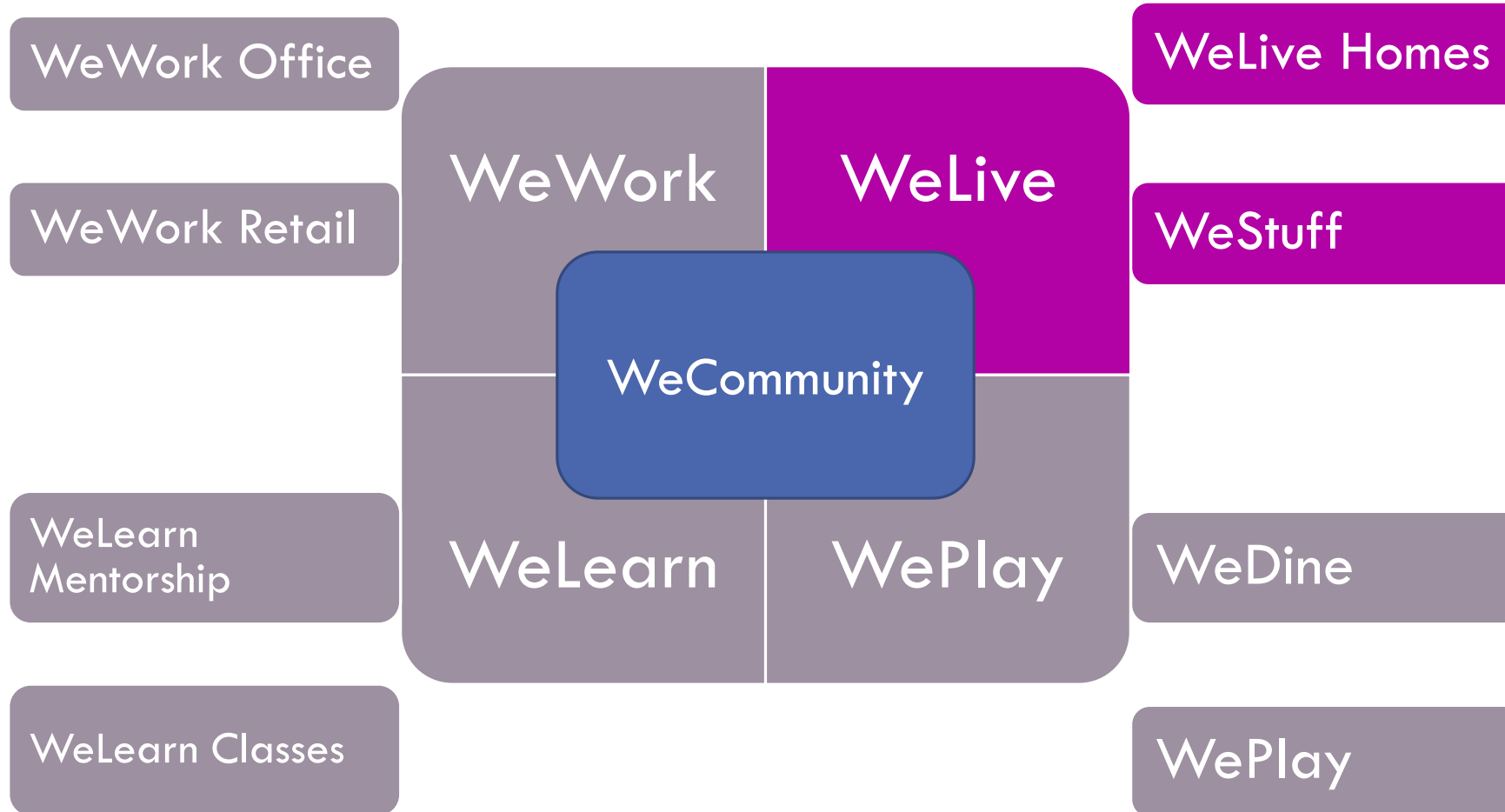
- Have advantages of members & global presence
- Scale fast – build the community & brand
- Don't alter your strategy

## Retail

- Apply the office model to retail stores
- Online stores and start-ups gain a presence
- Test products and get feedback with a human interaction

Expand the platform to connect professionally

# THE WECOMMUNITY



# WELIVE

## Residential locations

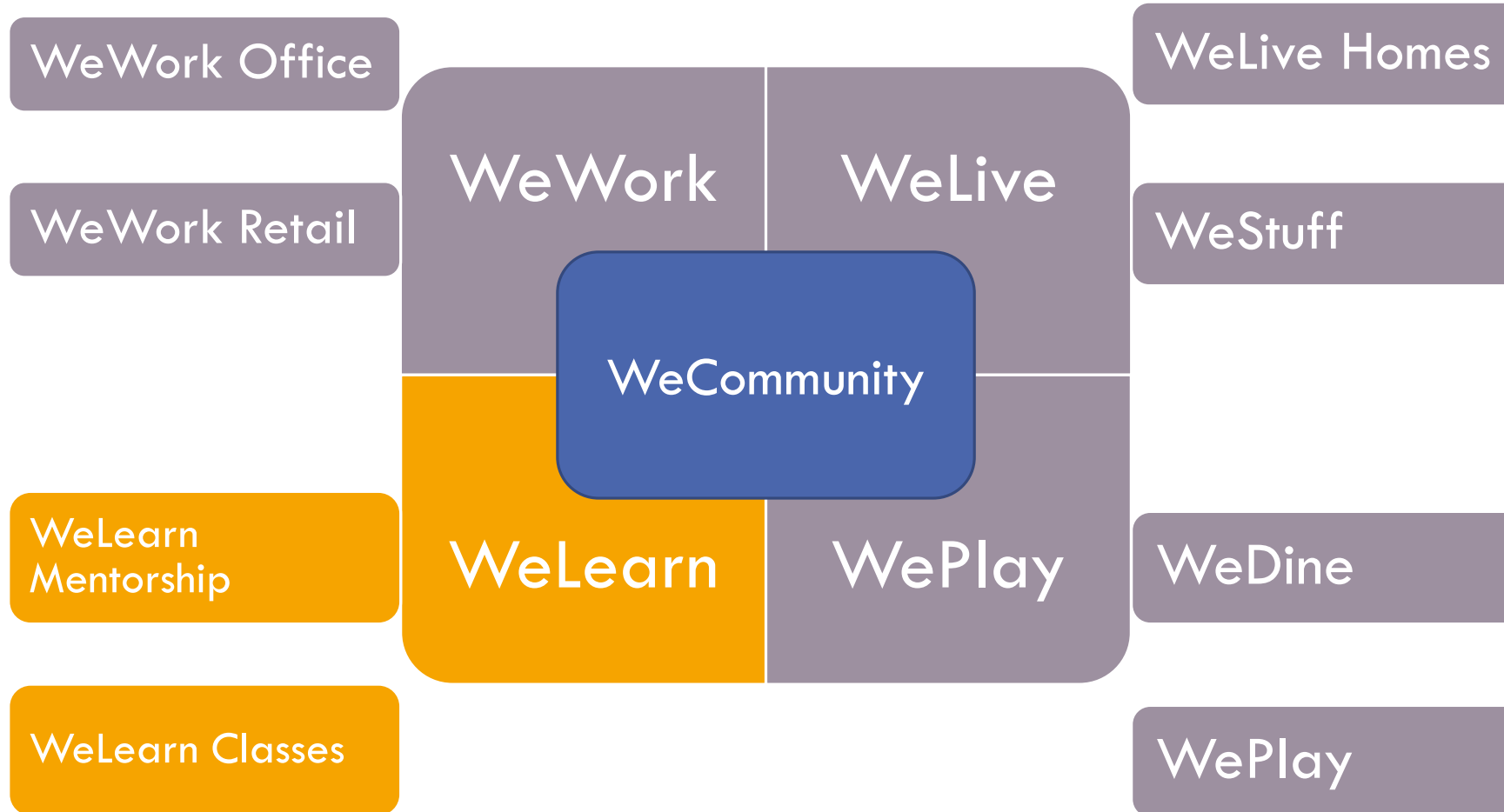
- Continue experimenting with design, building interactions
- Expand to markets expensive to live in
  - London, Hong Kong, Vancouver
- Focus on local market needs

## WeStuff

- Communal items to be used by WeLive
- Tools, Lawnmower, Camping equipment
- Capitalize on the trend of the sharing economy

Large market opportunity to build on competencies

# THE WECOMMUNITY



# WELEARN

## Mentorship App

- Tinder for WeWork members, matching mentors and mentees with similar interests
- Input your experience and industry profile
- Match locally and meetup or globally and chat online

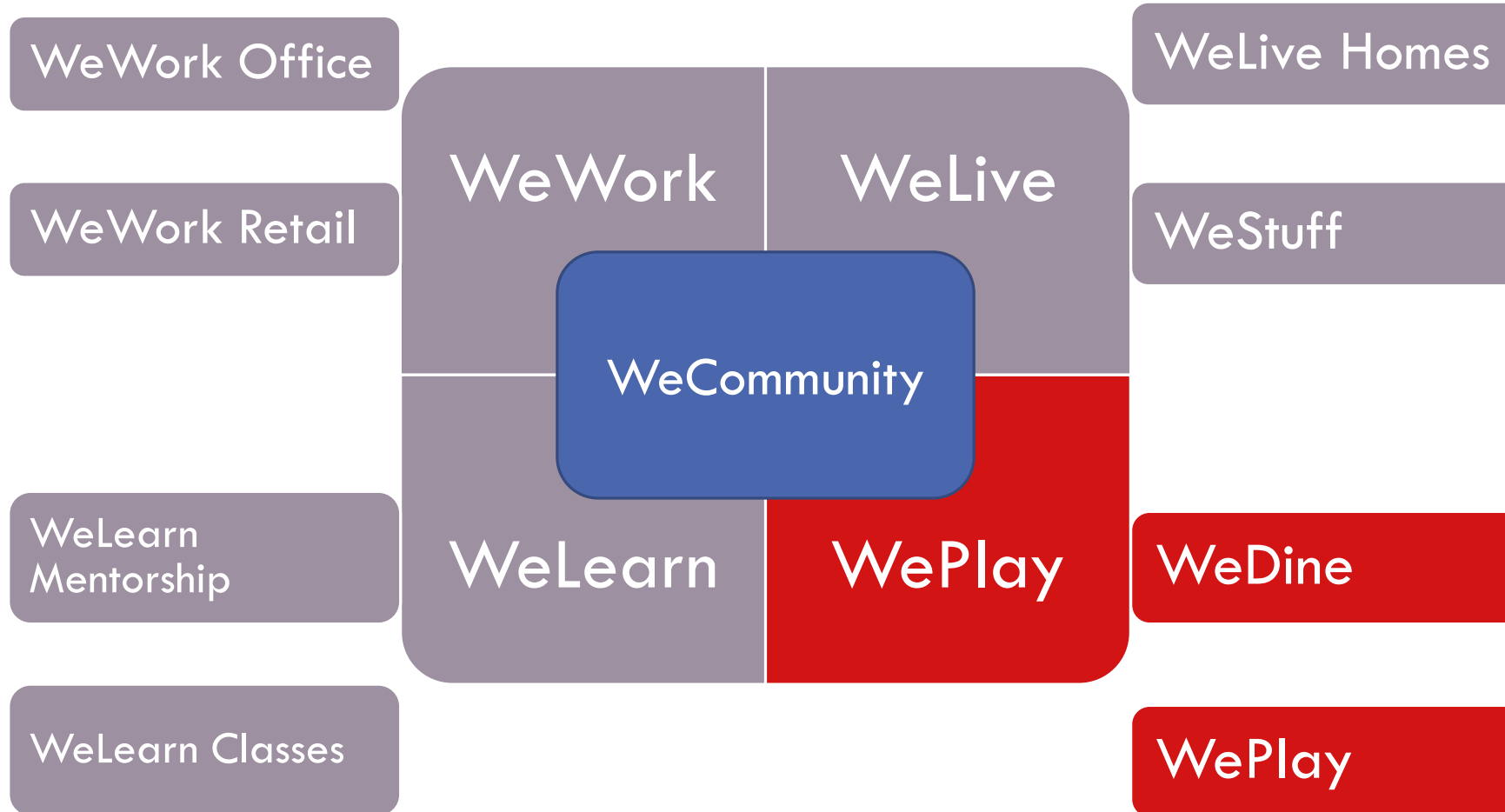
## Classes

- Add on for members to opt into for an additional fee
- Use existing WeWork locations & track attendance
- Instructors get paid depending on attendance

Millennials place high value mentorship and learning opportunities



# THE WECOMMUNITY



# WEPLAY

## Dining

- Restaurants fail at an alarming rate
- Expensive to own space and equipment
- Provide opportunity to test concepts at low cost

## Recreation

- Expand the community to gyms and recreation center
- Provide opportunity for fitness entrepreneurs to grow their business
- Best way to motivate individuals to stay fit

Opportunity to expand beyond living and working spaces

“WEWORK RUNS ON SOMETHING YOU CAN’T FIT  
ON A BALANCE SHEET... ENERGY”

ABEER WILL EXPLAIN THE FINANCIALS

# COST OF IMPLEMENTATION

Initiative	In US\$
Hire WeStore team <ul style="list-style-type: none"><li>- Regional Managers (4)</li><li>- Staff (6)</li></ul>	\$400,000/year \$300,000/year
Outfitting the WeShop locations	\$2000,000 (per location)
Developing mentorship platform (App)	\$1 000,000

# WESHOP PROJECTIONS

## Assumptions:

- Average rental income of \$100 per sq ft
- Lease cost (variable) of \$40 per sq ft
- Average location size of 10,000 sq ft

	2018	2019	2020	2021	2022	2023
Number of locations	0	10	20	25	30	35
Total Sq ft	-	100,000	200,000	250,000	300,000	350,000
Rental Income	-	\$ 10,000,000	\$ 20,000,000	\$ 25,000,000	\$ 30,000,000	\$ 35,000,000
Variable Cost	-	\$ 4,000,000	\$ 8,000,000	\$ 10,000,000	\$ 12,000,000	\$ 14,000,000
<b>Profit</b>	-	<b>\$ 6,000,000</b>	<b>\$ 12,000,000</b>	<b>\$ 15,000,000</b>	<b>\$ 18,000,000</b>	<b>\$ 21,000,000</b>

# WESHOP PROJECTIONS

- Annual income \$600,000 per location
- Payback period of 3.33 years
- Will house up to 20 vendors per location
- Gross margins of 60%

# ALTERNATIVES

- Limit focus to expanding WeWorks and WeLive only
- Look at acquiring attractive WeWorks member businesses
- Shift from leasing to ownership of buildings model



# LIMIT FOCUS TO EXPANDING WEWORKS AND WELIVE ONLY

- Need to establish an eco-system that promotes a network-effect that solidifies your competitive advantage
- If you do not capture these markets, someone else will.  
Need to act now!



Do not limit your focus to WeWorks and WeLive only!



# LOOK AT ACQUIRING ATTRACTIVE WEWORKS MEMBER BUSINESSES

- This is not your core business, you are a community building company
- It is not in-line with you vision or mission for WeWorks
- You do not have the expertise in native to venture capitalist firms to fund and empower companies to grow



**Do not focus on acquiring WeWorks members!**

# SHIFT LEASING TO OWNERSHIP MODEL

- Highly capital intensive model
- The opportunity cost of deploying capital towards this strategy is very high considering the high-growth potential of other options
- Reduces flexibility that you enjoy right now



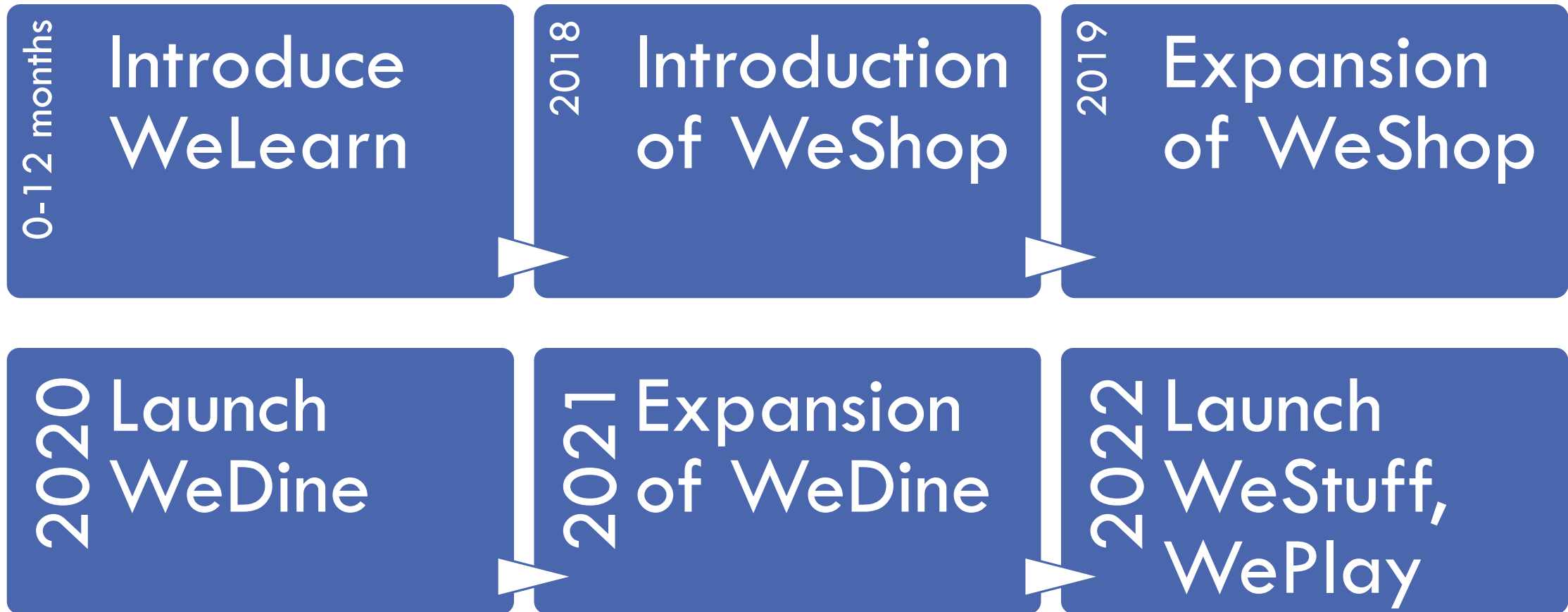
**Do not shift to a ownership model!**

**“CREATING AN ENTIRE NEIGHBOURHOOD... IT’S  
NOT IF, BUT WHEN.”**

**JEFF WILL PROVIDE WALK THROUGH THE IMPLEMENTATION**

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# IMPLEMENTATION TIMELINE



# ROLLOUT - WELEARN

Task	Responsibility	Result	When
Identify space availability	Local GMs, teams	Understand availability of supply	0-3 months
Develop WeLearn app functionality	Existing tech teams	Effective pricing model, payment structure	0-6 months
Launch parties in key markets	Regional promotion teams	Create buzz & earned media	6-9 months
Pilot in North America	Regional GMs	Added network effect, word of mouth	9 months - indefinite

# ROLLOUT - WESHOP

Task	Responsibility	Result	When
Identify appropriate spaces	Central real estate teams	Determine space requirements	Early 2017
Develop design & architecture	Global promotions teams	Optimize WeWork model for retail sector	2017-18
Launch pilot store in NY wall street location	New York GM, central promotions	Create buzz & earned media, attract vendors	Summer 2018
Launch 10 stores in key US markets	Regional GMs, retail specialist	Capture market & create buzz during holiday season	October 2018
Launch 10 stores in markets across USA	Regional GMs, retail teams	Disruption of traditional retail model	2019-2020

# ROLLOUT - WEDINE

Task	Responsibility	Result	When
Identify appropriate spaces	Central real estate teams	Determine space requirements	Early 2020
Develop design & architecture	Global promotions teams	Optimize WeWork model for restaurant sector	2020-21
Purchase cooking equipment, secure distribution	New York GM, central promotions	Attract entrepreneurs	Summer 2021
Launch 10 restaurants in key US markets	Regional GMs, food specialist	Capture market & create buzz during holiday season	October 2021
Launch 10 stores in markets across USA	Regional GMs, food teams	Disruption of traditional restaurant model	2022-2023

# “WE’RE NOT PERFECT...”

Risk	Mitigation	Impact	Likelihood
Millennial generation grows out of WeLive size apartments	Presence on network offers value through all phases of life	H	H
Culture dilution through growth	Adhere to “Northstar values” in hiring & leadership	H	L
More co-work spaces in market	More energy, concrete value add	M	L
Entering a new market fails	Careful selection to ensure market appropriateness	L	M



# YOU ASKED US..

1. How should we extend our product offering in a mission-driven company?
2. What products & services are most impactful for our mission?
3. What business lines best advance our culture?
4. What are the attributes & needs of our members?
5. What are our physical & intellectual assets?
6. What activities offer strategic advantages?
7. What is best for our bottom line?

“COME TOGETHER, RIGHT NOW.”

ALLISON WILL WRAP UP

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