



The State of Technology and Culture, UNperfect Parent

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Introduction

Cross Culture Ventures (CCV) is an early stage venture capital fund that invests in technology companies positioned to benefit from emergent cultural trends. Global popular culture is becoming an efficient market through the convergence of distinct cultures and technology companies playing an increasing role in this process. CCV invests in companies with teams and products that capture the value created by this evolution.

Periodically, CCV compiles a list of cultural trends that we believe to be influencing global popular culture, termed *Culture Shifts*. These shifts represent areas that we, collectively, believe hold great opportunities for growth, innovation, and of course, investments in the coming year.

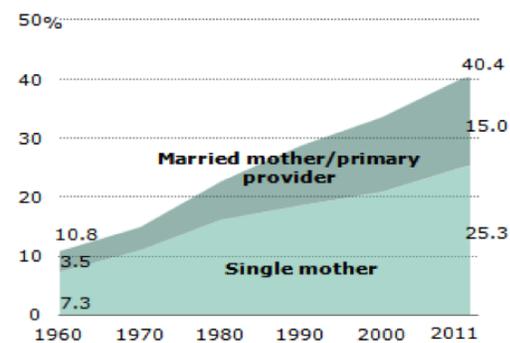
The UNperfect Parent

Let's face it, we all wish our kids came with a manual. Much like an Apple product, they're delivered in a beautiful package, but these bundles of joy are much less intuitive. As parents of a collective seven children, the partners at Cross Culture took a look at the future of parenting. The entrepreneurial mom, stay-at-home dad, connected toddlers, and always-on adolescents are just a few of many new roles that have recently emerged. How we manage these roles, juxtaposed with our parents' generation, often leaves us with an underlying feeling of guilt, and causes us to question whether or not we're doing things right.

For this report, we are focusing on the UNPerfect Parent. By this, we mean paying attention to the evolving role of parents today and particularly, with the advent of technology. Previously, the image of the provider was typically understood to be a role held by the father or a male; but between 1960 and 2011 more women became main decision makers and primary providers in households with children under 18 than ever before. ¹ Think The Brady Bunch, the popular family sitcom that ran in the 70's. The family sat down to dinner every night with both parents (and Alice the housekeeper thrown in for laughs). The thought of Carol Brady as a single mom with 3 girls to raise would have been unthinkable back then.

Mother as the Sole or Primary Provider: 1960-2011

% based on households with children under age 18



Note: Single mothers include mothers who are never married, divorced, widowed, separated, or married but the spouse is not in the household.

Source: Pew Research Center analysis of the Decennial Census and American Community Surveys (ACS) Integrated Public Use Microdata Sample (IPUMS) files

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¹ Breadwinner Moms, Pew Research Center
<http://www.pewsocialtrends.org/2013/05/29/breadwinner-moms/> (Accessed June 8, 2017)

But that's precisely how things have evolved.

So, the definition of the archetypal, "perfect" Mom was recast. The ideal Mom -- the Carol Brady if you will, whose primary role was management of the family and caretaker, was the norm for the baby boomer generation. But later, in the 80's and 90's as more women left the household to work, the traditional family unit became fractured when the divorce rate increased, so the role of the Mom evolved even further. More women left the home to earn a living and take care of their children. Women -- armed with a new independence and responsibilities, left the home to find employment. Latchkey kids became a thing.

But the world was changing in other new and exciting ways, too. Pop culture, as it tends to do, helped to move things forward. In music, film, and television women staked their claims on a newfound independence and freedom. In the 80's, songs like Donna Summer's "She Works Hard for the Money" and Cyndi Lauper's "Girls Just Want to Have Fun" were not only big hits but also cultural barometers, and acted as indicators of the changing times.

Movies like *Thelma and Louise* and *Pretty Woman* showed women in a new light and appealed to a new generation who wanted to have it all -- careers, parenthood and a new kind of freedom not seen before.

Today, the role of the Mom is evolving yet again, with technology playing an integral part in parenting and in the household. We challenge you to find a mother without a cell phone. A 2016 Moms and Media Edison Research study indicated that 9 in 10 moms own a mobile phone and 93% of them have access to the Internet. This shift also raises the importance of social media for moms. Moms, according to the study, are cell phone-equipped (91%) and access social networking sites like Facebook (78%) and Pinterest (51%) multiple times per day.

“These days, 7 out of 10 Moms have careers outside of the home, nine out of ten of them outsource some portion of child care to a third party, and two out of ten are single and do not rely on a male breadwinner (source: US Department of Labor, Child Health). Another factor changing the face of parenting is the rise of same sex families. “Estimates from Census 2010 suggest that there are nearly 650,000 same-sex couples living in the US. Data from the 2011 ACS show that an estimated 19% of same-sex couple households include children under age 18. This is true for 27% of female couples and nearly 11% of male couples.”³

Sheryl Sandberg, author of the popular working woman's manifesto *Lean In* recently said that the “all purpose mom”, as a perfect domestic superhero, is no longer a realistic expectation. We know that the expectation of perfection isn't a realistic expectation for anyone. So, why should women have to bear this burden? Today, we no longer expect moms to have it all and be able to do it all. Indeed, millennial moms are breaking free of the shackles of guilt, inadequacy, and societal pressure to live up to this impossible ideal. And, they are using their smartphone and tablets to help them.

We have also seen a growing population of fathers taking on childcare duties and becoming primary caregivers, thus allowing women to focus on their careers. The roles have been reversed. Today, there is no shame in a man being a stay-at-home dad and it certainly doesn't take 3 men to take care of a baby. Single dads are putting in time taking care of their kids. A recent Pew Research study noted that while women still outnumber men when it comes to stay at home

² Moms and Media 2016

<http://www.edisonresearch.com/wp-content/uploads/2016/05/Moms-and-Media-2016-Report.pdf> (Accessed June 7 2017)

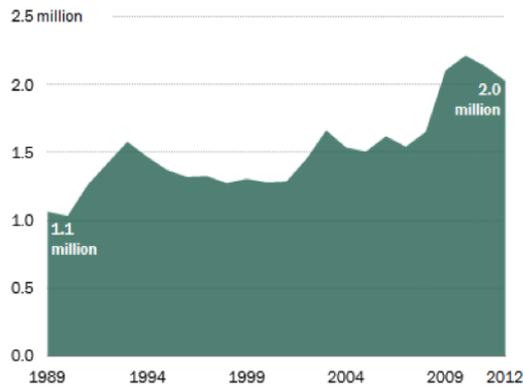
³ The Williams Institute LGBT Parenting in the United States by Gary J. Gates Feb 2013

<http://williamsinstitute.law.ucla.edu/wp-content/uploads/LGBT-Parenting.pdf>

duties, the number of stay at home dads has risen consistently since 1989.⁴

Rising Number of Stay-at-Home Dads

Number of fathers living with child(ren) younger than 18 who do not work outside the home



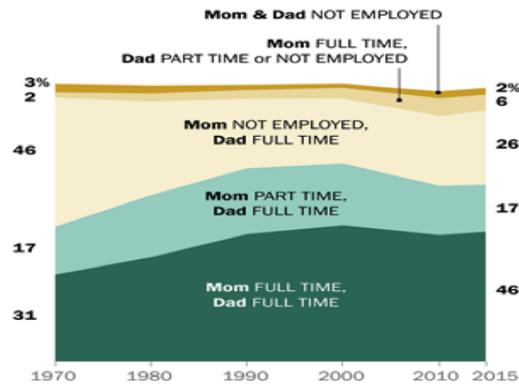
Note: Based on fathers ages 18-69 with own child(ren) younger than 18 in the household. Fathers who live apart from their children are not included. Fathers are categorized based on employment status in the year prior to the survey.

Source: Pew Research Center analysis of March Current Population Surveys Integrated Public Use Microdata Series (IPUMS-CPS), 1990-2013

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In Nearly Half of Two-Parent Households, Both Mom and Dad Work Full-Time

% of couples, by work arrangement



Note: Based on employment status in the prior year among male/female married couples with at least one child younger than 18 in the household. Both married and cohabiting couples included since 2010. Data regarding cohabiting couples unavailable for earlier years. Other work arrangements not shown; same-sex couples are excluded.

Source: Pew Research Center analysis of March Current Population Surveys Integrated Public Use Microdata Series (IPUMS-CPS), 1970-2015

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Figure 2: Pew Research Center

The idea of collaboration and task sharing is more widely accepted, and dads have begun to take on a larger role in their children's lives.

Recently, Matthew Cherry, a filmmaker, blew through his \$75k goal on Kickstarter to create a short film featuring a young African American father styling his daughter's hair for the first time. At the end of the campaign, the project had raised nearly \$300,000 and had amassed almost 5,000 backers. The popularity of the content represents a shift in the kind of content that people want to see, but also in the changing ideas about parenthood.

Of course, many working parents wish that they had more time to spend with their children but not having a ton of time is no longer seen as a parental flaw.

⁴ Growing number of Dads Home with the Kids by Gretchen Livingston June 5, 2014
<http://www.pewsocialtrends.org/2014/06/05/growing-number-of-dads-home-with-the-kids/>

The same study, cites a growing trend in two-parent households where both parents hold a full-time career. So, balance between work and parenting is now of the utmost importance. This is where technology comes in.

Tech Intervention

Technology is modernizing the role of parenting, and we think, for the better. A quick search for 'Parenting' on the iTunes Apps Store will reveal a growing number of apps dedicated to parenting. In fact, Parenting and Family warrants its very own-curated section of the App Store. Welcome to the new ideal of multi-tasking, tech-savvy millennial parents who are not ashamed to outsource mundane parenting tasks in order to maximize time with their kids. These parents leverage technology to optimize their life, coordinate between Mom, Dad, and Child(ren), and access a new world of information while prioritizing the well being of their family. The new generation of parents looks to technology to support them in the same way it has throughout their previous life stages. By leveraging the support of technology, the parents and children thrive, thereby allowing the entire family unit to thrive. This is the new, tech enabled, "UNperfect" Parent.

The UNperfect parent runs counter to the traditional parent in a few ways. This is a parent who is adept at multitasking and uses technology -- usually a smartphone and sometimes a tablet, to assist in managing personal tasks. Technology has the ability to bring resources and much needed information directly to parents, saving them valuable time.

The convergence of parental roles and increased technological adoption opens a fertile market for technology companies supporting the parenting experience. Moms control 73% of household spending⁵, which equates to \$1.2TN per year in

⁵ The New Female Consumer: The Rise of the Real Mom Nov 16, 2009
<http://adage.com/images/random/1109/aa-newfemale-whitepaper.pdf>

the US. Household spending includes categories such as food, childcare services, education, healthcare, and consumer products. Moms also strongly influence purchase decisions in tangential spheres such as automobile and real estate purchases.

Historically, Parents tend to have a higher willingness to pay for products and services concerning their children. Also, in the technology spheres, Parents can have very long lifetime values (LTVs) as similar services can be utilized throughout the lifetimes of children, from prenatal care through the elementary school stages of child development. Many of these areas lend themselves to innovation in technology and consumer products.

This is an area that is ripe for innovation and there are startups in this space that are stepping in to fill the void and seize the obvious business opportunities that exist. Thrive Market, Wonderschool, and Yumi, are just a few of the companies operating in this space.

Wonderschool

Of importance for all parents, is the critical matter of education. But here, too technology comes to the rescue – opening up new opportunities to educate a new generation of children.

Wonderschool is a platform for quality, accessible childcare and early education that bills itself as the AirBnB of early childhood care by allowing parents and educators to host daycare and preschools from their homes.

Founder Chris Bennett credits his immigrant parents with working hard to ensure that he and his sister received a quality education. He says access to quality

education is of the utmost importance and was a driving factor in the creation of Wonderschool, but the low pay that educators receive hasn't been lost on Chris either. "We care deeply about the impact we are able to have to empower educators as entrepreneurs. Teachers are struggling. Chris said recently. The average Preschool Teacher salary in California is approximately \$14.09 per hour, which is 22% above the national average (Source: Indeed), but still barely more than minimum wage in most areas."

But while Wonderschool is able to put much needed funds into the pockets of educators, they also fill an urgent need facing parents who are desperate to find quality education for their children. All of their educators or teacher-partners as they are called by Wonderschool, are licensed and provided with all of the resources they need to ensure their success.

The product provides a dashboard for teachers, parents, and students; and a marketplace for parents to find the ideal school. This could help increase parents' involvement in maintaining their expectations for their children. It can help to create a partnership between schools and parents, which, according to a Center for Public Education study, can have a significant impact on student achievement. Wonderschool's mission is to provide quality childcare to every child in the world. Their schools are now available all through California and they have started to expand to new areas.

Cross Culture Ventures invested in Wonderschool in January of 2016. We were drawn to Chris' passion for providing high quality yet affordable education to families irrespective of their zip codes. Too often, where someone lives determines the quality of education they receive. This starts early. Here is an example of a founder that witnessed others living through a challenge and was innately driven to find a solution.

In this way, Chris is the quintessential CCV founder. We were also very impressed that Chris and his cofounder, Arrel Grey, had invested a significant amount of time and resources to prove that this unique model could work before engaging investors. They went as far as to lease a property with the sole intention of turning it into a Wonderschool to validate their model. Wonderschool is a perfect storm of passion, drive, and a competent founding team that is building a viable solution to a large cultural challenge that affects the lives of many.

Yumi

Following on from education, we move onto nutrition. Children not only need to be educated, but also fed. And while we focus mostly on healthy foods for adults, a new crop of startups has begun to focus on providing healthy and nutritious meals for babies. Yumi is such a startup.

Yumi is a producer of healthy baby food for parents on the go, delivered right to the door. With no added sugars or artificial ingredients, parents can get healthy, organic, baby food that arrives every week by subscription. Parents who spend time shopping for healthy food for their babies and reading labels will find this helpful.

Yumi was co-founded by Angela Sutherland (a new mother) and Evelyn Rusli. Yumi was borne from Angela's personal experience of wanting to provide healthier food options for her newborn without the mess. After analyzing store-bought baby food, Sutherland found that many baby foods derive over 50% of their calories from sugar. Not wanting to replicate what larger brands had done, the founders differentiated their product by working with a FDA-certified

nutritionist as well as pediatricians and chefs to create dishes that would be healthy, delicious and nutritious for babies.

Yumi's menu currently includes Basics and Blends with Finger Foods slated for a future release. Parents can order up to 6 meals per week and select from dishes such as white bean and broccoli, bell pepper soup, and others. The subscription-based service will deliver a selection of its chef-prepared meals that contain no sugar or preservatives right to parents' door. "We want to be a 360 degree support system for parents...by going direct to consumer, we can really create a market." Sutherland said.

Currently the service delivers in California, but has plans to expand its tasty offerings to more states soon

Yumi's website will also be a resource for new parents. It provides nutritional information, wellness and health content for parents and its goal is to empower parents with better food options. By freeing up valuable time spent on research and increasing actual time spent with kids, Yumi is helping to increase not only the amount of time parents can spend with their children, but also the quality of time spent.

Cross Culture Ventures invested in Yumi in June of 2017. Angela and Evelyn are creating the definitive source for new parents around food for their growing babies. We loved Angela and Evelyn's commitment to nutrient-dense food that would build a strong foundation during the first 1000 days of a baby's life. As a new mom herself, Angela identified the white space in the market while building a thorough analysis of all of the mainstream and alternative options for baby food that were loaded with sugar. She and Evelyn teamed up to provide a trustworthy solution to millennial working parents who also would want the convenience of a delivery subscription program. After a 9-month private beta program with 100

families in the Los Angeles area that drew an overwhelming response (and retention rate), the founders rebranded the company as Yumi and prepared towards a public launch. Most importantly, our team at Cross Culture Ventures and the founders of Yumi found a mutual ground and passion towards the authenticity and acceptance of the 'UNPerfect Parent' -- one that grew up with unlimited information technology and digital platforms, is working to build a career, while living the daily fortune and struggle of being a new parent.

Thrive Market

The link between diet, nutrition, and learning is well documented. Kids who are hungry have a harder time learning and every parent's goal is to provide for their kids. But, healthy food is often beyond reach for some families as it is often more expensive than widely available processed foods and sometimes, parents have very few choices if money is tight.

As a child, Gunnar Lovelace experienced this first hand. Living on a commune and being raised in a single-family household, healthy food was rare. When his mom married a man who was running a food co-op, the idea of affordable, healthy food for all stayed with him. He remained deeply committed to creating an entity that would ensure healthy food was accessible and *affordable* for all members of a community. After a few iterations and exploring various models, Gunnar co-founded Thrive Market.

Thrive Market is a socially conscious online store offering natural and organic products at wholesale prices. With the growing cost of healthcare being top of mind, consumers want to live healthier lifestyles and now have a vested interest in improving their health.

The membership-based company donates a free membership to a low-income family, teacher, student, or veteran for each new paid membership it receives. But this startup's effort to make meaningful change doesn't stop there. They are also working to solve the issue of food deserts.

Says Griffin Bower, Thrive Market's Director of Social Impact, "It always seemed equally crazy to us that processed foods with lots of chemicals were less expensive than products without any chemicals or processing, and good food at affordable prices weren't available to the millions of Americans without a grocery store nearby."

Thrive Market represents a new kind of startup that has, at its core, a goal of giving back and making an impact. This new model makes good business sense, too. The company carries over 2,500 of the highest quality food, supplements, home, personal care, and beauty products from over 400 of the best brands on the market, all delivered at 25-50% off retail prices.

Bower continues "We cut out all the traditional middlemen involved in bringing a product from manufacturer to retail, including brokers fees, distributors fees, slotting fees, and retail markup. Instead, we charge an annual membership fee of \$60, like Costco, and break even on product sales."

Thrive Market customers are seeing the benefits first hand as well. Donna, a Thrive Gives member stated "My son and I currently receive food stamp assistance, but it's only enough to purchase our raw foods. Thrive gives us the opportunity to purchase non-perishable items that are normally way too much to afford in a regular store."

As the needs of the global populace changes, it's exciting to see startups that have a vested interest in seeing consumers living healthier and more fulfilling

lives. Thrive Market's ethos is to make healthy living affordable and accessible to every American Family. Cross Culture Ventures invested in Thrive Market in 2015 and in just a few short years, the company has grown their platform to thousands of members and has raised over \$150m to invest in the infrastructure that will enable them to continue to get healthy food to families who need it most throughout the continental US.

Thrive Market, and its founders have made it its mission to source healthy products at discounted prices for consumers. They've also taken on the task of educating their customers through informative video as well as unique, high-quality marketing campaigns. Millennial consumers have leveraged their access to information to make informed decisions on the types of foods they purchase for themselves and their families. Large brands have lost trust with consumers by masking ingredients such as sugar with complicated names, only to find out that this generation of buyers has done the research and care more about socially-conscious causes than previous generations.

We've also learned the retail experience has now become an inconvenience for young shoppers. They've become used to receiving goods on-demand and tend to avoid the Sunday afternoon grocery trips of past generations. Convenience coupled with a trusted brand puts Thrive Market in a position to win.

Conclusion

In closing, The UNperfect Parent is just one of a few trends that Cross Culture Ventures has identified as clear indicators that the intersection of culture and technology is ripe for innovation. They drive our investment thesis and govern how and why we invest in the companies in our portfolio.

These trends are expected to garner significant capital formation over the coming years. Culture matters, and drives consumer behavior. The union of technology and culture can represent a winning formula for business and consumers alike.

For founders who are living through these challenges, subject matter experts, and/ or have domain expertise in these underserved markets, now is the time to focus on solutions to unaddressed challenges. These areas represent growing areas of unmet needs that can be greatly improved by applying a technological solution. We encourage founders in these markets to reach out to us at Cross Culture Ventures as we believe that they are in a unique position to create the next generation of successful venture backed businesses.

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