

appliedAIstudio

A 2ndHarvestAI pilot is part data analysis and part business process consulting. This allows appliedAIstudio to determine how 2ndHarvestAI will best fit a customer prior to signing any contracts.

Pilot Deliverables

1. A business case detailing what 2ndHarvest could have rescued had it been in place
2. A mutually beneficial gain share model for production
3. Plans for business process, accounting and budget documentation, and employee training changes that should be implemented prior to roll-out

Customer-Provided Input

1. Required
 - a. Overlapping historical extracts of inventory and point-of-sale data
 - i. Optimal: 24 months to account for seasonality
 - ii. Minimum: 2 months
 - b. Access to stakeholder SMEs
2. Beneficial
 - a. Data Dictionary for both data sets

Starting Formulas and Assumptions

1. A grocery store loses 35% of its food to waste
 - a. During the pilot we test and update this assumption using the historical dataset, interviews with SMEs, and any additional datasets that are made available to get to an accurate estimate
2. 2ndHarvestAI can rescue at least 30% of the food lost to waste
 - a. Rescue here means 2ndHarvestAI identifies the food that should be donated, notifies the appropriate people at the store, notifies a qualified nonprofit of the donation, and a representative of the nonprofit shows up at the coordinated time to pick up the food
3. 2 x the Cost Basis of the donated food is the appropriate formula for estimating donation value

- a. The [Enhanced Tax Deduction](#) for food has two formulas for calculating donation value:
 - i. Cost Basis Value x 2, e.g, $\$30 \times 2 = \60
 - Or
 - ii. Cost Basis Value + (expected profit margin/2), e.g., $\$30 + (\$70/2) = \$65$
 - b. Donors are allowed to claim the smaller of the two amounts. During the pilot we determine which formula is most appropriate for forecasting deduction value.
4. 20% of all forecasted deduction value is a fair gain-share percentage for 2ndHarvestAI
 - a. $20\% \times (\text{Cost Basis Value} \times 2)$, e.g., $20\% \times (\$30 \times 2) = \12
 5. 2ndHarvestAI's share of all forecasted deductions doesn't exceed the expected amount of realizable deductions
 - a. This could happen if substantially more food is at risk of being lost to waste, and 2ndHarvestAI successfully rescues it, than we anticipate. If the historical data we analyze during the pilot indicates this could have happened, this is an opportunity to modify the upstream supply chain and/or other inventory management processes and prevent rather than rescue the wasted food.
 - b. Total taxable income for a year, legal structure, and other claimed charitable deductions affect total realizable deductions from 2ndHarvestAI. During the pilot, if they are available, we also consult with your finance and accounting SMEs to determine if adjustments are needed to ensure a mutually beneficial gain-share model for production.

Successful Integration

Successful integration of 2ndHarvestAI is more than hooking up inventory and point-of-sale feeds to the AI. During the pilot, we work with your stakeholders to identify necessary business process, accounting and budget documentation, and employee training changes that should be implemented prior to running 2ndHarvestAI in production. We work with your leadership to put these plans in place prior to signing any contracts for service.