

# Tiger Eye Sensor, Inc



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# Tiger Eye Sensor

# Executive Summary

Tiger Eye Sensor, Inc., is commercializing the Tiger Eye Security Sensor™, a wearable voice-activated personal security device that takes home security monitoring outside the home and provides actionable evidence for the identification and prosecution of criminals.

Acts of violence occur every second of the day without end, making violence deterrence one of the largest potential markets in the world. A violent crime occurs in the US every 26 seconds. One of every three women in the world will be beaten, raped or otherwise abused during her lifetime, yet few incidents are reported, often due to a lack of corroborating evidence. Eighty-four percent of female college students experience a sexually coercive event in their first two years in school.<sup>1</sup>

Billions are spent each year in an attempt to protect ourselves and our property. The size of the personal security market just in the U.S. is expected to grow by 8 percent each year through 2020 to \$24 billion.<sup>2</sup> One in seven homes in the U.S. is covered by monitored home security and these homes are three times **less** likely to be burglarized.<sup>3</sup> While \$9 billion is spent on monitored, home-based security systems annually, live security that travels with you has yet to emerge. *Until now.* Miniaturization of technology, cellular infrastructure, and advancements in image and voice recognition, and battery life have made it possible to create a mobile, monitored environment around the individual.

Unlike all other personal protection products, the Tiger Eye Security Sensor™ (TESS™) is a hands-free, *voice-activated*, wearable device that detects when the user calls out for help. Other devices, such as pepper spray, Tasers, phone apps and guns, must be in hand and the user must have the physical and mental wherewithal to use them; which, in the chaos of the moment, is difficult to summon.

Once activated, TESS™, using Bluetooth and the user's cell phone, instantly connects with a live monitoring representative who identifies the nature of the call, warns the perpetrator to leave the scene and summons police to the user's GPS location. TESS™ illuminates the scene with a bright LED, photographs and audio records events to help identify the perpetrator, all while remaining in contact with the agent until help arrives. Photos and audio recordings are automatically sent to the cloud, to protect the evidence of the incident for identification and potential prosecution.

TESS™ is a small, lightweight device the size of three stacked quarters (26mm square, 9.2mm thick and less than 11 grams), with a rechargeable battery. TESS™ was specifically designed as a small black square whose aesthetics and attachments are transformed by interchangeable covers so it can go with a woman's little black dress or her running outfit, a man's suit, a realtor's name badge or a child's t-shirt.



<sup>1</sup>United Nations Development Fund for Women. 2003. Not A Minute More: Ending Violence Against Women.

<sup>2</sup>[www.sia.org/associations/2013/reports/item\\_detail.php?ProductID=7](http://www.sia.org/associations/2013/reports/item_detail.php?ProductID=7).

<sup>3</sup> Security Industry Association 2013 Report.

Target consumers include the 106 million women who purchase security devices for themselves and their loved ones, as well as user segments such as college students, real estate agents, active seniors, runners, health care workers, teachers and business travelers.

Tiger Eye Sensor's B2B business strategy is to manufacture products and sell TESS™ wholesale to home monitoring companies such as Tiger Swan, AlarmForce, Monitronics and ADT, who will leverage a portion of their current marketing spend on TESS™ in order to benefit from the Tiger Eye monitoring contracts. Our monitoring partners bring direct access to individuals who would like to mobilize their home monitoring service. These companies have current home monitoring installed base of over 8 million residences that can immediately be offered TESS™ as add-on service extension. Service contracts are anticipated to range from one to three years at \$10 to \$30 per month. Tiger Eye Sensor will enjoy recurring revenue as a percentage of those agreements.

The Tiger Eye revenue model includes:

- Business-to-business wholesale of TESS™ wearable units to home monitoring companies and/or their distributors for approximately \$92 a unit (minimum \$40 gross margin at launch).
- A percentage of the monitoring fees charged for TESS™ devices, estimated at \$36 per year per device.
- License fees for adaptable covers for the TESS™ device.

Annual product unit sales are projected to be 75K, 150K and 250K in the first 3 full years after launch. Breakeven is projected in Year 2, with revenue in Year 3 of \$35MM.

The initial engineering design has been completed, specifically identifying commercially available electronic components and confirming the functionality of TESS™ is possible in the target size and weight with a battery life of up to 48 hours. Functional prototypes (Tethered TESS™) have been created and are being used to finalize the human/sensor interface. Agreements are being negotiated for rapidly scaling-up the manufacturing of production devices.

Our team includes Chris Newton, Interim General Manager, who has led numerous new technology ventures to successful growth or exit, including personal medical security devices; CJ Scarlet, founder and President, a criminal justice expert with a master's degree in human violence; Dr. Arun Kumar, CTO, an expert in computer hardware design and video data compression; and Robert Ross, CFO, with over 15 years' experience in financial leadership and advanced technology development, including voice-recognition technology.

The Company is seeking funding from several sources to finalize the TESS™ design (to the target size and weight); write iOS and Android app code, a basic web interface for monitoring customers and testing; and get us to manufacturing.

The business has been funded to-date through bootstrapping and small-scale investors.

# Tiger Eye Sensor, Inc.

## Our Mission

Tiger Eye Sensor, Inc., makes people safer, more secure and more empowered by inventing and commercializing innovative, wearable, personal security systems.

## The Problem and Opportunity

According to the FBI, in the U.S. a violent crime (murder, rape, robbery or aggravated assault) occurs every 26 seconds. In 2012, there were over 1.2 million violent crimes reported in the U.S. A rape occurs every 6.2 minutes but fewer than 1 in 6 rapes are reported. One of every three women will be beaten, raped or otherwise abused during her lifetime. Eighty-four percent of female college students experience a sexually coercive event in their first two years in school. Many assaults on women go unreported due to circumstances of the assault including a lack of corroborating evidence. Assaults (particularly ones without resolution) can result in years of therapy and recovery for victims.<sup>4</sup>

The size of the personal security market just in the U.S. is expected to grow by 8 percent each year through 2020 to \$24 billion. While one in seven homes in the U.S. is covered by monitored home security, providing equivalent live security that travels with you is a largely untapped opportunity.

With all of the technology around us and in our homes, there is no reason we can't bring monitored security to each individual person, no matter where they are. This is a simple shift in expectations that is creating a new market. Tiger Eye Sensor will lead that market with TESS™.

## Introducing TESS™

The Tiger Eye Security Sensor™ (TESS™) is a hands-free voice-activated wearable device that detects when the user calls out for help. When activated by voice or manual double tap, the TESS™ device, using Bluetooth technology and the user's mobile phone, instantly connects with a live operator who identifies the nature of the call, verbally warns the perpetrator to leave the scene and summons police to the user's GPS location. At the same time, TESS™ begins recording events to help identify and prosecute the perpetrator. Photographic images and audio recordings are sent to the cloud to avoid the loss of evidence at the scene if the device is stolen or destroyed. Audio recordings and photographic images captured at regular intervals are sent to the monitoring agent along with the GPS location. The agent remains in voice contact with the user until help arrives.

Even with well-proven technology and call center protocols that are robust and executable, people, especially young women, simply won't wear devices that are large, heavy and, frankly, ugly. TESS™ was specifically designed as a small black square whose aesthetics are transformed by interchangeable covers. The TESS™ device is small and lightweight—about the size of three stacked quarters. With

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<sup>4</sup>United Nations Development Fund for Women. 2003. Not A Minute More: Ending Violence Against Women. Available at [http://www.unifem.org/resources/item\\_detail.php?ProductID=7](http://www.unifem.org/resources/item_detail.php?ProductID=7).

interchangeable covers, TESS™ can be worn as a pendant with a woman's little black dress, a clip-on for a running outfit, a name badge for a realtor's business suit or a batman clip for a child's backpack. We are also working with designers such as Swarovski to create covers with a little bling.

### Why TESS™? Why this Team? Why Now?

TESS™ was created by women to address the security needs of girls and women of all ages. Unlike other devices on the market, TESS™ requires no manual dexterity, physical strength or presence of mind; it activates with the natural reaction to an attack—while your hands are busy defending yourself, your voice activates TESS™. TESS™ packs all of the features of a monitored home security system into a small, wearable device that goes everywhere you do.

We have also established partnerships with key elements of the supply chain and channel delivery. We have negotiated access to specific voice recognition chips and developed unique algorithms to enable TESS™ to only activate when the wearer is calling for assistance (rather than just speaking a word or code phrase). We have filed our first full patent for voice activated, wearable security and have another provisional patent being written.

The Tiger Eye team recognizes the value of monitoring companies and the crucial role they play. Unlike other devices that purportedly call for help, TESS™ ensures that you reach an individual who is trained to provide the help needed. Phone apps and other devices on the market contact or send information to friends or family in the event of activation by the user, but, while this may be comforting, friends or family are unable to provide immediate assistance. And, if they are outside of user's PSAP (Public Safety Answering Point), they will be unable to dial 911 on the behalf of the user, even if they know the user's GPS location.

We understand how monitoring companies make money. As their partners, we will create increased demand from their current customer base as well as broaden their reach to new, non-home-owning customers. We will take great advantage from their brand recognition and marketing spend. Additionally, the security alarm industry is experiencing the loss of landline in homes. The move to cellular systems has begun and TESS™ is ready.

### The TESS™ Monitoring Process

Tiger Eye is a B2B company. Our strategy is to manufacture products and sell them wholesale to home monitoring companies such as TigerSwan, AlarmForce, Think Protection, Monitronics and ADT who will market TESS™ in order to benefit from the monitoring contracts. Our monitoring partners also bring direct access to individuals who would like to "mobilize" their home monitoring service. There are currently more than 8 million homes under monitoring contract to the monitoring companies listed.

Just as a door contact sensor, glass break sensor or motion detector can activate a home monitoring system, TESS™ calls the monitoring company when it hears the owner's yell for "help" (or other key

word) or recognizes a double tap on the device. Unlike other products just appearing on market, TESS™ offers 24/7/365 professional monitoring.

When TESS™ is activated, it immediately sends the current GPS location along with pictures taken with the TESS™ camera (lit by its brilliant LED upon activation) to the cloud where this evidence can be accessed by the monitoring company and forwarded to 911 centers. TESS™ continues to take pictures every two seconds and records audio throughout the event. TESS™ places a two-way call to the monitoring company whose agent will answer within seconds, warn off the assailant, contact appropriate authorities, send help as needed and remain in two-way voice contact until help arrives. Even if the wearer is unable to respond verbally, TESS™ has provided information to the monitoring company central station agent to determine the nature of the emergency and send appropriate authorities to the owner's location.

In case of accidental activation, TESS™ can be deactivated via the TESS™ phone app or by using a code word when the monitoring company answers the call.

## Product Features and Engineering Development

Tiger Eye Sensor, Inc. has partnered with SpectraForce and Micron engineering and design firms that specialize in electronic device design, including wearable technology, to produce a device with all of the features needed for personal security in a package that can be readily adapted for multiple uses. Micron ([www.micron.com](http://www.micron.com)) has 35 years of experience and hundreds of engineers dedicated to electronics design. They have completed thousands of projects on time and within budget, mostly for repeat customers, including several personal emergency response systems, similar to TESS™. Micron has existing relationships with the largest home monitoring companies and is facilitating partnerships between them and Tiger Eye. Their designs have been built and sold from hundred unit quantities to the in the hundred-million unit quantities. Their stage-gate project management is best-in-class. They have direct experience in coordinating with contract manufacturing houses in 20 countries.

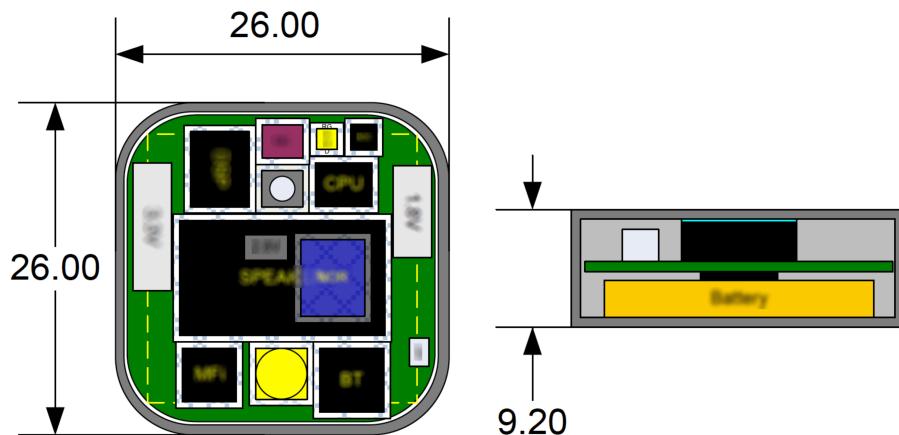
Key components have been identified and financial viability (to the target manufacturing cost) has been confirmed. Specific components, key to voice recognition and battery life have been specially negotiated and sourced for this integrated application. Fully functional prototypes (Tethered TESS) have been created and are being used to finalize the human/sensor interface. "Production ready" devices will be available for manufacturing scale-up within four months.

The functionality listed below is obtainable in a device that is a 26mm square with rounded edges and 9.2 mm thick, weighing about 11 grams.

The device has:

- Voice recognition enabling hands-free voice activation
- Bluetooth phone connectivity with two-way communication
- Image and audio capture, storage and transmission

- Minimum 20-48 hour battery life between charges
- Small and light weight - wearable as a pin, pendant, clip or name badge with a variety of customizable cases
- User adjustable settings (via phone app) for most features including warnings for poor cell signal, lost phone, volume, LED, etc.



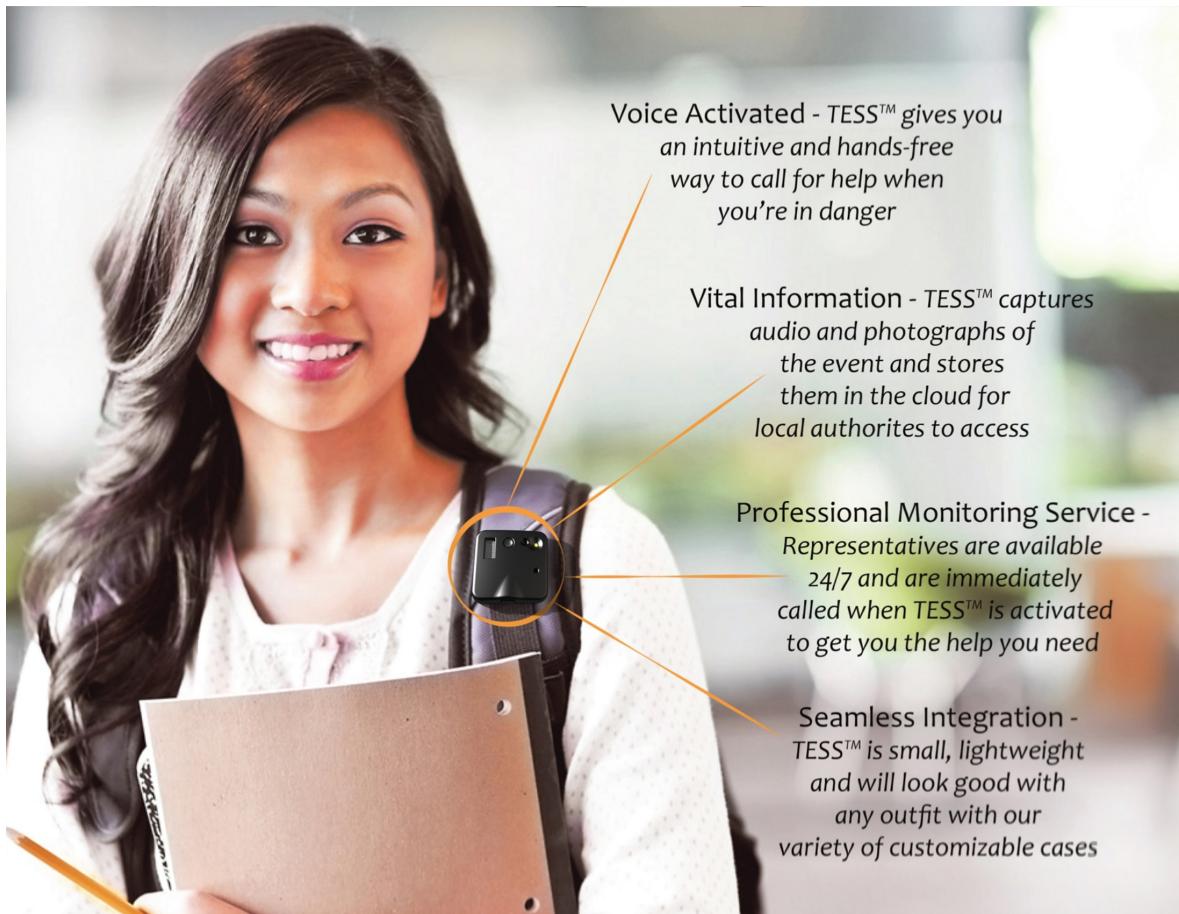
To limit the risk to launch, our first generation device is specifically designed to use known, commercially available components in mid-production life. Dual sources have been identified where possible. The assembly and integration of these components for the specific requirements of voice-activated, personal protection while ensuring user wearability and desirability is unique (patent pending). Further enhancements and extensions of TESS™ are planned for second and third generation products. These improvements require further development, which will be funded from the successful launch of our first product.

### TESS™ Prototypes and Covers

In order to further develop the user experience, integrate with monitoring providers, perform focus group testing and generate awareness about TESS™, we have already produced two types of prototypes that perform the many features of TESS™. The first one uses current Android phone functionality, the second demonstrates the size of a final TESS™ device in a wearable configuration.

The Android phone prototype can successfully listen for and recognize key phrases such as “help me”. Once a key phrase is recognized, the prototype illuminates the area with a bright LED, captures photographs every two seconds, identifies the user’s GPS location and sends that evidence to user defined email addresses. Further, it initiates a two-way phone call with a user-defined phone number (representing the monitoring company).

In addition, “Tethered TESS” prototypes have enabled verification of voice activation accuracy and camera imaging. Below is a picture of the Tethered TESS™ (it is about 1.5 inches square; 50 percent larger than the final design will be) and an image of the device on the young woman’s backpack strap.



Testing to date has verified both positive and false negative activation measurement as a function of key activation words (both English and Spanish), activation by non-word sounds, and various background noise environments. Camera imaging has been verified as a function of camera angle, object distance, ambient lighting, and TESS movement.

## Patents and Intellectual Property

Tiger Eye filed its first utility patent in October 2014, covering a mobile, personal security device with a combination of features including voice activation to deter or interrupt attacks, direct help and provide evidence. Voice activation is a key element of the patent and no other known competitor has used or shown voice activation. Once the patent is issued, we will have protection in the U.S. and Canada from competitors that make or sell a device covered by our patent function. Several follow-on utility patents that cover additional aspects of voice activation are in progress. We will also file design patents on the final TESS™ product and cover configurations and images to discourage low-cost knock-offs.

## Competitive Analysis

TESS™ enters two competitive market spaces with an entirely different solution: (1) personal security devices and (2) Personal Emergency Response Systems (PERS). Below is an example list of competitors in each space and our points of differentiation.

Traditional personal security devices serving as weapons such as batons, mace, stun guns and handguns, do not summon police or photograph the perpetrator. The owner must have the physical and mental wherewithal to be able to use those weapons successfully. The Defender ([www.buythedefender.com](http://www.buythedefender.com)), a product that has yet to hit the market, is a handheld pepper spray device that also captures the perpetrators photo when the owner sprays the assailant. But again, the user must have the physical ability and presence of mind to properly use the device, and pepper sprays are notoriously difficult to manage in windy or closed spaces.

There are a growing number of phone apps that provide limited personal security functionality, calling designated phone numbers for help when manually activated. In the chaos of an attack, it is difficult to accurately activate or dial the phone, and the phone itself can be easily lost to the attacker. Calling a friend or family member during an attack causes them anxiety without bringing help to the victim or worse, puts the friend or family member at risk as they race to the scene.

There are a handful of wearable devices that are just starting to be promoted, most of which are not yet commercially available. None of these devices provide live monitoring or hands-free voice activation coupled with audio and photographic recording – which constitute the Tiger Eye competitive advantage. A summary of competitors follows:

FirstSign ([www.firstsign.us](http://www.firstsign.us)), a privately held company formed in 2013, has a mobile app and a device worn as a headband or barrette that requires the wearer to actually be hit or punched in the head for it to activate. Their device is listed for \$95 with monitoring starting at \$5/month.

Guardian Angel ([www.the-guardianangel.com](http://www.the-guardianangel.com)) is a necklace or bracelet that sends an alert to your own phone when pressed, to get you out of awkward situations, or, with multiple pressings, calls an emergency contact. The device is listed for \$120.

Cuff ([www.cuff.io](http://www.cuff.io)) is a wearable bracelet that is activated by squeezing to call a specific list of phone numbers. The cost is around \$30 for each device.

SpotNSave ([www.spotnsave.com](http://www.spotnsave.com)) can be worn as a bracelet and sends your GPS location to up to five phone numbers when activated. It is currently available for \$45.

Silent Beacon ([www.silentbeacon.com](http://www.silentbeacon.com)) has a device that also requires hand activation to place calls to designated phone numbers.

Stiletto ([www.stiletto.is](http://www.stiletto.is)) is worn as a necklace or bracelet that audio records events and sends a message with the recording to 911. The device is not yet available, and preorders at \$219-\$300..

Revolar ([www.revolar.com](http://www.revolar.com)) is worn under clothing and with a push, contacts friends or family via Bluetooth with your phone. Launch is sometime in 2016.

Safelet ([www.safelet.com](http://www.safelet.com)) is a bracelet similar to Cuff. With a squeeze it contacts friends and family. No launch date set.

ROAR for Good ([www.roarforgood.com](http://www.roarforgood.com)) is a small device worn under the clothing that emits an alarm and alerts friends and family that you are in danger. The device is available for preorder on Indiegogo and has not yet shipped.

Personal Emergency Response Systems (PERS) have been around for years, helping seniors get emergency assistance in their homes with the push of a button. LifeAlert ([www.lifealert.com](http://www.lifealert.com)) and Philips LifeLine ([www.lifelinesys.com](http://www.lifelinesys.com)) are the most recognized product brands. With evolving technology in cellular communication and GPS-based location services, PERS has become mobile (mPERS) bringing security and other benefits to a wider range of people.

The mPERS market is growing rapidly. Devices range from \$49 to \$199 for the device and \$14.95 to \$39.95 per month for monitoring. The limitations for products serving this segment are the size, weight and battery life of the devices. At two to three inches in length and width and three-quarters to an inch thick; these are not wearable devices and certainly not acceptable for the younger generation. Devices require direct cellular service, which accounts for the size, weight, battery requirements and costs. Suppliers include AT&T, Philips Lifeline, Verizon, ADT, American Two Way, GreatCall and MobileHelp.

## The Market

16 million of the 111 million homes in the U.S. have home security monitoring. In 2014, there were approximately 2 million reported burglaries. Homes with security monitoring are three times *less* likely to be burglarized.<sup>5</sup> In 2015, homeowners will spend \$9 billion annually to protect their homes with home monitoring.<sup>6</sup>

People spend about one-third of their lives outside of their homes. When residents of the 16 million monitored houses leave their homes, like everyone else, they are not protected by home monitoring. There are more than 300 million people in the US (about 3 times the number of homes). Approximately 1.2 million people in the U.S. will be victims of violent crime this year, and those are just the crimes that are reported. This is about one violent crime every 26 seconds.<sup>7</sup>

With all of the technology around us and in our homes, why shouldn't we be able to bring monitored security to each individual person, no matter where they are? This is a simple shift in expectations that has created a new market.

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<sup>5</sup> Safeguard the World, <http://www.safeguardtheworld.com/statistics.html>.

<sup>6</sup> Security Industry Association 2013 Report

<sup>7</sup> Federal Bureau of Investigation Uniform Crime Reporting, *Crime in the United States in 2014*.

U.S. consumers are willing to spend billions on burglaries and are successful in reducing them when they install home monitoring. What are we willing to spend to protect individuals from violent crimes such as assaults?

North American Personal Emergency Response Systems (PERS) market research expects that market (primarily for seniors) to grow at a compound annual growth rate of 4.2 percent to reach \$3 billion in 2020 in the U.S. and \$84 billion worldwide.<sup>8</sup>

### Targeted Purchasers and User Personas

The primary purchasers of personal protection are the 106 million U.S. women, age 25 and above, who buy security devices for themselves and loved ones. Fifty-eight percent of women surveyed by our company said they would buy TESS™ for themselves; 41 percent would buy one or more devices for someone they care about. Our product testing focus groups continue to support a minimum 50 percent purchase rate for women.

As we will sell business-to-business, we benefit from access to the current installed base of customers of our monitoring partners. Together the five monitoring partners we are working with today have more than 8 million homes under protection or about half of the total available market of home monitoring. These customers are already familiar with monitored security and our partners have easy access to up-sell this customers with TESS™ and related, extended service agreements. Monitronics, just one of the give monitoring companies, adds 15,000 new homes each month through their distributor sales.

We will initially target three user segments to pull sales through our monitoring partners. The first segment of female college students is an obvious choice. Freshman women are particularly at risk in their first semester, a time that is called the “red zone,” when they are not yet experienced enough to recognize threats before trouble occurs. While the end-users are students on campus, we expect that parents will be the purchasers of our product, but their students have to want to wear it. TESS™ was specifically designed as a tiny black square that can be covered by a school logo or a piece of jewelry, for example. This opens up a tertiary market for us in the covers for TESS™. We have had multiple discussions with local universities including North Carolina State University, University of North Carolina and Meredith University. All are willing to run pilot tests including their on-campus security forces.

The second segment is real estate professionals. We have been in discussions with the leadership of the National Association of Realtors, which, following several high profile abductions and murders of real estate agents, is making realtor safety its number one priority. There are 2 million professionals in real estate that recognize their vulnerability when showing homes and at open houses, and would value the protection of a Tiger Eye name badge.<sup>9</sup> The North Carolina chapter of the National Association of Realtors has also offered to run a pilot program with TESS™.

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<sup>8</sup>Security System News, *North American PERS market to hit \$3 billion in 2020*, August 24, 2015

<sup>9</sup>National Association of Realtors, [www.realtor.org](http://www.realtor.org).

The third segment is mobile seniors. There are 14.5 million seniors who have LifeAlert-type products, but these only offer protection in the home.<sup>10</sup> Mobile PERS products are just reaching the market today but they are large and heavy. Active seniors are very likely to still own and carry a smartphone that allows them to use a small wearable like TESS™ rather than a large and heavy mPERS device.

With the ability to take personal security beyond the home, TESS™ opens up new possibilities for mobile seniors. While not quite ready for a traditional PERS system, younger, more active seniors who have certain medical conditions may want TESS™ protection in case of a criminal or medical emergency.

We have chosen to focus on these three segments because we (and our monitoring partners) know how to reach these target customers, and their acquisition costs will be relatively low.

Tiger Eye Sensor has identified several other end user groups/personas, such as runners (46 million), real estate agents (2.5 million), teachers (3.7 million), health care workers (12.2 million), business travelers (405 million trips per year) and active seniors (27 million). These groups are not mutually exclusive. Each of these personas will use the basic TESS™ product (small black square) with custom covers specific to their needs, so that a real estate agent could use TESS™ for work during the day as a name badge and change the cover in the evening to also use it while running.

### Marketing and Promotion

Tiger Eye will co-market with our monitoring partners and take advantage of their sizeable advertising spend. As TESS™ gains broader usage, we will share the user experiences with the device through public relations and social media. We have already had significant media coverage and interviews in our local and regional print and television media, aided by our management team's extensive marketing and public relations experience and contacts. We maintain a current list on our [website](#).

We have been working with special interest groups, such as the National Association of Realtors to pilot and promote TESS™ to specific segments. We are also working with Design students at universities such as Virginia Tech and with commercial manufacturers, such as Swarovski, to create application-specific wearable covers for TESS™.

Personal security is our obsession and we want people to be safe, with or without TESS™ – and we certainly don't want TESS™ owners to take more risks just because they have this protection. To promote proper device use and personal safety in general, we will offer education and training videos on our website.

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<sup>10</sup> [www.lifealert.com](http://www.lifealert.com), [www.lifeline.phillipps.com](http://www.lifeline.phillipps.com).

## Sales Strategy

Our TESS™ device requires a live monitoring service and we are working with monitoring providers to bring TESS™ to market. They are eager to offer a product that needs no installation directly to their customer base. The foundation of our sales strategy is the business-to-business partnerships we are building with these very successful companies.

Tiger Eye Sensor's strategy is to manufacture products and sell them wholesale to home monitoring companies such as AlarmForce, Monitronics and ADT who will market TESS™ in order to benefit from the monitoring contracts. Our monitoring partners also bring direct access to individuals who would like to "mobilize" their home monitoring service. There are currently more than 8 million homes under monitoring contract to the monitoring companies listed.

Most monitoring companies do not develop, stock or install their own monitoring hardware. They instead qualify and approve a selection of sensors and communication units that can be installed and maintained by distributors, who also sell a contract for monitoring services to the homeowner. TESS™ will simply be another new hardware element to be sold, but the benefit to the monitoring company is that it does not require installation and can be sold without revenue sharing with the distributor (typically 15 percent of the sale).

Covers for TESS™ allow us to customize the product for specific user groups including active seniors, real estate agents and college students. Our focus groups and supported university development efforts (College of Design at Virginia Tech) confirm that unique covers will allow us to leverage a single electronic device into multiple and diverse markets. This generates great economy of scale for the relatively expensive electronic component of TESS™.

## Financing Needs

The business has been funded through bootstrapping and small investors [approximately \$450,000 since May 2014 with \$155,000 in cash and the rest in in-kind, uncompensated or loaned (\$295,000)]. The Company is seeking additional funding from various sources to be used to complete the TESS™ design (to the target size and weight), write iOS and Android app code, create a basic web interface for monitoring customers, testing, and preparation for manufacturing.

In parallel to our work to be production ready, we are in the process of securing customer financing via pre-orders and have made arrangements with our manufacturer to have them complete the remaining work for free, with them receiving a small portion of each product sale.

## Financial Projections

Our home monitoring partners have indicated that they will buy TESS™ at wholesale and discount it or give it away for free to customers in exchange for multi-year monitoring contracts, similar to cellular phone hardware and service sales. Our agreements with monitoring partners will allow us to share in the revenue from the service contracts we enable through TESS™.

The Tiger Eye Sensor, Inc., revenue model is based on the following assumptions:

- Business-to-business wholesale to home monitoring companies initially for \$92 a unit. (Retail could be \$0-199 per unit.)
- Initial production cost of TESS™ at \$42 per unit, reducing as volumes increase.
- A percentage of the monitoring fees charged for TESS™ devices, estimated at \$36 per year per device for a three-year contract. (Retail service contract ranges from \$10-30 per unit per month – this pricing has not been finalized.)
- License fees for adaptable covers for the TESS™ device. (Not currently included in the financial model.)
- We expect TESS™ sales to exhibit seasonality, with greater sales in the third and fourth quarters of each year.
- We expect to gain most sales in the first two years from our monitoring partner's customer base. The 75K units planned for the first 12 months of sale is built from 15K units from each of our monitoring partners. It is also one percent of the current 8MM homes monitored by TigerSwan, AlarmForce, Think Protection, Monitronics and ADT. We (and our monitoring partners) reach these customers through current direct email, surface mail and print and electronic advertising.
- Conservative growth is planned in each year. Year 3 adds sales targeted to home health care professionals and others whose jobs take them into stranger's homes or dangerous neighborhoods. Year 5 sales are less than 10 percent of the current installed base of our three targeted monitoring partners.
- Profitability in each year funds expansion of capacity as needed.
- Marketing budget is based on forward looking sales plan.
- TESS™ product launch in the summer of 2016.

The assumptions above lead to sales and profits after launch as shown below. Annual sales in Year 3 are projected at \$35MM. Annual product unit sales are projected to be 75K, 150K and 250K in the first 3 full years after launch. Our financial model is shown below. An active Excel financial model is available on request.

Annual Pro Forma \$MM	Through Aug 2015	Sep 2015 - Launch	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Unit Sales</b>	0	0	75,000	150,000	250,000	450,000	700,000
Revenue							
Devices			\$6.150	\$13.800	\$23.000	\$41.400	\$64.400
Monthly Monitoring			\$1.350	\$4.401	\$11.592	\$23.184	\$42.228
Other Revenue	\$0.015	\$0.000	-	-	-	-	-
<b>Revenue Total</b>	<b>\$0.015</b>	<b>\$0.000</b>	<b>\$7.500</b>	<b>\$18.201</b>	<b>\$34.592</b>	<b>\$64.584</b>	<b>\$106.628</b>
COGS							
Devices			\$4.125	\$7.350	\$10.500	\$18.900	\$27.300
Monthly Monitoring			\$0.479	\$1.302	\$2.866	\$5.428	\$9.637
Other COGS			-	-	-	-	-
<b>COGS Total</b>	<b>\$0.000</b>	<b>\$0.000</b>	<b>\$4.604</b>	<b>\$8.652</b>	<b>\$13.366</b>	<b>\$24.328</b>	<b>\$36.937</b>
<b>Gross Profit</b>	<b>\$0.015</b>	<b>\$0.000</b>	<b>\$2.897</b>	<b>\$9.549</b>	<b>\$21.226</b>	<b>\$40.256</b>	<b>\$69.691</b>
Margin, Overall			39%	52%	61%	62%	65%
Margin on Devices			33%	47%	54%	54%	58%
Margin on Monitoring			65%	70%	75%	77%	77%
Operating Expenses							
G&A *	\$0.171	\$0.271	\$0.774	\$1.089	\$1.460	\$2.051	\$2.893
(less Deferred Wages) *	-\$0.072	-\$0.174	\$0.000	\$0.246	\$0.000	\$0.000	\$0.000
Business Development	\$0.006	\$0.050	\$0.413	\$0.595	\$0.903	\$1.213	\$1.488
Marketing	\$0.018	\$0.090	\$0.817	\$1.386	\$2.294	\$3.764	\$5.572
Engineering*	\$0.368	\$1.097	\$0.651	\$0.889	\$1.638	\$1.079	\$2.334
Support			\$0.300	\$0.225	\$0.325	\$0.800	\$1.325
<b>Total Operating Expenses</b>	<b>\$0.490</b>	<b>\$1.333</b>	<b>\$2.954</b>	<b>\$4.431</b>	<b>\$6.620</b>	<b>\$8.907</b>	<b>\$13.612</b>
<b>Operating Income</b>	<b>-\$0.475</b>	<b>-\$1.333</b>	<b>-\$0.058</b>	<b>\$5.118</b>	<b>\$14.606</b>	<b>\$31.349</b>	<b>\$56.079</b>
Employee Headcount			-0.77%	28.12%	42.22%	48.54%	52.59%
			3	16	19	22	32
							41

\*Prior to launch, all of the officers have agreed to defer some or all of their non-equity compensation until the business is profitable.

\*\*Engineering is shown here as a period cost thus expressing cash needs. GAAP may require some of the engineering costs to be capitalized and amortized. There is a 20 percent contingency cost budgeted into the engineering development costs prior to Year 1.

Today, monitoring companies share 15 percent of their service contract revenue with their distributors/repos. Our estimate of \$3/unit/month is within the range of what is typically shared with reps and distributors.

As additional assessment of the reality of the first year sales, we looked at the sales in the mobile PERS market alone. There are 400,000 mobile PERS devices sold annually. When we showed our planned product to distributors in that market, they felt we could easily displace a significant portion of that market as our size, weight and aesthetic look are better than currently sold devices.

## Our Team

**Chris Newton**, General Manager, is an award-winning CEO with 20 years of experience leading the growth and turnaround of several companies. He led three vastly different companies serving three unique markets, taking each company from pre-revenue to multimillion dollar revenues. Each company led in its emerging markets or in the transformation of an existing market.

Chris successfully designed and launched six new products, each generating multimillion dollar revenues from the following markets: maritime, beverage supply and demand chain, GPS tracking, Internet of Things, and Senior Aging in Place (mobile PERS - Personal Emergency Response Systems). He has experienced in both the buy and sell sides of mergers and acquisitions and turnarounds. Chris is known as a critical thinker and problem solver with deep and broad expertise in sales and marketing; technology and operations; and deal structuring and negotiations.

Chris holds a B.S. in Engineering from the Merchant Marine Maritime Academy and an MBA from North Carolina State University.

**CJ Scarlet**, founder and President, knows first-hand how violence can destroy lives. A rape survivor, CJ spent years dealing with the emotional aftermath of her experience. Then she took her power back and became an advocate for other victims, volunteering on rape crisis and domestic violence boards, running a child advocacy center and working as Director of Victims Issues for the NC Attorney General's Office. In the process, CJ became an international expert on crime victim issues and technology. She also holds a master's degree with an emphasis on human violence.

While serving with the NC Attorney General's Office, CJ initiated and co-chaired the implementation of the nation's first statewide automated victim notification system, using computer-telephony integration, which contacts victims when their perpetrators are to be released from custody. This program was selected as a national model by the US Department of Justice and won several awards.

CJ's other business ventures have included Healing Tree, Inc., an Internet-based medical products company, and Roving Coach International, which employed 50 coaches in the US, UK and Canada.

**Dr. Arun Kumar**, Chief Technology Officer, holds a Bachelor of Technology degree in Electrical Engineering from the Indian Institute of Technology, Kanpur; an MBA from the Indian Institute of Management, Calcutta; a Master's in Computer Science from Washington University in St. Louis; and a Doctor of Science degree, also from Washington University in St. Louis.

Dr. Kumar specializes in image and video coding and compression. His experience includes the design of custom-built special-purpose computers for radar, sonar, and medical imaging; and the design of fast algorithms for performing complex mathematical calculations at high speeds. He has 37 years of experience in the industry, including supervisory experience managing teams of engineers and mathematicians. His skills, his interests and experience cover a wide range of disciplines, including mathematics, physics, and engineering, and range from theoretical mastery to hands-on experience.

**Robert Ross**, Chief Financial Officer, has over 15 years' experience in financial leadership and advanced technology development. He began his career working on speech recognition and speech enhancement applications for the law enforcement and intelligence communities. Starting as an engineer, he progressed through multiple leadership positions before rising to Director of Finance and Operations at Signalscape, Inc.

In 2009, Robert founded Brightleaf Consulting Group to focus on strategic consulting and financial management. Robert has served as a fractional CFO of a variety of companies ranging from start-ups to angel-funded emerging companies to profitable businesses. In addition to sitting on the boards of several for-profit companies, he has served on numerous non-profit boards and finance committees where his roles have included member, treasurer, and chair. Robert holds a double major with honors in Electrical and Computer Engineering and Mathematics from Duke University and earned his MBA with honors from the Fuqua School of Business.

**Alison Gamble**, Marketing Specialist, graduated from the University of North Carolina in Chapel Hill with a B.A. in Communication Studies. While in school and after graduation, she gained extensive experience in entrepreneurship as she founded two global non-profit organizations, with a focus on education and leadership development. She has played an integral role in the marketing of Tiger Eye Sensor Inc.

### Form of Ownership

Tiger Eye Sensor is a majority women-owned, service disabled veteran-owned business, structured as a Delaware C corporation. The business is headquartered in Clayton, NC.