

MEMORANDUM

From: Logistics & IT

To: Legacy Excom

Subject: Logistics Implications of Domestic AVR Offering

There are very limited implications for Logistics or IT immediately apparent in the Domestic AVR offering. More important will be unwinding the agreements with our current legacy offerings if we decide to exit the market or if the market leaves us. As you may be aware we have minimum volume agreements that contain penalties with several of our assemblers.

As to the new D-AVR offering:

- Our development partner can handle the production of early volumes of the headsets without difficulty. However, we should seriously consider back-up production just in case. A list of possible production partners is attached.
- The camera input is handled from standard video and the emerging ‘smart-phone’ apps
- The software will be placed on Amazon with easy download capability and dramatically more capacity than we anticipate in the first periods
- The editing software to create the AR will be placed on a standard PC or Apple. There are discussions in play to create a dedicated box that would provide higher speeds and resolutions. However, there is currently no agreement on this as it adds yet another household box.
- Distribution including shipping and warehousing can be handled through our current logistics relationships

Regards

Attachment: BACK-UP Production Partners