Beacon Food Safety Brand Audit

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Key Findings:

- Beacon Food Safety has a revolutionary product that can dramatically reduce the presence of food borne illnesses across the globe.
- Unlike its competitors, the test is performed on a USB drive that can be directly plugged into a USB port; this ensures the quickest response possible. (Real-Time)
- The test is truly unique in its market segment; it has many important points of difference.
- Beacon Food Safety was born between a partnership between Beacon Biotechnology and Templar Investment Banking.

Overview of Beacon Food Safety:

Beacon Food Safety, founded in 2009, is a subsidiary company of Beacon Biotechnology. Beacon Food Safety revolutionizes the food industry because their tests are in "real-time" and can prevent the risk of food-borne illnesses. The company was founded by Steve Stroud, an employee of Beacon Biotechnology, and Bill Locatis, CEO of Templar Cos. Beacon Food Safety wants to improve our quality of life and eliminate the deaths caused by food borne illnesses. Beacon Food Safety has the potential to be involved with: live-protein, point-of-scale, produce and fruit, beverages, dairy, bio-security, seafood, facilities design and development.

Overview of Beacon Biotechnology:

Based out of Aurora, Beacon Biotechnology is revolutionizing the biotechnology world with its BrightSpot diagnostic tests. BrightSpot can perform hundreds of diagnostic tests from one drop of blood or sample. This technology is being used in the food, public health, and military industries. Their technology can help ER staff make correct diagnoses, treat soldiers quickly during war, and speed up the discovery of cancer-fighting drugs. The CEO of Beacon Biotechnology is Fred Mitchell.

Products:

Bright Spot Food Safety Test: This test is accurate, low-cost ($5), and is in the form of a USB device. The device can plug into any USB port and the results. The test is disposable and easy to use enabling immediate, highly sensitive, quantitative detection of multiple food borne illnesses simultaneously. The results will be readily available after a couple of minutes, which is the fastest option available. The food is tested with a swab that is wiped onto the receptor area of the USB device.

Client Centric, Web Based Reporting: Basically, the customer performs the test and plugs the USB drive into a computer and the information is transmitted securely to the customer's website. Then, the website will process the information and will provide a report to the customer that will not only include pathogen detection but provides an ultimate diagnostic report of the processing plant. This is similar to the way that an eye doctor performs a retinal exam.

Forensic Diagnostics, Predictive Analysis and Adulterant Detections: This can provide the customer with a forensic analysis or a pathogen trail for source detection or prediction analysis so a manager can predict where a pathogenic challenge may occur. Basically, you can predict where a food borne illness can occur before the fact. This service will be sold to the client or used on a subscription basis.

The Market: The food safety market that Beacon inhabits is a highly profitable market estimated to be worth billions. Beacon's first target market is the live protein market that includes beef,

swine and poultry. Beacon Food Safety sees their future markets as produce and dairy. The US Center for Disease Control and Prevention estimates that food contamination costs the United States $150 billion dollars annually.

Competitive Set:
Applied Biosystems: Applied Biosystems also has a device that can detect pathogens in food. They claim that for the past 25 years, they have been the leader of technology development in the food industry specifically. They have two tests: the MicroSEQ Food Pathogen Detection System that only identifies four different bacteria and the TaqMan Food Pathogen Detection Solution that can detect seven bacteria at once.

Biacore Life Sciences: Biacore, a subsidiary company of GE Healthcare, supplies ready to use kits and system platforms to determine vitamin levels, pathogens, and toxins in food products. Biacore "Q" was designed to increase productivity and efficiency quickly. There is also the Biacore Q100 which is used for monitoring Salmonella and other bacteria in meat.

BioDetection Instruments: Biodetection makes a hand-held box that can test food products. This machine can only test for three different types of pathogens though.

SDIX: For the past 20 years, SDIX has been manufacturing food product tests that are quick. Their "RapidChek" and "RapidChek Select" can detect many different pathogens. The only problem is there are individual RapidChek for each bacteria. So, you cannot not test for multiple bacteria at once and have to use a completely different test.

Abbott: Last month, Abbott announced "Plex-ID" which is a new pathogen detection system for foods that can identify seventeen different bacteria in less than 8 hours.

Note: There are a few other companies that do Food Pathogen Testing but not the same level as the above companies. They use non-hand held devices and are outdated: bioMerieux, Vermicon, Genediscs

Points of Difference:
Beacon Food Safety is mainly different from its competitors because it produces real-time results. It takes other competitors at least eight hours to produce results. Beacon's product is also able to test multiple strains of bacteria at once and does not require a different test for a different bacteria. The company is unique because it uses a USB device to test and record the information instantly. Other companies are using hand held devices, but nothing like the innovative USB device that Beacon has developed.

Media Blurbs:
- "We realized (Beacon's) technology with minor adjustments was directly transferable to the food industry to identify food-borne pathogens," says Templar's Bill Locatis, who serves as the chairman and CEO of Beacon Food Safety. "It's a use that's there right now. It's about solving a problem that's killing people and making people sick."
- "Beacon Food Safety expects to have the device ready for use in meatpacking plants, factory farms and elsewhere in the food-processing industry by early 2011. With food-borne illnesses sparking high-profile recalls, industry observers expect more stringent food-safety rules to be passed by Congress."
  http://www.bizjournals.com/denver/stories/2010/09/06/story4.html
- What makes the technology remarkable, Beacon officials say, is that it can detect bacteria at levels as low as a single cell. Currently, it takes about 10,000 bacteria cells to

identify the type of bacteria. A sample must be cultured over several days so the bacteria can replicate itself to provide enough of the sample to identify. http://www.denverpost.com/headlines/ci_16608002

Founders, Steve Stroud and Bill Locatis: Stroud and Locatis formed a partnership between their two companies Beacon Biotechnology and Templar Cos., which is an investment banking firm. They both have backgrounds in IT and food. Locatis is the chairman and CEO of Templar Cos. and is a co-founder for Beacon Food Safety. There is little information on the Internet about the founders and their Linkedins are pretty sparse.