Diverse Technology Development

Business Plan

Prepared January, 2020

VAIL INDUSTRIES

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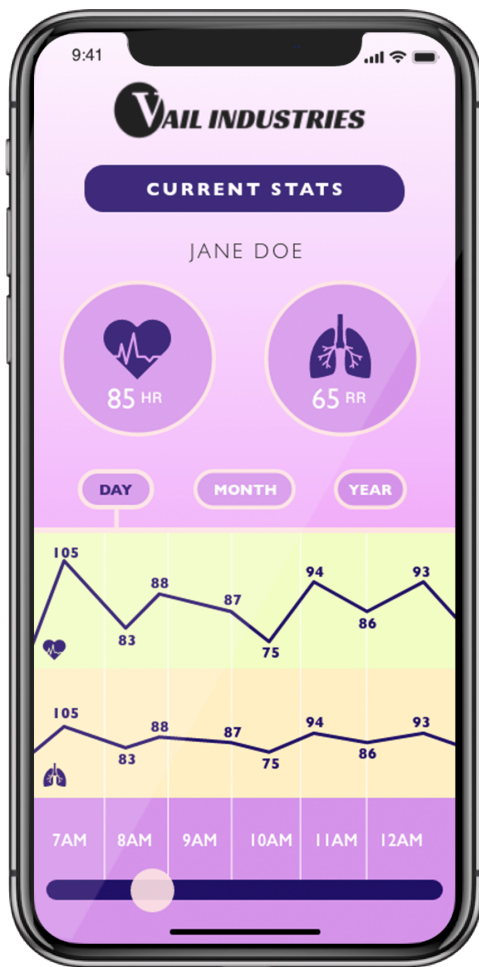
Steve Nelson, Ph.D.

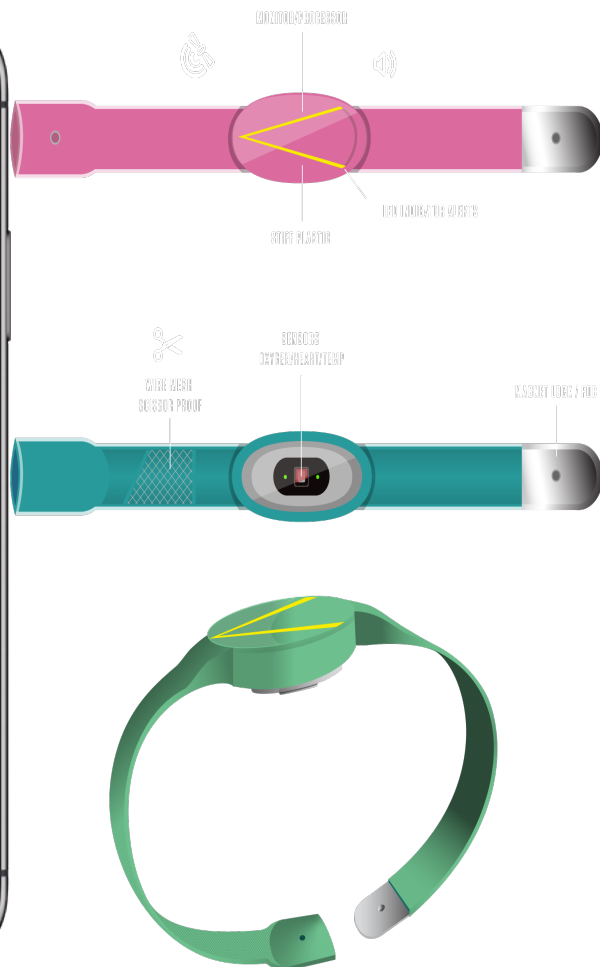info@vailindustries.com

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App look on mobile device.

Model of the VAIL wearable
(Version 1:V1)

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Executive Summary

<u>Opportunity</u>

Problem Summary

Sudden unexplained death in childhood (SUDC) is defined as the sudden death of a child, 12 months of age or older, that remains unexplained after a thorough case investigation, including performance of a complete autopsy, examination of the death scene, and review of the clinical history. These deaths elude our scientific understanding. SUDC cannot be predicted or prevented at this time. According to the U.S. Centers for Disease Control and Prevention, in 2015, 393 children between the ages of 1-18 years died suddenly without a clear cause of death determined. Most of these children were toddlers, aged 1-4 years; an incidence of 1.4 deaths per 100,000 toddler aged children. Research and awareness of SUDC remains limited.

The concept for the Vail Monitor was born in mid-September 2019 after the founders, Steve and Candice Nelson lost their 16 month old daughter, Vail, to sudden explained death in childhood (SUDC). Vail, who had recently outgrown the Owlet baby monitor she had worn every day of her life, passed away peacefully in her sleep. No known cause of death could be determined, therefore her death was classified as SUDC. After countless hours of research a harsh reality set in…that little research, and therefore even fewer answers were available. The Nelsons started looking for a way to protect their surviving child, Aspen, age 4. Finding a wearable device that would alert them if their child had a life threatening change in vitals proved to be difficult. It was then that Steve decided to design a wearable to meet their personal needs. The VAIL Monitor came to life.
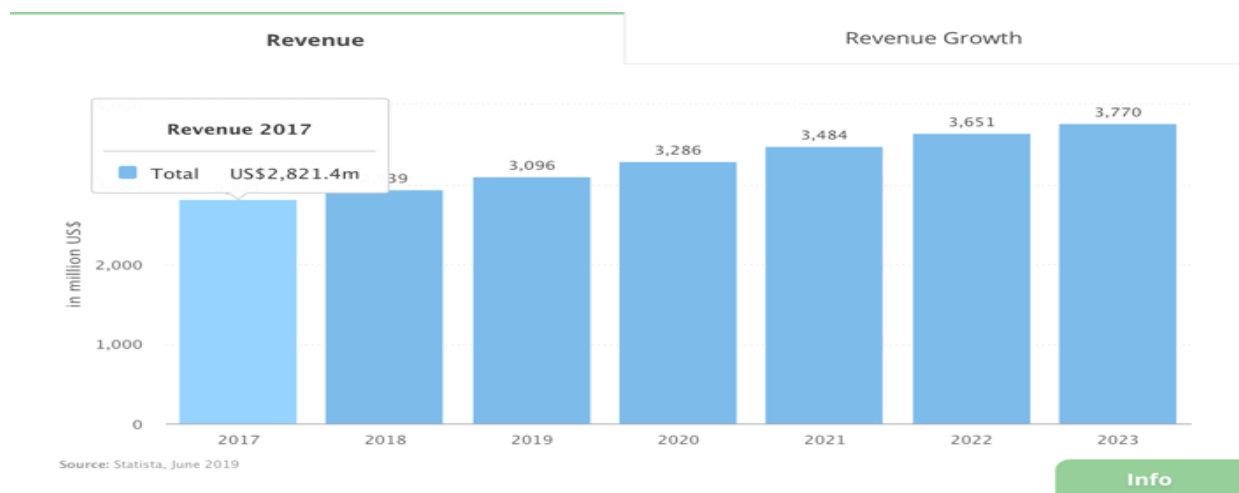
Solution Summary

The primary objective of the VAIL Monitor is to bring to market a child well-being monitoring device that offers the user peace of mind when it comes to the health status of their child. The device can be worn when the child is away from home, ensuring the parent that their child is stable and in the location where they intend them to be. As the Nelsons learned, this type of monitoring is important for both children with known medical conditions and those without any. When the child goes to sleep at night, the VAIL Monitor will continue to track their vitals, provide alerts when necessary, as well as monitor their sleep through movement detection. A secondary objective of the device is to ensure that the user has full access to their data history in a useable format that enables the parent to provide reports to the child's medical providers. The tracking of longitudinal data will allow the medical provider to determine the significance of any changes their child may experience. It is our primary goal to ensure that children are safe and protected.

Market

The current child wearable market in the U.S. and Europe is completely untapped. In China, over 25 million wearables were sold for children in 2018. The potential to be the first to market in the U.S. and European market with this device is very high. There are multiple companies producing fitness tracking wearables for children, but they do not provide the vitals monitoring, alert systems, data management or security features of

our product. The growth potential of the VAIL Monitor is immeasurable. Current sales of wearables to children are limited due to the child online protection act. This is primarily because the existing devices in the market are intended to be utilized and app managed by the child. Our device app design is for parental use only, therefore eliminating the conflict with child online protection act in the U.S. and Europe. It is believed by industry experts that the first device for children that can overcome this limitation will lead to dramatic growth in the market, similar to what has been seen in China, where no such laws exist. Below is a graph of projected growth in the U.S. market.

Projected Wearable Growth in U.S.

Competition

The closest competitor for our product is called the Neebo and is made by a British company. This device is designed to monitor a child's heart rate, pulse ox, and thermal state. The Neebo is designed to be worn at night only, when connected to home Wi-Fi. The Neebo is only designed for children up to age 5. Our patent attorney assures us that Neebo hasn't applied for U.S. Patent protection and that the VAIL Monitors features are not considered in competition with it.

The VAIL Monitors' main competitive advantage in the market is its combination of health monitoring, data management and security features. The fact that the device can be worn 24 hours a day and works on Wi-Fi-LTE-M networks, means that it can provide emergency alerts when a child is away from home. A full competitor analysis will be available at the completion of Phase 1 of product development.

Age ranges of devices in the market:
Owlet- Infant Monitor 0-12 months
Fit Bit- Teens ages 10-19
Wellue KidsO2- ages 6-10
Neebo- Children's monitor ages 1-3
Garmin Vivofit Jr 2- Tracker- Teens ages 10-19

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Why Us?

The need to develop this product stemmed from the personal loss of the developers. Steve and Candice Nelson lost their 16 month old daughter Vail suddenly and for unknown causes. Candice Nelson is a former paramedic and because of her experiences they had utilized a baby heart rate monitor called Owlet. However this product is only designed to be used by infants up to 1 year of age, and most children intellectually and/or physically outgrow the device at that age. While researching SUDC the Nelsons were appalled to find a lack of research and awareness of the issue, despite 400+ known deaths per year being categorized as SUDC. After Vail's passing, the Nelson's were unable to sleep at night, worrying about the safety of their then 3.5 year old child while she slept unmonitored. They scoured the market and found nothing appropriate for their older child. This drove them to create the VAIL Monitor. Additionally, they have created a unique health reporting system that far exceed anything being offered by the competition.

Steve has a Ph.D. in Operational Leadership, running several successful companies for over a decade. This experience includes a management firm that was successful in turning around a handful of companies in various industries (Telecommunications, Service Industry, Construction, Investment Holdings). Steve has increased profitability and honed general operations in all of these roles. In his first career, Steve was an accomplished educator, teaching every grade level in public k-12 schools. Early in his educational career he was promoted to school administrator, districtwide coordinator and finally a statewide trainer. He has received several awards during his time as an educator.

Candice has an MBA and has extensive human resources experience including management roles in union and manufacturing environments. She has also been instrumental in the family management firm, developing and executing financial management as CFO. Candice knows how to identify an individual's best skill set and utilize that to help meet the organizations overall goals.

Expectations

Forecast

The financial targets of Vail Industries include selling a minimum of 425,000 units in the first year after release. We will continue to develop and release the other models for expanded age groups and include models with advanced medical capabilities. Within 5 years of initiating production, we forecast to sell over 14,000,000 units. Industry experts have advised us that these projections are extremely conservative when considering the market size and demand. We plan to have the first model to market in early 2021. The long-term projects are available in the pro forma below. The sales strategy for the initial product offering includes online sales, box store retail, and direct sales to pediatric medical facilities and providers.

Financing Needed

In the pre-seed round of funding, we are looking to secure **$250,000.00** to push the product into the initial phases of development. Additional funding will be required to push the product through development, beta testing and to market. We believe that additional funding needs will be an A and B round, $2-3 million in each of those rounds (**A and B round totaling $6-7 million**). Strategic financial partnerships will allow the VAIL

Monitor to reach the market as the first device of its kind, a key component to long term success in the tech sector.

Round:	Dollars:	Percentage:	Valuation:	Share Price:
Friends and Family	$250,000.00	10%	2.5M	$2.50
A	$3,750,000.00	25%	15M	$15.00
B	$2,520,000.00	14%	18M	$18.00
Total:	$6,520,000.00	49%	120M	$120.00 * at start of sales

Vail Industries Pro Forma 2020-2026

Year:	2020	2021	2022	2023	2024	2025	2026
Projected Units sold		425,000 Units	750000 Units	1,500,000 Units	3,000,000 Units	6,000,000 Units	14,000,000 Units
Projected Revenue	0						
Gross Product Sales	0	140,245,750	247,492,500	494,985,000	989,970,000	1,979,940,000	4,619,860,000
App sales 80% customer base		340,000 Units	600,000 Units	1,200,000 Units	2,400,000 Units	4,800,000 Units	11,200,000 Units
Gross App Sales		1,356,600	2,394,000	4,788,000	9,576,000	19,152,000	44,688,000
Data Health Sales	0	0	250,000	500,000	1,100,000	2,200,000	5,000,000
Total gross sales		141,602,350	250,136,500	500,273,000	1,000,646,000	2,001,292,000	4,669,548,000
Cost of Sales	0						
Cost of goods sold	0	48,237,500	85,125,000	170,985,000	340,500,000	681,000,000	1,589,000,000
Total Net Sales	0	93,364,850	165,011,500	329,288,000	660,146,000	1,320,292,000	3,080,548,000
Expenditures	2020	2021	2022	2023	2024	2025	2026
Monitor design	375,000	600,000	750,000	1,500,000	2,500,000	3,500,000	5,000,000
Monitor and HUB tech	450,000	350,000	400,000	550,000	2,000,000	4,000,000	6,000,000
Software design	375,000	400,000	450,000	650,000	2,000,000	4,000,000	6,000,000
App design and Programing	325,000	350,000	375,000	600,000	1,000,000	2,500,000	4,000,000
Website	125,000	250,000	350,000	400,000	1,000,000	3,000,000	5,000,000
Marketing/Advertising	1,600,000	20,000,000	50,000,000	50,000,000	100,000,000	200,000,000	400,000,000
SEC Filing	2000	5500	20,000	50,000	150,000	400,000	550,000
Legal Fees	50,000	200,000	200,000	500,000	1,000,000	2,000,000	3,500,000
Patent Fees	15,000	20,000	20,000	50,000	125,000	250,000	400,000
Nirvania Analitics (SEC Partners)	250,000	250,000					
Office expense/lease	45,000	200,000	300,000	400,000	500,000	1,000,000	1,500,000
payroll	350,000	2,500,000	5,000,000	10,000,000	50,000,000	100,000,000	150,000,000
payroll taxes	100,000	1,000,000	2,000,000	3,500,000	15,000,000	30,000,000	50,000,000
total Expenses	4,062,000	26,125,500	59,865,000	68,200,000	175,275,000	350,650,000	631,950,000
Profit before interest and taxes	-4,062,000	67,239,350	105,146,500	261,088,000	484,871,000	969,642,000	2,448,598,000

Opportunity

Problem & Solution

A Problem Worth Solving

Worldwide in 1990, 12.6 million children under age five died, in 2016 that number fell to 5.6 million children. However, despite advances, there are still 15,000 under-five deaths per day from largely preventable causes (WHO stats). In the U.S. in 2017, the CDC reported that almost 9500 deaths occurred in children ages 1-14. Ten to twenty million children and adolescents in the United States have some form of chronic illness or disability. Chronic refers to a health condition that lasts anywhere from three months to a lifetime (healthchildren.org). The most recent estimates put the rates of children with chronic illness at around 20%. In addition to a lot of sick children, there are many that are missing. According to the FBI's National Crime Information Center (NCIC Missing person files juveniles under the age of 18 account for 29,758 or 34% of their active cases (as of 12/31/2018) The Second National Incidence Studies of Missing, Abducted, Runaway, and Thrownaway Children, released by the Department of Justice in 2002 and spanning the years 1997 to 1999, reported that of the 797,500 children reported missing in a one-year period, 203,900 were abducted by family members and 58,200 were abducted by non-relatives.

This product will create a new branch of the wearable technology market. The VAIL Monitor will provide a wearable product with a vitals alert system for children that far surpasses anything on the market. 25% of American adults will use a wearable in 2019. In China, over 25 million wearables were sold for children in 2018. That trend for children's wearables hasn't hit the U.S. yet. Our goal is to get this product to market before it does. In 2018 the wearables market totaled 8.8 Billion in sales in the U.S. alone. That number is predicted to exceed 9.7 Billion in 2019. The primary customer for this device will be parents of children age 1-10. The secondary customer will be pediatric medical providers and institutions. Additionally, over the next 5 years we have 5-6 models planned for development. Including devices with features targeted at tweens/teens, athletes, the elderly, and the autistic.

Our Solution

Ultimately, what sets the VAIL Monitor apart from other devices is the focus on:
- The sizes of the bands (allow for growth of the child)
- Medical grade rubber with wire meshing (scissor resistant)
- Magnetic locking mechanism (tamper resistant)
- GPS locating device
- Health reporting allowing for benchmarking health risks and abnormal details in real time and via longitudinal reports.
- Extremely accurate sensors
- Combination of heart rate, respiratory rate, oxygen saturation, thermal state interaction measurements
- Waterproof up to 30m

Target Market

Market Size & Segments

The VAIL Monitor V1 (Version 1) will be targeting 1-10 year old children, non-sex, non-gender specific. This means the market size in the U.S. for the first year 2020-2021. (74.2 Million). We are focusing on the parents and grandparents of children 1-10 years old.

The segments of V2 (Version 2) Senior version 62 and above (54 Million) U.S.

The segments of V3 (Version 3) Infant version 0-1 year (4 Million) U.S.
V3B Fetal version for pregnant women to monitor fetus moment and heart monitoring (3.8-3.9 Million) U.S.

The segments of V4 (Version 4) Autism version all ages (3.5-3.8 Million) U.S.

The segments of V5 (Version 5) Tweener model active sports model 10-19 years old version (42 Million) U.S.

The segments of V6 (Version 6) Adults version 19-62 (329-330 Million) U.S.

Competition

Current Alternatives

Owlet- Baby Monitor
- Heart Rate/ Oxygen Level/ Alert system (only for infants up to age 1)
- Tracks baby's heart rate and oxygen levels
- Sleep tracking measures how long and how well baby slept
- Base Station displays wellness status at a glance
- Lights and sounds notify caregivers to potential issues
- Smart Sock communicates with Base Station via Bluetooth
- Live readings of heart rate and oxygen levels available in the Owlet app

Fit Bit Ace 2
- Heart rate
- Blood Pressure
- Sleep Tracker
- Pedometer

Neebo- Children's monitor
- Heart rate
- Oxygen saturation

- Thermal state
- Alert System
- Vital signs insight on app (24 hours only collection)

Garmin Vivofit Jr 2- Tracker
- Waterproof
- Tracker GPS
- Pedometer
- Interactive screen and reminders, games
- Alerts but no vitals

Wellue KidsO2-
- Pediatric Oxygen Monitor
- 2 hour charging for up to 14 hours usage
- Heart rate
- Built-in vibration
- Reporting and alarm to app
- Sleep reports

Our Advantages

We have a provisional patient issued in January, 2020 for all of the versions of the technology which we have created up to this point. The advantage of the VAIL monitor is that brings all of the necessary technology together to provide a wholistic well-being monitor device. It checks all the boxes for parents, all in one device. No other device on the market can claim that.

The VAIL Monitor will track vitals and provide alerts. It will maintain GPS of the child at all times. The band and locking mechanism are designed to be tamper proof for both the child and a potential abductor. Collecting, managing, and interpreting data is at the heart of the devices capabilities. Generating health reports for the parent and medical provider that allow for long term observation of changes that are impossible to collect with any device at this point.

Execution

Marketing & Sales

Marketing Plan

The VAIL Monitor will effectively create a new market of wearable technology. It will provide an alert system and wearable product for children that far surpasses anything on the market. 25% of American adults will use a wearable in 2019. In China, over 25 million wearables were sold for children in 2017. That trend for children's wearables hasn't hit the US yet. Our goal is to get this product to market before it does. Our plan encompasses three target entries into the market. The first entry to the market is via online sales. This will allow us to
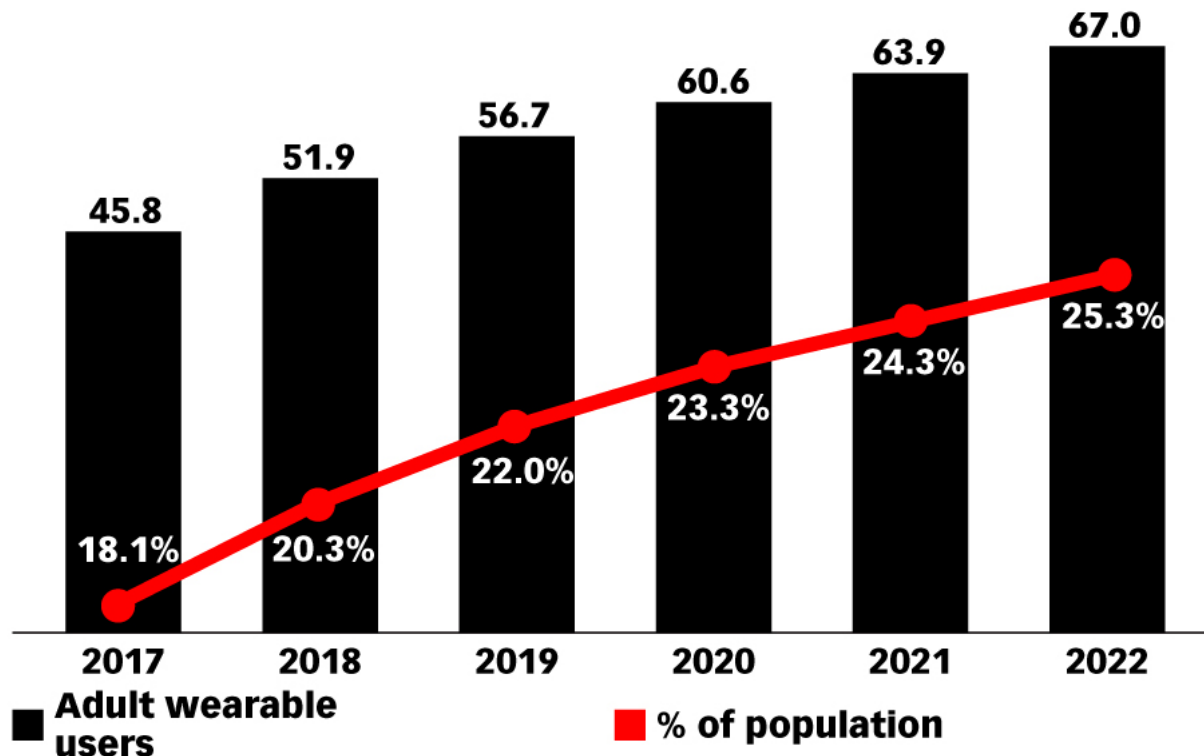
initiate national marketing and advertising campaigns targeted at parents of our focused age group. The second entry to market will be through a big box retailer. Our goal is to partner with Walmart or Target to make this product available in stores nationwide. The third planned entry to market is via the healthcare system. We are currently working to negotiate strategic partnerships with pediatric hospitals, not only to endure their endorsements but also to allow direct placement of the product into the facility. It is our vision that every child that enters a pediatric hospital leaves with a VAIL Monitor.

Select the SINGLE marketing activity that you think will make the largest commercial impact in 2018 for your business (or your clients)

Activity	%
Content marketing	20%
Big Data (including market and customer insight and predictive analytics)	14%
Artificial Intelligence and Machine Learning	14%
Social media marketing including Social CRM and Social Customer Care	10%
Mobile marketing (Mobile advertising, site development and apps)	9%
Marketing Automation (incl CRM, behavioural Email marketing and web personalisation)	9%
Conversion rate optimisation (CRO) / improving website experiences	5%
Search Engine Optimisation (SEO)	4%
Internet of Things (IoT) marketing applications	3%
Online PR (including influencer outreach)	3%
Communities (Branded niche or vertical communities)	3%
Partnerships including affiliate and co-marketing	2%
Paid search marketing, e.g. Google AdWords Pay Per Click	2%
Wearables (e.g. Apple Watch, activity trackers, augmented reality)	2%
Other:	1%
Display (Banners on publishers, ad networks social media including retargeting and programmatic)	1%

Geo-targeting a consumer with ads based on their location or interests isn't a new thing. However, wearable technology makes it easier to send notifications based on interests and stores nearby while also pinning the exact location where purchasing decisions are made. Wearable technology is able to see the route you take to get to work, buying habits, and daily routines which can further provide businesses data to help make marketing decisions. With even more access to consumer data, businesses will not only be able to provide you coupons for diners in town, but they will also be able to provide reviews telling you which one is the best. So our overall plan will be to use traditional marketing and digital marketing as a combination. Our marketing plan will also have clear information categories that can be made public by the user on platforms like Snapchat, Vine, Facebook or Twitter. The goal is to gain a handful of high level social influencers to help promote the product. Combined with high profile endorsements that we are currently working on securing from well-known medical facilities, we plan to enter the market with an establish sense of credibility. Examples of partnerships in the works include: Cleveland Clinic, Colorado Children's Hospital, Duke Medical Center and more.

US Adult Wearable Users and Penetration, 2017-2022
millions and % of population

45.8
51.9
56.7
60.6
63.9
67.0

18.1%
20.3%
22.0%
23.3%
24.3%
25.3%

2017
2018
2019
2020
2021
2022

■ **Adult wearable users**

■ **% of population**

Note: at least once per month; individuals ages 18+ who wear accessories or clothing embedded with electronics, software or sensors that have the ability to connect to the internet (via built-in connectivity or tethering), which in turn collects and exchanges data with a manufacturer, operator or other connected devices
Source: eMarketer, Nov 2018

243823

www.**eMarketer**.com

Sales Plan

The following universal marketing strategies for Vail Industries will establish our initial offering in the market as well assist with launching our additional wearable models. Brand engagement with our customers will help us to stand out from the competition.

First to market. Once we have the initial model ready for production, with all of the quality and health reporting developed at the highest level, we will saturate the market as the standard for quality. While the initial model is introduced in the market, we will continue to refine and develop other models for other age groups, with a goal of releasing a new model every 18-24 months. This will establish Vail Industries as a leader in innovation.

Find your tribe. Focus on identifying and building relationships with those advocates who will help you reach the greater masses. Instead of marketing directly to the crowds, leverage those brand advocates to spread the word. We plan on combining efforts with non-profit organizations like SUDC Coalition, Team Vienna, The Vail Project and others. Vail Industries also plans on developing relationships with hospital groups like the Cleveland Clinic, Children's Hospital of Colorado, Duke Medical Research Dept and many more. The opportunity to sell our software and data management system to others in the med tech space, as well as selling data to appropriate customers will also generate additional sources of income.

Be social. Encourage and reward customers to share product photos and experiences with their social communities. We plan on hiring a several high level social influencers to support and endorse the VAIL products when we enter Beta testing.
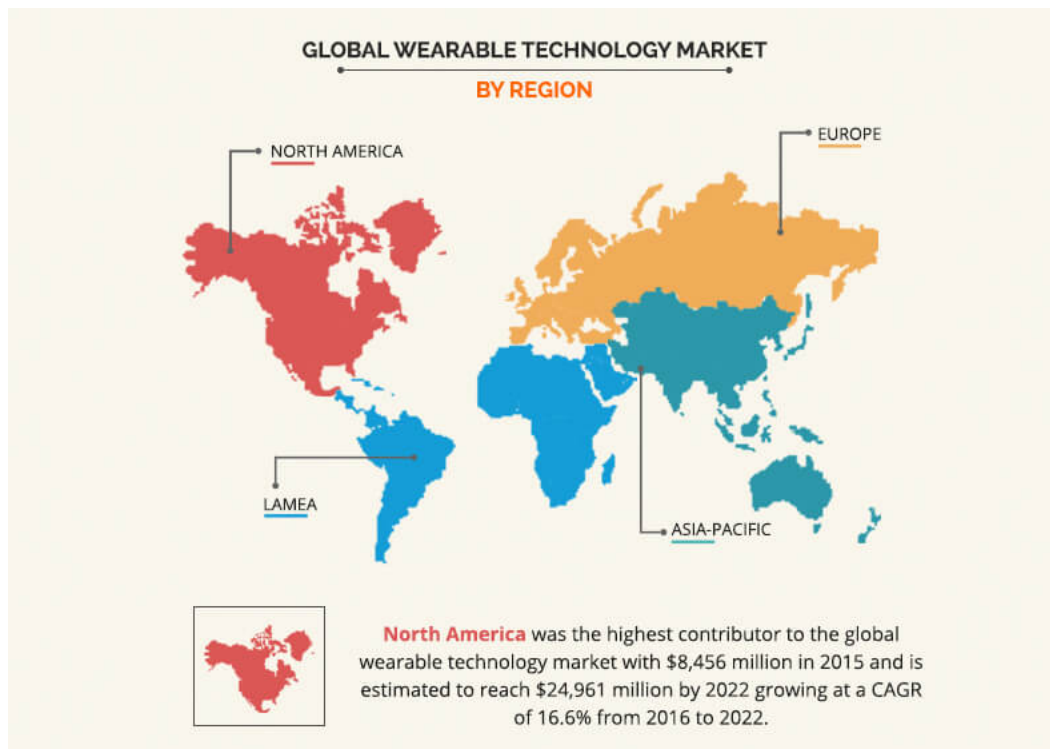
Let your customers do your marketing for you. User-generated content (UGC) continues to be a popular marketing strategy, providing customers with a voice to help boost awareness and engagement with our product. Whether via product reviews, videos or social comments and posts, allowing our customers lend a hand in promoting the product will be a key strategy. According to Business Insider, "consumers who interact with UGC are 97% more likely to purchase than consumers who don't."

Top Five Wearable Device Vendors, Shipments, Market Share and Year-Over-Year Growth, 2016 (Units in Millions)

Vendor	2016 Unit Shipments	2016 Market Share	2015 Unit Shipments	2015 Market Share	Year-Over-Year Growth
1. Fitbit*	22.5	22.0%	22.0	26.8%	2.4%
2. Xiaomi	15.7	15.4%	12.0	14.7%	31.0%
3. Apple	10.7	10.5%	11.6	14.2%	-7.9%
4. Garmin	6.1	5.9%	5.8	7.0%	5.4%
5. Samsung	4.4	4.3%	3.2	3.9%	38.6%
Others	43.0	42.0%	27.4	33.4%	57.1%
Total	102.4	100.0%	81.9	100.0%	25.0%

Source: IDC Worldwide Quarterly Wearable Device Tracker, March 2, 2017

Additionally: We have set a goal of expanding into various international markets. Examples of countries we will be targeting and a potential the timeline:
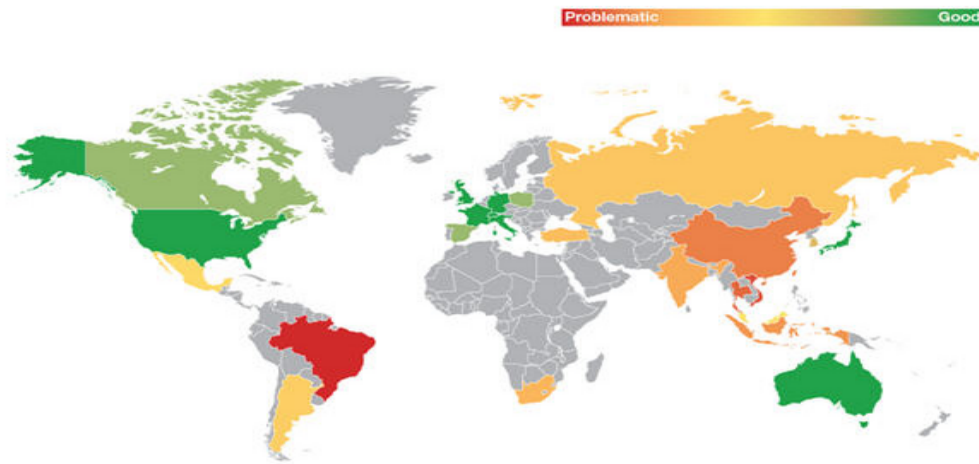United States 2021,
Australia 2022,
England & Japan 2023,
Italy, France, Germany 2024,
(Additional) Europe 2025.

GLOBAL WEARABLE TECHNOLOGY MARKET
BY REGION

North America was the highest contributor to the global wearable technology market with $8,456 million in 2015 and is estimated to reach $24,961 million by 2022 growing at a CAGR of 16.6% from 2016 to 2022.

Country Ranking

The scorecard finds a sharp divide between advanced economies and the developing world when it comes to cloud readiness.

Cloud Computing Policy Environment

Problematic — Good

Operations

Locations & Facilities

Greater Jacksonville area, Florida

"Jacksonville's high ranking as an entrepreneurial destination mirrors expectations for strong growth throughout the city's economy, buoyed by hiring in the construction and professional services industries as well as a burgeoning start-up community," (WalletHub).

Best City for Start-Ups? Jacksonville Ranks High on Inc. List, Posted on December 19, 2018

Jacksonville is becoming a haven for entrepreneurs and startups. Inc.'s 50 Best Places in America for Starting a Business list the Northeast Florida city as #14, citing a "steady growth of the city's advanced manufacturing, financial services, financial technology, logistics, and health care sectors," innovation and growth in young professional talent moving to the city.

On Inc.'s Surge ranks, the Jacksonville area ranks #3 in job creation, #5 in wage growth and #8 in population growth. The study highlights the particular growth in health & biomedical tech startups with local tech accelerator, PS27 Ventures investments in recent related projects and the significant number of health care facilities and hospitals. This runs parallel to our mission to establish key partnerships with medical facilities ex: The Mayo Clinic and UF Health Proton Therapy Institute. Quick facts that supported the decision to have Vail Industries corporate headquarters based in the Jacksonville area.

1. The Jacksonville region is the **5th fastest-growing market in America** and a top city for millennials.
2. The median age is equal to that of the nation overall and its' current working-age population is 837,000+ people.
3. Florida's tax environment provides one of the most favorable for both businesses and individuals alike.

4. Florida is one of the top states in which to do business for a reason. Low regulations, low cost of labor, excellent colleges and universities and zero state income tax are only a few. Competitive tax incentives may also be available from state and local governments for businesses that relocate or expand in the Jacksonville region, especially those in target industries (including health tech). Some incentives available include, but are not limited to:

   a. Qualified Target Industry Tax Refund (QTI): Refunds on corporate income, sales and other taxes for companies that create high-wage jobs in high-value industries.
   b. Quick Response Training (QRT): Reimbursable training expenses for instructor wages, curriculum development and materials for new or expanding businesses.
   c. High Impact Performance Incentive Grants (HIPI): Grants provided to pre-approved applicants in certain high-impact sectors. Once approved, the high impact business is awarded 50 percent of the eligible grant upon commencement of operations and the other half once full employment and capital investment goals are met.
   d. Economic Development Transportation Fund: Awards up to $3 million based on investment and jobs for companies to alleviate a transportation problem that might impact their expansion decision.
   e. Capital Investment Tax Credit (CITC): Annual credit for up to 20 years against the corporate income tax to cover costs related to the acquisition, construction and equipping of a project with at least $25 million in capital costs that will create 100 jobs.

Here are the best states to start a business in 2019:

Overall Rank	State	5-Year Working-Age Population Growth	Rate of New Entrepreneurs	Jobs Created per Startup in First Year	Venture Capital Invested per New Company
1	Utah	9.0%	0.29%	5.67	$11,537,129
2	**Florida**	**6.9%**	**0.46%**	**6.41**	**$8,184,906**
3	Texas	7.7%	0.43%	5.74	$6,750,477
4	Colorado	7.2%	0.35%	6.45	$6,340,736
5	California	1.9%	0.45%	6.47	$26,942,360
6	North Carolina	4.0%	0.27%	4.61	$15,147,746
7	Idaho	7.2%	0.38%	6.10	$1,814,400
8	Oklahoma	0.7%	0.39%	5.51	$4,390,833
9	Georgia	4.0%	0.42%	5.88	$10,244,018
10	Wyoming	-4.6%	0.45%	4.79	$2,424,000

In order to identify the best states to start a business, Seek Capital conducted a study that analyzed all 50 states in the United States using a research methodology that analyzed 21 critical factors. Here's a brief overview of the factors considered:

- Five-year growth in the working-age population
- Employment statistics like labor force participation rate and the unemployment rate
- Business tax climate based on corporate taxes, individual income taxes, sales taxes, property taxes and unemployment taxes
- Venture capital deal flow based on the number of companies that received venture capital funding
- Economic statistics such as GDP growth, 10-year establish growth rate and 10-year establish growth in strong industry clusters
- Cost of living and real labor compensation cost per hour
- One-year and five-year business survival rate

We believe that we will be able to draw great executive staff and employees to the area with a strong emphasis of health, community involvement, water sports and outdoor activities. Vail Industries considered several start-up friendly cities throughout the U.S. for locating our corporate headquarters. The decision was based entirely on financial advantages as well as quality of life deliverables for our future employees. The checklist of key factors we used to make the final decision that the Jacksonville, Florida area has (or doesn't have) that makes the difference for our growth and sustainability…

- NO corporate income tax on limited partnerships
- NO corporate income tax on subchapter S-corporations
- NO state personal income tax
- NO corporate franchise tax on capital stock
- NO state-level property tax assessed
- NO property tax on business inventories
- NO sales tax on manufacturing machinery and equipment
- NO property tax on goods-in-transit for up to 180 days
- NO sales and use tax on goods manufactured or produced in Florida for export outside the state
- NO sales tax on purchases of raw materials incorporated in a final product for resale, including non-reusable containers or packaging
- NO sales/use tax on co-generation of electricity

Technology

Physical description of the Vail Monitor:
Components:

1. **Band:** Fluor-elastomer-style rubber band. Band to have high tensile thin wire mesh inside the rubber casing, this is designed to ensure that the band is difficult to cut off, essentially scissor proof. Utilized as a safety feature to ensure device is difficult to remove- improves accuracy GPS location of child in abduction scenario. Band will also have a magnetic locking closure to ensure child cannot remove the device. Closure only demagnetized when in immediate contact with magnet key on base station. Magnetic key fob available for removal away from home. Band will have micro LED light and

sound system that will activate on vitals status change (two color system, one for significant change in vitals and one for life-threatening incident.) Yellow and red lights will be used, audible alarm will sound. Band sizes based on wrist size with printable metric tool to measure the correct ordering size (Toddler (T1/T2, K-1,3,5,7,9,11,Pre-teen, Teen/Adult sizing S, M,L,XL, XXL)

2. **Base Station**: Base station is a separate electronic disk shaped port where device will charge (potentially wirelessly) and band can be removed (separate magnet area on station). Base station connection will initiate data download to customer portal and upload to company cloud, if user permission granted.

3. **Sensors**: Sensors component housed in a water-proof rubber/metal case that is removable from band via slide lock system. Oblong shaped sensor compartment. See below for details on sensors.
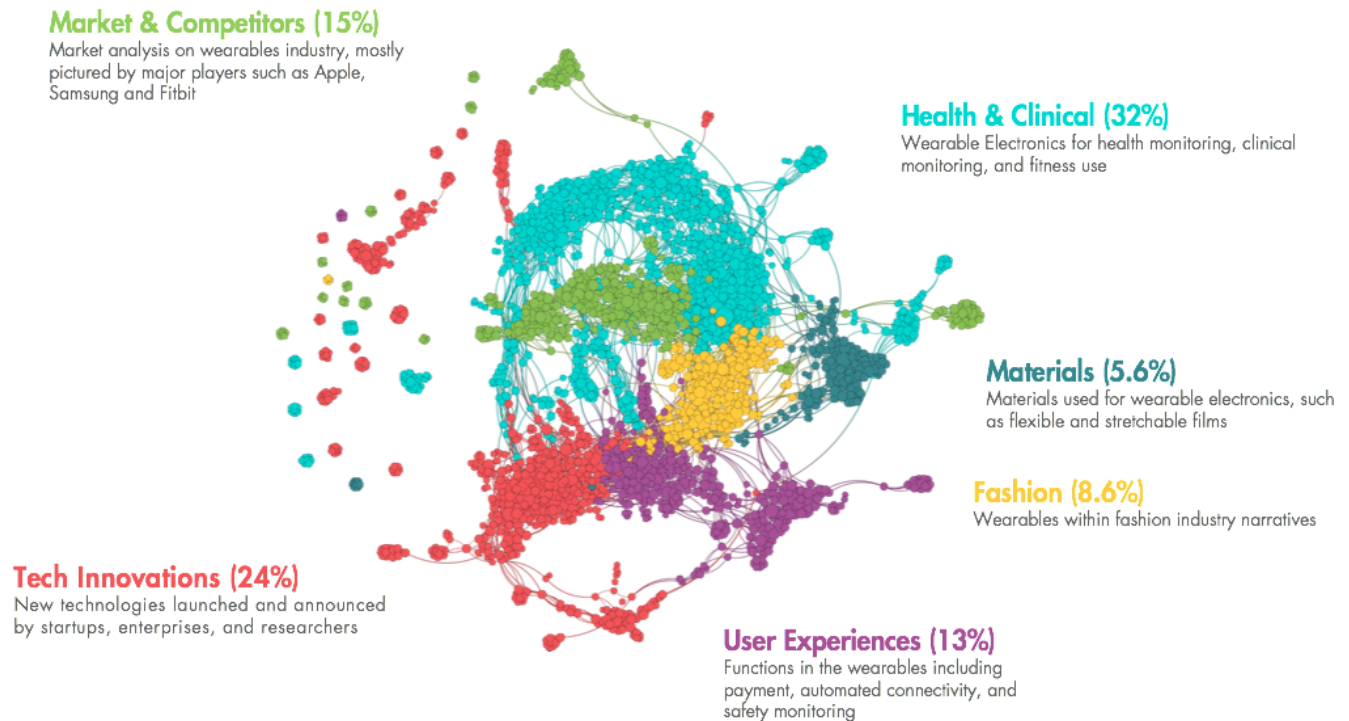
IoT:	Power Source	**IoT Gateway Connection Cloud:**	Raspberry Pi
	MCU		Wi Fi/ Ethernet connection
	Safe Node		Edge Computing
	Health Node		Cloud Connection
	Wireless Communication	**IoT:** Cloud Server	
		Mobile Application	
		Web Interface	

Version 1: Sensor capability: oxygen saturation, heart rate monitoring, thermal body temp sensor, movement sensors for sleep/wake cycles, day and night modes.

Version 1 software: Will allow device to alert (via sound, led lights on band and alert to app on mobile device) when there is a change in vital signs. Data collection and reporting ability to track changes over time.

Version 1 app: Will allow owner to set additional vital alert limits. Will allow user to access data download for their physician. App designed to be used by parent only. Access data and printable reports.

Version 1: GPS This function is connected via LTE-M network. Track child location at all times, allow for accurate location in emergency. Alert to app from any location.

Market & Competitors (15%)
Market analysis on wearables industry, mostly
pictured by major players such as Apple,
Samsung and Fitbit

Health & Clinical (32%)
Wearable Electronics for health monitoring, clinical
monitoring, and fitness use

Materials (5.6%)
Materials used for wearable electronics, such
as flexible and stretchable films

Fashion (8.6%)
Wearables within fashion industry narratives

Tech Innovations (24%)
New technologies launched and announced
by startups, enterprises, and researchers

User Experiences (13%)
Functions in the wearables including
payment, automated connectivity, and
safety monitoring

Version 2: Product description:

Version 2: Add enhanced 911 tech (where device-when activated in emergency mode- would auto contact local 911 resources, via call center set up). This will be done via an algorithm to determine when 911 is needed. Then the proprietary software would place a computer generated call to our call enter and then to 911 (in enhanced 911 systems), provide location and vitals data to 911 operator and generate an emergency response. App will provide Call center, or automated system with location, health vitals, length of situation, and preexisting conditions authorized by user.

Version 2 add ons: fitness tracking (pedometer) component with device alert system to indicate via LED light indicator digital read out current activity levels. On band so access to app is not required.

Version 2/3: Band replacements click off/on (licensing for print on designs)

Version 2/3: software: compile all monitored vitals (Heart, Oxygen, Temp) analyze for health report which can be linked to preexisting conditions in log from computer and algorithms with data collection/analysis will give comprehensive report for doctors' visits.

Version 2/3: Emergency response with log in detailing (health history, potential allergies, and risk assessment).

Version 2/3: Seizure detection through AI and ECG components

<u>Version 2/3:</u> Model of band and app designed specifically for autistic children: able to use sounds and vibrations in band components to calm child during episode. Episode detection capable through AI software component.

<u>Version 3</u>: AI generated software: Reports will be generated from health data and current fitness tracker to give suggested activity levels and calorie counts for wearer.
<u>Version 3:</u> software to integrate with other medical devices such as: implantable blood glucose monitors, pace-makers, etc.

<u>Version 4:</u> Fetal and Infant monitor versions will have a patch contact for the infant or maternal belly. This way the monitoring device is placed in the optimal position on the baby/belly. Its will be paired with a VAIL bracelet to the parent and the app.

Equipment & Tools

The first point-of-sale (POS) system to take payments, an e-commerce engine for our Vail Industries website, **PayPal,** POS processing solutions will be implemented creating efficient credit card authorization at the point of sale.

Vail Industries will implement customer relationship management software (CRM) is a software system that manages a company's interactions and relationships with both current and potential customers. CRM software enhances the customer relationship through managing customer interaction, tracking leads, and streamlining processes. CRM solution for managing your pipeline with be **Salesforce**, marketing tools for generating leads, and so on.

Apache Cassandra, The Apache Cassandra database is a potential choice for Vail Industries due to its scalability and high availability without compromising performance. <u>Linear scalability</u> and proven fault-tolerance on commodity hardware or cloud infrastructure make it the perfect platform for mission-critical data. Cassandra's support for replicating across multiple datacenters is best-in-class, providing lower latency for users and the peace of mind of knowing that we can survive regional outages.

Milestones & Metrics

Patient (Utility) (Provisional) (Design): 0-1 month (January, 2020)
Data Survey and Research: 1 month (February, 2020)
Research and Technology Development: Band Material and Design- 0-2months (April-June, 2020)
Optical Monitor:- 2-3 months Hub (May-June, 2020)
Program/app development: 3-4 months (July-August, 2020)
Day and night time optics/ processor (charging station): 5-6 months (August-September, 2020)
Prototype: 7-8 months (November-December, 2020)
Beta Testing: 9-10 months (January-February, 2021)
Marketing and Launch: 1-3 months post successful beta test. (March-April, 2021)

Our various versions:
1. V1 Getting the best product to market for initial age range 1-10
2. V2-6 Elderly, Tween/Teen, Sports, Infant/fetal, Autistic, Seizure Models
3. V2-3 FDA, Health risk/diagnostic model with AI
4. Enhanced 911

Key Metrics

VAIL products: The Gross Profit Margin (**GPM**) provides a wealth of insight into Vail Industries projected revenue. It is a profitability ratio showing how much of every dollar is left once we pay the cost of goods sold. Gross Profit Margin is determined using this equation: Gross Profit Margin = (Revenue – Cost of Goods Sold)/ Revenue. The goal at this point is to develop the IT wearable for around $80.00-$90.00 plus cost of packaging of $12.00-$15.00. Additionally, logistics of getting the product to stores throughout the US for $5.00-$8.50 per unit. This would make cost of one unit to market a combined $97.00-$113.50. (Multiplier of 3) to develop the price of each unit $329.99 which within the first year is projected to be Gross Profit of the device **$140,245,750.00** with a Net Profit **$67,239,350.00**.

VAIL app: Additionally, when compared around the industry, our gross profit margin can uncover if we are pricing goods and services competitively. Monthly Recurring Revenue (**MRR**) from the reporting app services. It's a normalized measure of a business' predictable revenue that it expects to earn each month. In 2021 the goal is to sell 425,000 units, we have a key metrics goal of 8/10 customers or 360,000 for premium app service and they pay $3.99 per month, or MRR will be **$113,050.00** per month and **$1,356,600.00** of the first year.

Company

Overview

The core principals of Vail Industries are focused around being a family company. Steve and Candice Nelson put their 16 month old daughter down after her bath with a baby monitor on her foot. Because of her age and size the monitor no longer fit properly and Vail had begun to play with it, altering the placement and its effectiveness. Their daughter passed in her sleep, from causes unknown. Obviously this trauma brought up concerns about their then 3 year old daughter's unmonitored sleep. The Nelsons could not find a single device appropriate for their 3 year old daughter that would provide alerts and data tracking over time. It was then that the Nelsons began to develop the VAIL Monitor and alert system. We estimate that initial funding round (friends and family) has shareholders owning 10%. A round of funding estimates venture capital ownership of 20% and a B round of funding where a potential 15-19% ownership will be released. This will be a combined interest of 45-49% which means the majority shareholder will be the founders Steve and Candice Nelson with 51-55% of the principal shares. The legal structure of Vail Industries, is a S type corporation registered with the State of Colorado.

An advisory board will be established, consisting of shareholders, executive level partnership representatives (example: Cleveland Clinic) and investment representatives. The Vail Industries Advisory Board is a group of individuals who've been selected to help advise the executive team regarding any number of business issues, including marketing, sales, financing, expansion and so on; this body will advise the board of directors and management of Vail Industries but does not have authority to vote on corporate matters.

Team

Management Team

Founder and Chief Executive Officer (CEO): **Steve Nelson, Ph.D.**
Managing major corporate decisions, manage the company's overall resources and operations, and communicate with the board of directors, management team, and corporate operations.

Operator/ after 2 year commitment Chief Financial Officer (CFO): **Candice Nelson/Open Hire**
Manages the company or organization's finances and are responsible for financial reporting. They assess financial risks and opportunities and oversee and manage lower level financial managers. They also help set and track financial goals, objectives, and budgets.

Chief Operations Officer (COO): **Open Hire**
Oversees a company's business operations and reports to the CEO. A COO ensures the company has effective operational and financial procedures in place.

Chief Marketing Officer (CMO): **Open Hire**
CMO's are generally responsible for planning, developing, implementing and monitoring the overall business marketing strategy. Some of the duties may include market research, pricing, product marketing, marketing communications, advertising and public relations.

Chief Technology Officer (CTO): **Open Hire**
The CTO makes all executive decisions with regards to the technological interests of a company. They are responsible for outlining the company's technological vision, implementing technology strategies, and ensuring that the technological resources are aligned with the company's business needs.

Global Sales Director: **Open Hire**
Include developing key growth sales strategies, tactics and action plans. Successful execution of these strategies is required to achieve your financial targets. Global Sales director duties will include hitting annual targets, building relationships and understanding customer trends.

Global Distribution & Logistics Director: **Brandon Barnes/Open Hire***
Oversee warehouse, inventory control, material handling, customer service, transportation and planning workers. Prepare worker schedules and ensure warehousing and distribution workers follow safety rules.

Chief Human Resource Officer: **Laura Tauscher Phillips/Open Hire***Overseeing HR systems, handling employee relations, ensuring compliance with regulations, managing budgets, assessing staffing needs, hiring employees, designing training programs, and developing compensation plans.

Global Product Development Manager: **Lynne Van Arsdale/Open Hire***
Will build out a global team and overseeing demand planning and integrated master scheduling functions globally IT products. Forecasting activities associated with customers and IT products. The Demand Planning team creates and maintains forecast models, incorporating business intelligence and forecast information gathered from sources such as new facility build schedules, product life-cycle management and repair requirements across the network.

Advisors

1. **Executive Advisory Board** (Oversight)
   a. Laura Phillips- Director of HR for medical device company for over 15 years.
   b. Lynne Van Arsdale- She has over two decades of experience in medical technology. Project Management Professional (PMP), Certified Agile Product Owner, Scrum Alliance, Pragmatic Marketing Certification, NPDP New Product Development Professional, BS Engineering (Cornell University), MBA (University of Houston, Bauer College of Business), MS Engineering (N. Carolina State University), she has also worked with MSCS Health IT at U.C. Denver, Anschutz.
   c. Jessie Meldru-
   d. Denise and Michael Savino- Michael is an Emergency Medicine Doctor in Long Island and Denise is a Sport Medicine Doctor currently conducting seminars on SUDC all over the country to medical communities.

2. **Nirvana Analytics** (Capital Raise)

3. **PLG Law Firm** (Legal)

4. **Sean Parsons Designs** (Website Design)

5. **Nottingham Spirk** (Brand Management and Product Development) Created or designed hundreds of products in the consumer, healthcare and business product sectors. The longest-standing design collaborative in the world. We employ a thoughtfully creative vertical innovation approach that is truly transformational with an impressive 95% to market rating.
   a. **Cleveland Clinic**
   b. **Colorado Children's Hospital**
   c. **Duke Medical Research Center**
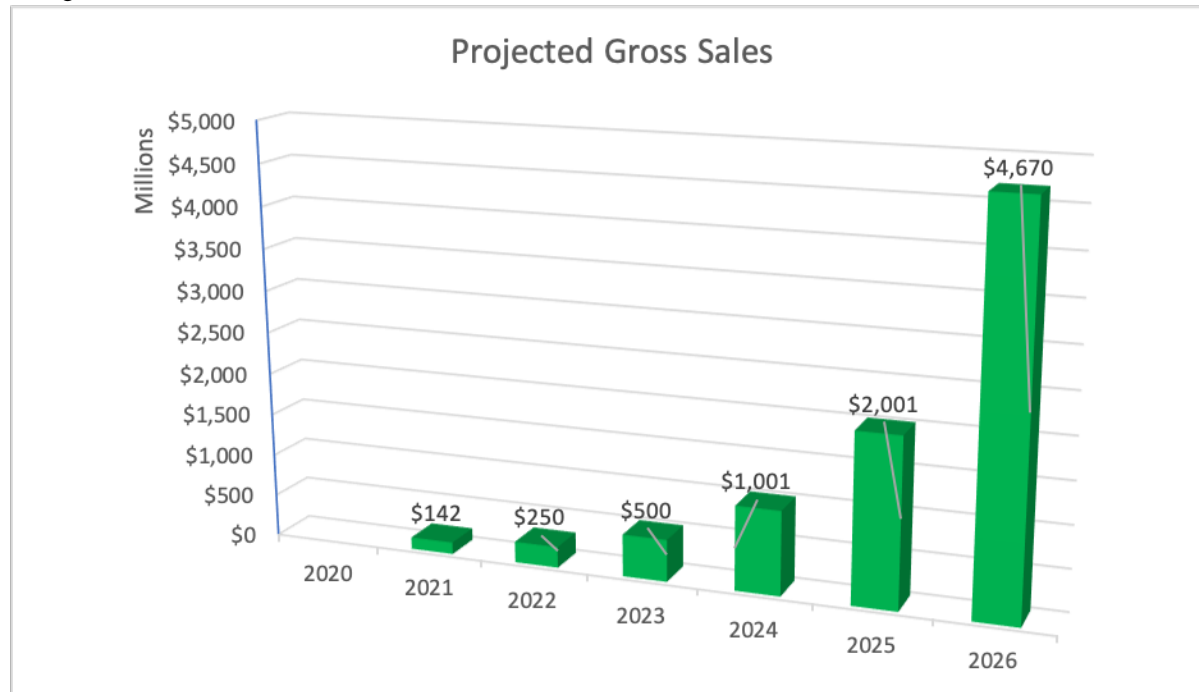   d. **University Health Rainbow Babies**
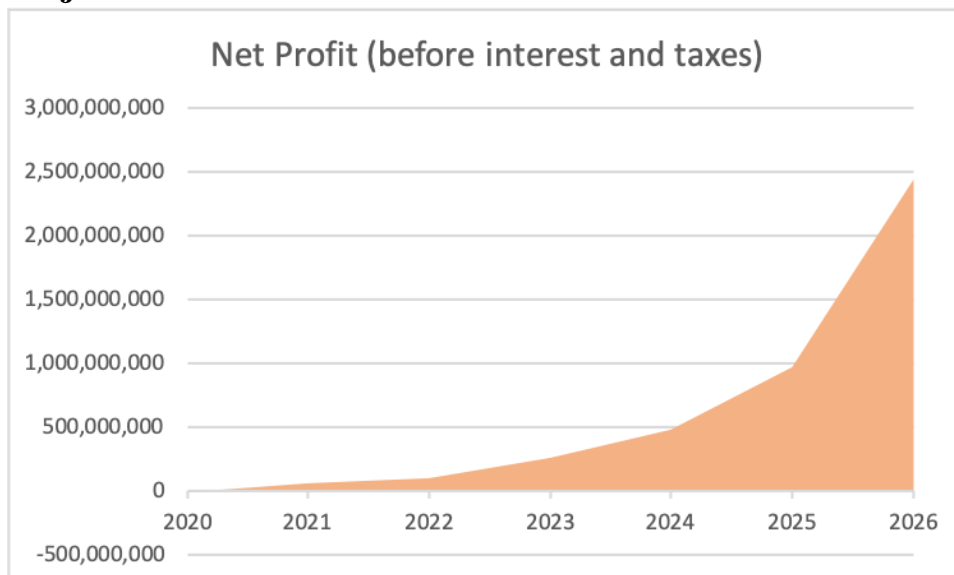
Financial Plan

Forecast

Key Assumptions

VAIL Industries developed a pro forma that estimates realistically obtainable goals over the next 5 year period, however we believe that the current market has the potential to far exceed our initial estimates. The projections of our revenue base came from extensive market research and our Insights Trial data, as well as taking into consideration other tech wearables within the market. Our market research indicates a 3.58% conversion rate of people visiting Vail Industries website will purchase a wearable device and 80.1% of those customers will also purchase the app recurring monthly at $3.99 per subscription. This will give them access to personalized health reports and benchmark indicators for analysis with medical professionals. We have identified that Vail Industries will increase its market share each year. The research indicates that the market will grow between 45-65% in the next 5 years. Despite being a start-up, we see the market as open and dynamic with various wearables in different age markets. With the expected release of new wearables each year, we believe we have set realistic goals, however we intend to exceed all estimated expectations of growth and profitability. Vail Industries has established a goal of an additional 40%-50% margin of profitability on each unit and a profit margin of 33%-35% on the application device. Within the first 3 years we project to increase our profitability margin to 50%-60% (on COGS) and implement additional revenue streams via added features including advanced reporting and 911 enhanced services.

Projected Gross Sales

Projected Net Profit

Net Profit (before interest and taxes)

Financing

Use of Funds

The goal for the friends and family is to raise $250,000.00. These funds will be used to cover expenditures including but not limited to legal and patent fees and initial product design and development. A and B round funds will cover costs including product development, engineering, manufacturing, marketing, advertising, web development, etc.

Sources of Funds

The founders and the advisory board have been focused on developing a strong mission and stable financing plans. The founders have invested their own money in this venture. Our goal is to stay debit free throughout the start-up phase. We have some relationships with National Banks (Chase, Citibank) that we can leverage to extend Vail Industries a line of credit up to $250,000.00. All funding will be equity investments for both A and B rounds. We will consider a venture debt round if necessary. Our expectation is that while we are in market analysis and development we will pursue and acquire A round investors. We have several venture capital groups interested in initial discussions regarding the investment opportunity and we anticipate securing A-round funding by the end of May 2020. The goal is then to have the prototype and app ready for presenting to B round investors in August-September, 2020.

Vision Statement

To innovate and design health technology products that improve both the quality of people's lives and their understanding of personal health. – Steve Nelson, Ph.D.