

Subject: March 17 2008 Executive Summary for

Self-Service Personal Mobility Carts
In and Around
Large Public Facilities
With Multiple Entrances

By
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Self-Service Motorized Carts
For Personal Conveyance

Seeking \$28,500,000 Project Funding

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Executive Summary

Company and Mission Statement

Mobility Solutions, Inc. (MSI) is a Raleigh, North Carolina based company. Its mission is to provide motorized self-service carts at large public facilities for mobility impaired individuals on a rental basis and then extend the market to business travelers and the general public.

Commercialization Strategy

Until now, this cart technology has been logistically limited to public facilities with a single customer entrance where the units can be dispensed (rental or complimentary) and returned to the same place. Despite dispensing limitations, this product has become widely used all over the world, but almost exclusively in single-entrance facilities.

Our strategy is to use a wireless credit/debit card reader, small microprocessor, and small touch screen on each cart, thus making it **self-service**. This effectively eliminates the need for a salaried attendant at each entrance, and the carts become practical for **rental revenue generation** at large public facilities with multiple entrances such as airports, shopping malls, convention centers, hotels, casinos, stadiums, and sports complexes.

Technology is available to constantly track and locate units as well as to keep them within desired boundaries. Our detailed *Concept and Business Plan*, we believe, addresses all of the major concerns as to the viability of this concept including theft and safety.

Background on Core Technology

Approximately 15-18 years ago, grocery stores began making motorized shopping carts available to mobility limited customers. Today these carts are widely used in almost any grocery store, Wal-Mart, K-Mart, theme park, and zoo in the United States and many such places abroad.

We have selected a manufacturer and visited their home office and manufacturing plant where we discussed the project at length with their **R&D staff, management, and owner**. This company is the exclusive supplier of motorized carts for **Wal-Mart** as well as numerous grocery chains and others. We have obtained a written agreement from them to partner with us by manufacturing the **enhanced units** under a mutually exclusive contract.

For our prototype, we are using a new model (700-pound weight capacity) into which the manufacturer has incorporated some exciting new cutting edge technology, which includes fewer parts, lower maintenance, and significantly longer run time between battery charging.

(The prototype is built and can be seen in the video taken at Charlotte Douglas International Airport. Some upgrades have been added since this video)

Competitive Advantage

Our enhanced product has no known competition, provides all cash revenue with no receivables, and has no known government controls. We have a patent search that shows no known competition and have made formal application giving us official “**patent pending**” status. Additionally, there are few, if any, other cart manufacturers with the ability to manufacture commercial carts and probably none with the short-term ability to produce the enhanced units.

The Marketing Opportunity

With an aging population, in the United States one person in five is functionally limited. Over twenty-five million cannot walk three city blocks, and almost twenty-four million cannot lift a ten-pound bag of groceries. Seniors over fifty account for thirty-five percent of the adult population and over seventy-seven percent of all financial assets.

Airlines spend an estimated 100 million dollars every year just in the U.S. to transport passengers inside airports. Most travelers would rather spend a nominal amount to run their own motorized conveyance. From our projections, usage at the top forty-five airports in North America alone, with one percent ridership (approximately six percent of all air travelers need assistance inside an airport), and a five-dollar average, would gross about thirty million dollars per year. Initial indications are that fifty-five to sixty percent of that revenue would pay for the carts and personnel, leaving forty to forty-five percent for additional overhead and profit.

We have a working prototype and we are currently soliciting major facilities in the eastern United States from which we will select **one** to implement a 2-3 month **beta test pilot site** to give us a more exact estimate of revenue and expense, and where we will further develop and test the overall system.

With thousands of such facilities in North America and around the world income could be in the hundreds of millions annually

Exit Strategy

MSI ultimate goal is creating a company with Sales of \$150 million and within one year of successfully achieving its goal proposes:

- Sell the company via an acquisition by a larger company.
- Or, Sell via going public.
- With a minimum Sale Price of \$150,000,000.

Management Team

Louis R. Sauer, President, Director of Marketing, company advisor and originator is also the president of Pro Biz Consulting Inc, and owns and operates additional businesses successfully, including AAA Medical Mobility, LLC which also rents and sells electric scooters nationally. Mr. Sauer attended and spoke at an investment capital symposium 7 years ago where this project was first presented. He has operated the Rent-A-Ride concession at the North Carolina State Fair and other fairs, renting commercial scooters to mobility limited fairgoers. They have never had a reported injury. This experience has contributed significantly to this project.

John Bryant- Vice President and Area Development Manager. Mr. Bryant has spent the last ten years with Bellsouth, the largest telecommunications company on the East Coast. He has been a Customer Service Specialist, handling customer complaints, requests and outages in a more than timely manner. He has received numerous customer accolade letters and two service awards. He is very customer oriented as he goes above and beyond to ensure customer satisfaction. He has committed the time and resources to take this project to several airport facilities immediately and expects to in 3 airports within the first year and 300 within 3 years a strong mechanical aptitude, and he enjoys working with the physically

challenged. Some of his strengths are innovation, vision, logistics, and attention to detail.

David Cochran, is MSI's corporate CPA, and since 1995 has been Managing Partner of a CPA firm. Previous professional experience includes approximately 6 years in the tax field with other accounting firms and several years teaching mathematics. Mr. Cochran has a masters in Mathematics from North Carolina State University.

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William Cox. Technical Advisor and Chief Robotics Consultant, Mr. Cox is a graduate of NSCU in the school of electrical engineering and enrolled in their graduate school. He is nationally recognized for his expertise in robotics and related.

LEVEL OF FUNDING NEEDED -- \$28,500,000.00

Funding at \$28,500,000.000 will enable us to:

- 1. Purchase the 80,000 square foot building and pursue development with expanded full-time staff.***
- 2. Contract with an engineering consulting firm for the architectural design and development of the transactions processing technology portion of the project.**
- **3. Build and pay for 100 enhanced units with incorporated attachments for the beta test (pilot) site.**
- **4. Conduct 60-90 day beta test site at an actual facility.**
- 5. Further develop a wireless locator system to track and retrieve units.**
- 6 Develop additional procedures and protocols for future expansion into additional facilities and venues.**
- **7. Build and pay for 750-1,000 additional enhanced units and begin expansion into additional locations and venues.**

- **8. Lease additional space to related or cooperative businesses and receive rental income.**
- **9. We would anticipate showing profits and paying dividends from the first year of operation. MSI has an anticipated positive cash flow within 12 months which will make VC investors ecstatic!**

*Cash Flow may be substantially increased from rental income as a result of sub leasing space not needed in the first and second year. Location of building is next to proposed extension of I-540 and expected to double in value in the next 5 years. Building was appraised at \$3.7 Million in 2003, estimated to exceed \$4 million presently and will be purchased for only \$2.5 million using the above proceeds.

ANNUAL REVENUE PROJECTIONS

Projections & Estimates/per facility		Gross Revenue @ \$5.00/Use	
		Per Day	Per Year
Customers/patrons per day/per facility	35,300		
Daily cart ridership @1%	353	\$1,765	\$ 644,225
Daily cart ridership @2%	706	\$3,526	\$1,288,450
Daily cart ridership @5%	1765	\$8,816	\$3,221,125

Annual Cart and Personnel Costs @ 10 Uses/Day	Cart Cost *	Personnel Costs**
Cost/cart = \$6,000 over 5 years (incl. maintenance)	Per facility	\$14,000 per year/ea. plus 15% of rental
= \$1200.00/year each	Per yr. †	
Carts required @ 1% 353÷10= 35 carts	\$ 42,000	\$166,633
Carts required @ 2% 706÷10 = 70 carts	\$ 84,000	\$333,267
Carts required @ 5% 1765÷10 =175 carts	\$210,000	\$763,168

Typical 14-hour staffing requirement (7:00 a.m. – 10:00 p.m.): 5 empl's per 50 carts or portion thereof with 2 of 5 on duty at all times. 35 carts= 5 empl. 70 carts= 10 empl. 175 carts= 20

**AVERAGE NET ANNUAL REVENUE PROJECTION (Gross revenue less
cart costs * less personnel costs **)**

	<u>Per facility</u>	<u>10 facilities</u>	<u>25 facilities</u>	<u>45 facilities</u>
@ 1% ridership	\$ 435,592	\$ 4,355,920	\$10,875,450	\$19,575,810
@ 2% ridership	\$ 871,184	\$ 8,711,840	\$21,779,600	\$39,203,280
@ 5% ridership	\$2,247,957	\$ 22,479,570	\$56,198,925	
	\$101,158,065			

FIXED COSTS PER CART

(ESTIMATES)

CART COST	\$1500.00 (5 YEAR LIFE)
INTERFACE	3000.00
MAINTENANCE	<u>1500.00</u>
	\$6000.00/5 YEARS/365 DAYS = <u>\$3.29 per day</u>

DEFINITIONS

Ridership- The percentage of facility customers/patrons who decide to rent and ride one of these carts for a half-hour five dollar minimum.

Utilization- The percentage of total time available on a cart or fleet of carts that the cart or carts are actually rented and being used.

ASSUMPTIONS and GIVENS

- ➤ ONE EMPLOYEE CAN KEEP 30-50 CARTS REDISTRIBUTED TO ENTRANCES AND READY FOR ARRIVING CUSTOMERS/PATRONS.
- ➤ LOWER UTILIZATION ALLOWS FEWER ATTENDANTS TO HANDLE MORE CARTS.
- ➤ RIDERSHIP DETERMINES GROSS INCOME AT EACH LOCATION.
- ➤ RIDERSHIP REVENUE PROJECTED FOR 1 IN 200 --- 1/2 PERCENT
1 IN 100 --- 1.0 PERCENT

- ➤ **UTILIZATION PERCENTAGE PROJECTED FOR 5, 10, 15, 25, 33.3, 50, AND 66.7% FOR CARTS AT EACH RIDERSHIP LEVEL. STATED ANOTHER WAY, NUMBERS SHOWN ALLOW FOR 95% TO 33.3% OF CARTS IDLE AND AVAILABLE ON AVERAGE. NUMBERS INDICATE THAT ONCE UTILIZATION REACHES APPROXIMATELY 10 %, UTILIZATION HAS A MARKEDLY REDUCED IMPACT ON PROFITABILITY.**

- ➤ **NUMBER OF CARTS IS A MATHEMATICAL FUNCTION OF (A)-TOTAL NUMBER OF CUSTOMERS, (B)-CART RIDERSHIP PERCENTAGE, AND (C)-UTILIZATION PERCENTAGE WHICH CAN BE OPTIMIZED BY COMPUTER TRACKING, ONCE A NOMINAL LEVEL OF EXPERIENCE (HISTORY) IS OBTAINED.**

- ➤ **INITIAL ESTIMATES ARE THAT THE OPTIMAL NUMBER OF CARTS WILL BE IN THE 33-50% UTILIZATION RANGE.**

- ➤ **AVERAGE RENTAL COMPUTED AT \$5.00 MINIMUM FOR ½ HOUR. AVERAGE WILL BE HIGHER BECAUSE MANY WILL KEEP CARTS LONGER**

- ➤ **FIGURES BASED ON 16 HOUR DAY OPERATION, 365 DAYS PER YEAR,**

- ➤ **PERSONNEL COSTS ESTIMATED AT \$7.00 PER HOUR PLUS INCENTIVE BONUS BASED ON EMPLOYEES SHARING 15% OF GROSS REVENUE.**

- ➤ **7-HOUR WORKDAY PER EMPLOYEE PLUS 1-HOUR OFF CLOCK TO EAT.**

- ➤ **FIGURES BASED ON 30,000 CUSTOMERS/PATRONS PER DAY.**

EXPLANATION OF “DAILY REVENUE, EXPENSE, AND MARGIN PROJECTIONS”

Projections are for one facility with 30,000 customers/patrons per day.

Column A – represents percentage of customers/patrons renting a cart.

Column B – represents possible levels of cart utilization at each ridership level, e.g. 5.0% means each cart would average being used 5% of a 16-hour day. Conversely, it would be unused and available 95% of the 16 hours. 50% means that the average cart would be utilized for 8 hours per day and would be idle and available the other 8 hours per day.

Column C – To arrive at column C (number of carts), first multiply 30,000 (customers/patrons daily) by the percentage in column A (expressed decimally) to get the number of renters at that level (i.e., $1/8\% = .00125$). The number of renters (i.e. 38) (renters = to half-hour segments) is then divided by two to arrive at the number of hours unit is rented. The number of hours (i.e. 19) is divided by column B (expressed decimally, i.e., .333) and the answer (i.e. 57.005) is divided by sixteen (total hours in the work day) to arrive at column C (i.e. 3.56 units rounded to 4 units).

Column D – Taken from “Fixed Costs Per Cart, (attached) per day (\$3.29) and multiplied by Column C (the number of carts). For interface and maintenance we have shown what we believe to be significantly inflated figures to illustrate how insignificant cart costs are, to the overall picture. Our belief is that we should spare little if any expense on cart cost and other hardware, as long as it doesn’t slow us down with the project.

Column E – From “Assumptions” – Number of employees dictated by number of carts initially. From our experience at large fairs, we believe numbers are conservative. Cart density and utilization levels will be factors we can adjust once we get a better feel for actual numbers.

Column F – Number of employees x two shifts of seven hours each x \$7.00 for base salary.

Column G – Ten percent of column J for incentive bonus to insure employees maximize reallocation of units.

Column H – Sum of columns D, F, and G. There, of course, will be other costs, but these should be the major ones. This is why K and M are titled Margin, not Profit.

Column J – Number of riders (30,000 customers/patrons daily times column A expressed decimally) x \$5.00. Rounding may affect smaller numbers.

Column K – Column J minus column H (daily cost for attendants and carts) equals daily margin.

Column L – Reflects increase in margin at ½ (50%) utilization from one ridership level to the next.

Note: Ridership level increases from one level to next is 100%.

Column M – Column K x 30.416 (365 ÷ 12) average days per month.

Daily Revenue, Expense, and Margin Projections Based on Cart Ridership

Ride r Ship A	Util- - ization B	# cart s C	Total Cart Costs D	Em pper Shif t E	Salarie s F	Bonus 10% G	Total Costs (-) H	Rev- enue (+) J	= Margin K	Margi n % in- crease L	Margin Per Month M
½%	5.0	94	309.26	2	196.00	75.00	580.26	750.00	169.74		5,162.92
	10.0	47	154.63	1	98.00	75.00	327.63	750.00	422.37		12,847.08
	15.0	31	101.99	1	98.00	75.00	274.99	750.00	475.01		14,448.22
	25.0	19	62.51	1	98.00	75.00	235.51	750.00	514.49		15,649.07
	33.3	14	46.06	1	98.00	75.00	219.06	750.00	530.94		16,149.73
	50.0	10	32.90	1	98.00	75.00	205.90	750.00	544.10	144%	16,549.71
	66.7	7	23.03	1	98.00	75.00	196.03	750.00	553.97		16,849.92
1%	5.0	188	618.52	4 ?	392.00	150.00	1160.52	1500.00	339.48		10,325.85
	10.0	94	309.26	2				1500.00	844.74		25,694.17

Income Statement – Projected

	2007	2008	2009
Operating Revenues	112,500	2,925,000	13,237,500
Interest	17,848	9,427	3,118
Total Revenues	130,348	2,934,427	13,240,618
Operating Expenses			
Employee	37,890	820,950	3,715,325
Cart Maintenance/Depreciation	8,877	192,329	870,411
Franchise Fees/Insurance	11,250	292,500	1,323,750
Cart Parts	1,500	32,500	147,083
Total Operating Expenses	59,517	1,338,279	6,056,569
Gross Margin	70,831	1,596,148	7,184,049
Administrative Expenses			
Personnel	69,000	390,000	1,765,000
Benefits, Exp, Emp Taxes	13,800	78,000	353,000
Office Expense	4,600	26,000	117,667
Computer and other Consultants	18,000	65,000	294,167
Prototype Equipment	10,250	6,000	6,000
Total Administrative Expenses	115,650	565,000	2,535,833
Net Income/(Loss)	(44,819)	1,031,148	4,648,216

Balance Sheet-Projected

	2005	2006	2007
Assets			
Cash	20,000	207,400	706,200
Money Market Account	792,681	91,429	130,845
Accounts Receivable	-	-	-
Furniture and Fixtures	-	-	-
Equipment	142,500	1,687,500	5,797,500
Other Assets	-	-	-
Total Assets	955,181	1,986,329	6,634,545
Liabilities			
Accounts Payable	-	-	-
Debt (within one year)	-	-	-
Debt (beyond one year)	-	-	-
Other Liabilities	-	-	-
Total Liabilities	-	-	-
Equity			
Capital Stock	625	625	625
Additional Paid-in Capital	1,024,375	1,024,375	1,024,375
Retained Earnings (Deficit)	(69,819)	961,329	5,609,545
Total Equity	955,181	1,986,329	6,634,545
Total Liabilities and Equity	955,181	1,986,329	6,634,545
New Carts	30	330	870
Number of Carts	30	360	1,230

Cost per Cart	5,000	5,000	5,000
		1,650,000	4,350,000
Total Cost of New Carts	150,000		

We anticipate 10 airports by the end of the second year, 45 by the end of the third year and 100 within 4 years. Our goal is to capture 300 airports within 5 years or less. Simultaneously, we propose to also capture a major share of the overseas market globally.

DISCLAIMER: There is no guarantee of success. This business plan is not and offer to buy or sell. It is our business plan.

This Executive Summary For Self-Service Personal Mobility Carts Was Prepared Exclusively For _____ and No One Else By

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