The Soda-OP

The future **drink insurance** for Diabetic Patients

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Executive Summary

Current insulin administration

Estimation of calories and sugar ingested by patient

Let's make a correction
Misdiagnosis and misleading labels on drinks give diabetics a dangerous world to live in. So we made a product that gives diabetics control over this chaotic world. In many restaurants, servers may confuse a diet soda for a regular soda, or forget to full clean the nozzles of the soda machine and cross contaminate the diet options.

Our Goal
The goal of Soda-op is to create a safe test stip that will accurately display the amount of sugar in a soda so that diabetics can accurately dose with insulin.

The Business

Problem Addressed

- Diabetics are unable to test the amount of sugar in their beverages.

Customer and Solution Provided

- Diabetics will be provided a convenient method of testing drinks.

Distribution

- We will distribute to pharmacies located in convenient stores (CVS, Publix, Walgreens) and small businesses.

Differentiation Strategy

- Cost-effective, reliable, safe.

Growth Potential

- Personalization of the bracelet
- Alcohol detection strips

Founding Team

Qualifications

- Diagnosed with Type I Diabetes in 2005.
- Research experience in biological sciences.
- 5 years of serving and restaurant experience

How Critical Tasks Will Be Covered

- Marketing, sales, and customer outreach will be divided amongst founding team members.
- Assembly, delivery, and payment processing will be done through contract partners.

Gap Analysis

- We will need enough customer service representatives so that each representative can be assigned to check on 90 clients each month.

Industry/Market Analysis

Analysis of Medical Devices Industry:

NAICS: 423450

Some Quick Stats

- **Diabetes is most prevalent in the Southern United States**
- **1.5 million Americans** are diagnosed with diabetes each year
- **10.5%** of the total population
- **7th leading cause of death**
  - This is only accounting 35-40% of people who report it on their death certificate
- **$327 billion**: total cost of diabetes in the U.S

Relevance

- A passionate and meaningful cause
- A large and growing customer base
- Concrete purpose and ease for future growth

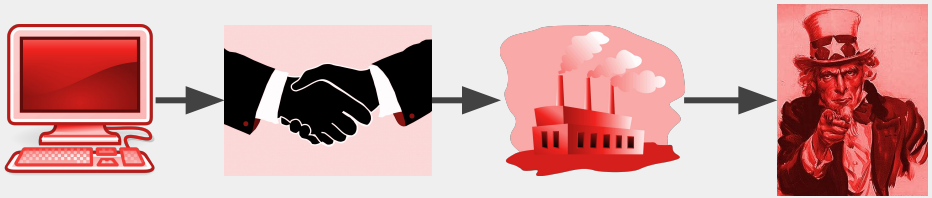
Analysis of Market in South Carolina:

Orangeburg County, SC

- Population: 87,476
- **14.7%** of the population had self reported cases of diabetes\
- **43%** of people with diabetes in this area had to be hospitalized for diabetic complications

- Great location to venture and establish Soda-Op
- Expansion into neighboring counties & then to the American Southeast.

Distribution



Product/Service Development Plan

Description:

- Bracelet able to hold a limited number of glucose test strips
- Compostable glucose test strips will detect the prevalence of glucose in drinkable liquids
  - **glucose** reacts w/ **glucose oxidase** = **gluconic acid** (color change of strip)
- Already mandatory health alert bracelet innovated for new functions
- Community based product customized by the individual
- Convenient test strip placed in drink to detect the presence of carbohydrates

Technology Assessment:

- Minimal research costs and short development period
- Custom injection mold
- Contract manufacturing of chemical and bracelet supplies
-

Prototyping and Testing Plan:

- Needs FDA approval and testing for wearable device specifications
- Should not require extensive testing as this is combining two already approved FDA devices: test strips and emergency bracelets

Operations Plan

Location: Orangeburg, South Carolina I-95 corridor

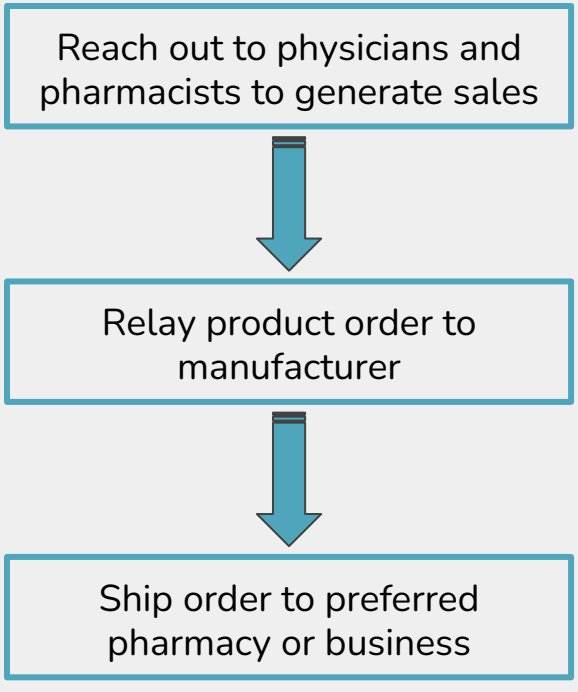
- Corporate Office to house founding team offices and customer service facility

Plan for Outsourcing:

- Merchant One as a payment processor
- Keto-Diastix to acquire glucose test strips
- Uncommon Goods will supply the reusable bracelets

Manufacturing & Distribution:

- Shipping directly from the manufacturer to pharmacies and small businesses through a third party shipping service.
- Contract Manufacturer to package glucose strips into bracelet



Organization Plan

Our Company's Culture:

- Intrapreneur company
- Soft-management style with customers
- Hard-management style with contract manufacturers

Legal Structure & Environment:

- FDA regulated
- Limited Liability Corporation (LLC)

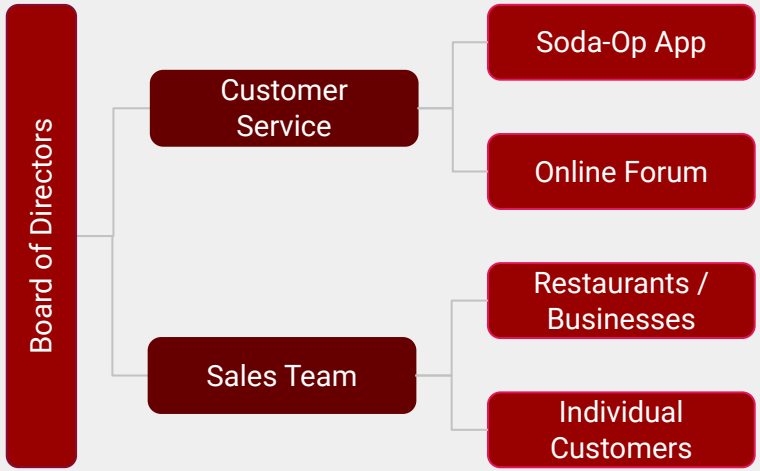
Personnel:

- Members of this team
- Future: board of directors, customer service team, and sales team

Partners:

- Contract manufacturers and local distributors

Organizational Chart & Key Management



Marketing Plan

Purpose

- Introduce new product to the market through promoters (pharmacists and physicians) and consumers (those diagnosed with or caring for someone with T1D).

Target Market

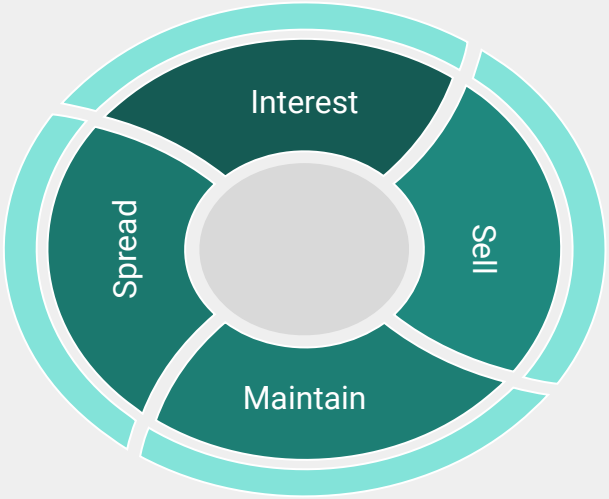
- Hospitals, Clinics, Medical Practices, etc.
- American Diabetes Association, Fundraising events for diabetes, JDRF1 walks, etc.
- Retirement homes (25% of those 65+ have diabetes)

Customer Acquisition Plan

- 4 Stage Cyclical Model

Sales Strategy

- Establish ongoing sales relationships with local pharmacies.



Financial Plan

Capital Requirements

- Public investors
- Grants
- $500,000 before opening

Risk Factors

- Market fluctuations
- Strategic alliance acquisition
- Liability Costs (LLC)

Break Even Analysis

- Sell 2,000 units in a given month

Assumptions

- Consistent growth
- Customer security
- Receive funding from ADA
- Diabetes will remain an untreated disease

Ongoing Funding

- ADA Grants
- Personal/Family/Friends funding

Balance Sheet

	Year 1	Year 2	Year 3
ASSETS			
Current Assests			
Cash	$ 500,000	$750,000	$1,150,000
Accounts Receivable	$ 10,000	$ 75,000	$ 225,000
Total Assets	$ 510,000	$825,000	$1,375,000
LIABILITIES & SH EQUITY			
Current Libilities			
Accounts Payable	$ 50,000	$750,000	$1,000,000
Notes Payble	$ 50,000	$ 10,000	$ 500,000
Total Liabilities + SH Equity	$ 100,000	$760,000	$1,500,000

Income Statement, P&L

	Year 1	Year 2	Year 3
Income			
Net Product Sales	$200,000	$1,200,000	$39,800,000
Grants	$100,000	$ -	$ -
Total Income	$300,000	$1,200,000	$39,800,000
Expenses			
Research/Development	$150,000	$ 150,000	$ 5,000,000
Manufacturing Costs	$ 50,000	$ 300,000	$ 5,000,000
Marketing	$ 1,000	$ 1,000	$ 10,000
Fulfillment	$ 5,000	$ 50,000	$ 200,000
Rent/Utilites	$ 70,000	$ 70,000	$ 300,000
Salary/Commisions	$ 50,000	$ 150,000	$ 2,000,000
Total Expenses	$326,000	$ 721,000	$12,510,000
Profit/Loss	**$ (26,000)**	**$ 479,000**	**$27,290,000**

Statement of Cash Flow

	Year 1	Year 2	Year 3
Cash Flow from Operations			
Net Earnings	$ (26,000)	$ 479,000	$27,290,000
Additions to Cash			
Accounts Receivable Decrease	$ 10,000	$ 75,000	$ 225,000
Accounts Receivable Increase	$ 50,000	$ 750,000	$ 1,000,000
Subtractions From Cash			
Inventory Increase	$ (2,000)	$ (10,000)	$ (50,000)
Cash Flow from Investing			
Equipment Purchase	$ (12,000)	$ (10,000)	
Cash Flow from Financing			
Notes Payable	$ 50,000	$ 10,000	$ 500,000
NET CASH FLOWS	$ 70,000	$1,294,000	$28,965,000

Financial Plan Summary

Year 1: diabetic population Orangeburg is 80,000 people; assuming we sell to half of this population 40,000 other diabetics within the surrounding counties, we will have 80,000 people in the initial customer base. $5/ bracelet times 80,000 people + $100,000 replacement test strips is $200,000. Expecting $100,000 grant from ADA. Research and FDA approval expecting $150,000. Small startup should only be $50,000. Marketing will be online so only $1,000. $5,000 for shipping since we are beginning very local. Small start up will only be $70,000 for rent since we will be in a small building.. Salary only begins at 50,000 for 1 additional employee. Loss in year one is negligible when you account for the gains in the next few years.

Year 2: double original customer base and continue test strip sales to original customer base. Manufacturing will also increase because we are expanding beyond local counties and into the entire state. Adding two sales people so salary jumps to 150,000.

Year 3: double customer base again while retaining old base. Research will increase because we will begin to focus on customization and will be moving into different states that may require additional research. Manufacturing will increase as we move out of state and country and have to make more bracelets. Marketing increase as we begin air travel. Increase salary and rent because we are expanding our team.

Growth Plan

Strategy for Growth

- Expand our target market from hospitals solely in South Carolina and surrounding areas to hospitals in states farther away
- Aim to increase market share in consumer diabetic strip market to 10% within 5 years

Resources Required

- Hiring sales people, customer service reps; expanding transportation services; developing lasting relationships with hospitality teams in hospitals; secure manufacturing arrangements to minimize middleman costs

Infrastructure Changes Resulting From Growth

- Increasing staff members; opening new offices/location

Contingency Plan and Harvesting Strategy

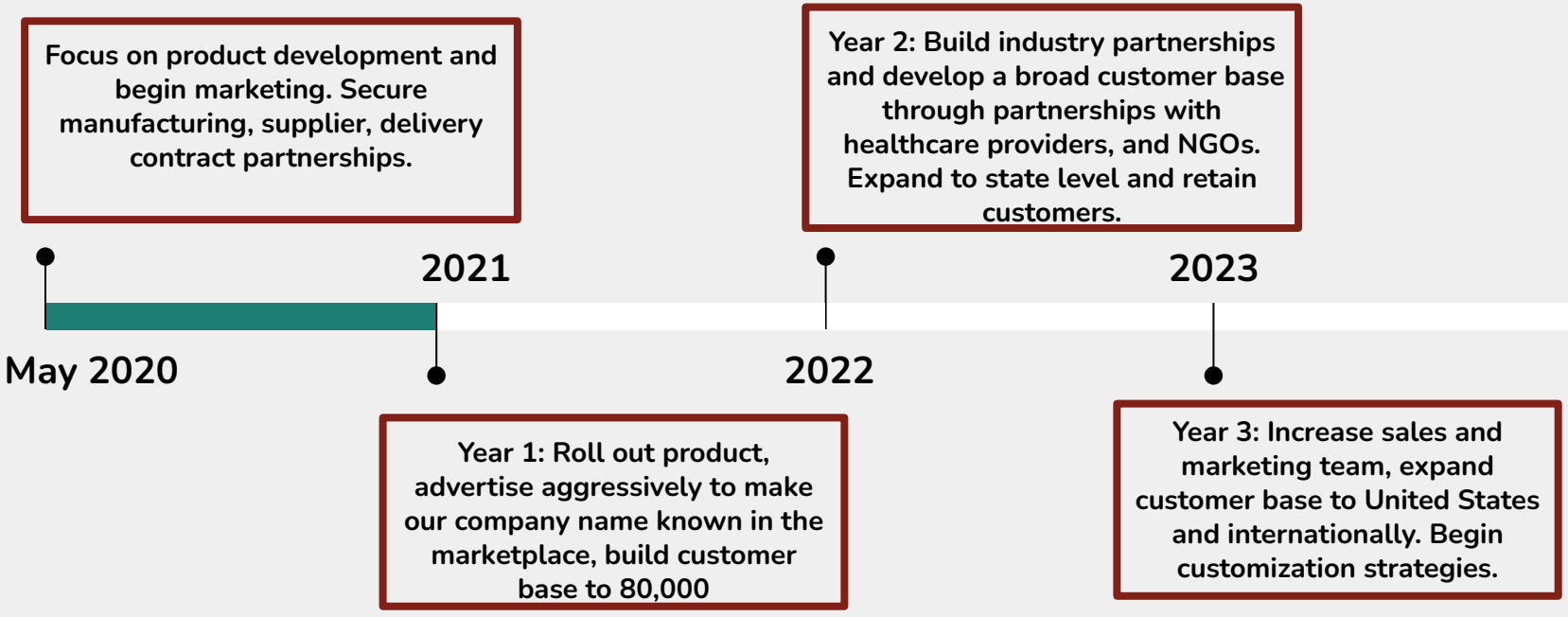
Contingency Plan

- If market does not accept our product, we could move outward to areas will lower health-care access and use this to promote our product as a preventive care product.
- If demand were to be more than our agreed upon numbers with partner companies, we would explore severance of current partnerships and creating new ones.

Harvesting Strategy

- We will not consider acquisition of our firm until 2025, at which time we will hire an M&A firm to negotiate these offers.
- We will then be open to looking at private investors, venture capital and would consider an IPO

Launch Timeline



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