



Reporty – Answers – 13/12/14

Technology

- how difficult is it for other companies (equipment or software) to replicate the “micro locator” function?

Reporty Indoor Location Algorithm has been developed for over 2 years. It has been deployed and tested in several large indoor commercial centers ([Click Here](#)). It harnesses Machine Learning and Big-Data algorithms to provide 1m localization accuracy. It requires only a smartphone and doesn't rely on any special hardware. There are several companies that pursue the holy grail of location services which is today an accurate and hardware independent indoor location algorithm. But the greatest challenge today and the reason that indoor location services are not widely available as outdoor location services (GPS) is the problem of Indoor Mapping, which is the process of creating maps and human recognizable labels for raw indoor location data. We are here to change that fact. Our uniqueness lays in the Human Labeled Indoor Location Data we collect from the user's smartphone. Meaning we can give a human recognizable label to each indoor location, something which is done today manually (considering the tremendous accuracy problems which reverse geo-location services having today in indoor spaces) and is almost impossible to accomplish taking in consideration the amount of indoor places you would have to map manually around the world. By harnessing the power of the crowd and the incentive (saving lives) users have in providing this valuable data we will automatically gather worldwide indoor location mappings and we will possess a unique and valuable data-base of indoor location mappings which is not available today. In order for a competing company to replicate this technology it will have to implement their own indoor location algorithm (~2 years of development) and also they will have to design and develop a system which could make the correlations between indoor location raw data and human labeled indoor location data using NLP and Big-Data algorithms which is also not an easy task to say the least (~1.5 years of development).



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- Which are the key technologies that are patented? Will GPS companies not develop the next generation of specific micro locators which they will licence to other providers? Is this really a USP for Reporty?

The method for controlled Real-Time Video streaming from a user smartphone, Limit the amount of users that are transmitted from X meters and creating 360 degrees of video streaming around an event in real time – those are the thing that we write as a Provisionals. We choose not to patent the Indoor Location Algorithm due to information disclosure reasons. One of the greatest challenges of indoor navigation is the absence of GPS signals inside buildings. There are many companies which try to solve this problem using sophisticated hardware and algorithms but the main inherent challenge lays in the Data not the hardware since making the correlation between and machine indoor location data (a collection of unique numbers) and a human understandable full address is the main barrier. Moreover a ubiquitous solution is required, one that could be deployed fast and reliably without the need of special hardware or purchasing a new smartphone. This is clearly a USP for Reporty since having a worldwide mapping between indoor locations and human labeled addresses is something which has not been done before and this data-base will be the holy grail of Indoor location services since accurate global reverse geo-location is limited only to outdoor spaces.

- has this technology already been developed for the military market i.e. geo locating soldiers, live pictures from scenes, co-ordination of responses etc.?

As a preface we should point out that the Reporty team is familiar with the military market. Both the CEO and CTO of Reporty served in IDF Special Forces and have a rich technological and operational experience in various defense and security agencies. Pinchas Buchris(Director and Advisory), is the former Deputy Commander of 776 unit and the Head of 8200 unit. We are familiar with streaming technologies produces by Motorola for a military purpose. Those devices are expensive and rely on unique and specific hardware which is carried on the soldier.



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From the indoor location point of view the Military does possess technologies which do not rely on GPS functionally (Inertial Odometry and Visual Odometry systems). However those were designed for GPS deprived areas and not for indoor location or navigation. We are familiar with projects that tried to address this problem for the military market (Elbit's project) but failed in doing so. So for the best of our knowledge we are not familiar with a solution which addresses the indoor location problem for the military market.

Legal

- Reporty has a lot of implications on privacy for individuals and data protection. Can you please confirm that Reporty is data and privacy compliant and explain what work you have done to satisfy that Reporty is compliant?

Reporty is a technological platform that was designed in order to create a global standard of reporting system.

We are totally aware for the legal issues in the global arena and we designed the system to be modular in order to fit every global regulation system. We invested a lot of time in the term of use of the application and we aware that we will have to get a legal consultant in every new territory. The privacy issues in Europe against the commercial companies that are using people information in order to attract more relevant promotions isn't directly relevant for us – we will not use that information in order to sale it for companies like google (in countries that won't allow it) – we are collecting user details & location information in order to help people in real time when they will need us. The users have to confirm the term of use of the application and can decided not give us the opportunity to “follow them” (actually we are checking their position 2 times a day).



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The computer laws worldwide are always on change and we will have to learn exactly what can we and can't we do in every territory – but we will never do something that is illegal.

As for the video, we are not giving the people the opportunity to share the video for the social networks like it's happening these days (not in the first version) – we didn't invent the need it's happening all over the world – people are tweeting, texting and filming everything and sending it to the social network and there is nothing to do with it and the authorities have no tool to control it instead of limiting the use of those social networks (No one can really stop the new technology). When person reporting with Reporty about car accident we are automatically send it to the relevant command and control center and that it (we even won't give him the opportunity to save it on his phone (if needed)). With Reporty the authorities have the power to control the 'mass' in the social network and this is a big differentiation that is relevant for the international law.

Also important:

- 1) Reporty is providing a system that is transferring the data from the single user to the relevant institution (Police, fire department, Medical department, municipalities - etc.).
- 2) Reporty will not save any data that will be provided by any user since it is considered private data and under a lot of restrictions and requires the registration of a database.
- 3) Reporty will collect and use registration data as any other application
- 4) We do plan to indicate as part of the terms of use certain disclaimers and clarifications to the users with respect to this issue.
- 5) Reporty will use the best lawyers in every territory in order to customize the system preferences to the regulations in the relevant territory.



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User Acquisition

• The model is dependent upon crowd adoption. How will Reporty get the public to adopt it in the pilot areas that the company will launch in? Reporting a crime could be a once in a year event.

The most successful apps have constant interaction with consumers but what is the hook for the public to keep Reporty top of their usage list? What is the incentive for consumers to download and app that they will not use regularly?

Like in many areas also the public safety industry is looking for a game changer, an app that will give the people all they need in one app as a one stop shop. Like in many other fields (Navigation, learning etc) we also believe in the power of the crowd which is much stronger than any other solution.

We believe that people will adopt the application for a couple reasons:

- 1) It's a real need – we can supply thousands of cases that emphasize why you should have Reporty as your personal security service – please see that video: https://www.youtube.com/watch?v=URQ4EORQXBQ&list=UU_GtWy7-AHkXjc0EFtZuVXw – create a promotional story with Reporty it's easy.
- 2) User friendly: we invested a lot in the user experience, our app is the new generation of the public safety app and it's an important engine that drive people to try new app.
- 3) We are connecting to the authorities / law enforcement - they have a real incentive to push it to their crowd. We will give the citizens an immediate response, the best response with the most intuitive and innovative way. People don't want to send picture or txt to the authorities they want to speak with someone and to feel that they are getting service from the dispatcher. We are the only app that gives the people the ability to speak with the dispatcher.



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- 4) New generation of users: now days children that grown up are using applications all day long, the only sector that is staying back is the public safety, we believe that we are the next technology generation for the next generation of the crowd.
- 5) Be part of community – gamification: people wants to be part of something, and to get something for their acts, for that reason we created an automatic ranking system for each report – people will get a score for every report which will give them a real incentive to be involved and to open their eyes.
- 6) Family/ friends security forum: We created a guardians platform that gives you the ability to follow your family/friends who approved you as their guardians (if your kid will push the Report button – you will get a notification – real incentive for parents to download it for their children's).
- 7) Reporty is a dual side reporting which means that the authorities will use our system in order to speak with their citizens and for that reason they will wants & force them to download the app (with promotional in there marketing channels: Newspapers, TV shows, Radio, billboards and more). What's nice in Reporty is the fact that one of our marketing channels is paying – when you pay for something you have a real incentive to push it.
- 8) Micro location help: Reporty is the only app that will assist in events that happening in indoor spaces.
- 9) 24/7 News (location wise): people are voyeurs, the most viewed posts on Facebook / Instagram are the ones that coverage interesting news, because of the fact that we have the reports and the videos, we will choose the most relevant reports and with filtering post them into Reporty feed (according to the relevant regulation) - we believe that in order to stay safe you need to know what's going on around you all the time – these days people are spending a lot of time in news app but those news are the ones the director want you to see (not location wise) – we will notify you and let you know about all that going on around you in a simple and visually way (see below). We believe that we can be



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the biggest news channel in a few years (we are still considering it but we believe that this should be our 2nd step in every new location).

- 10) Global coverage: Reporty will help you in every corner around the world and not only in 1 city – people are traveling around the world and most of them don't have any idea what is the emergency number in case something happens – Reporty isn't built for an authority it's a global app.
- 11) Viral features – we add some viral features that will make the social experience friendlier – for example – friends invitations (See attached file to this email - 141214_reporty_social_feed_16).





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- Our next generation app will look like this – please see the attached file (141214_reporty_social_feed_16) in the email for more screens.

We are aware the fact that our competitors are not achieving real amount of users – after a deep market research and deep competitor research (see our competitive analysis – attached to this email) we understand that in order to change the game in the public safety you need to connect with the authorities and the law enforcements, use the power of the crowd in smart technological features, create a long and strong strategic and use gamification as incentive – we sure that we have the successful tools to convince the authorities/ law enforcements to buy us, and together with them to attract users in a low user acquisition price with the minimum market penetration time.

- there are a number of other crime apps on the market (CrimePush, SPOTTM etc.) but they have not been widely adopted by consumers – what will make Reporty any different?

We know most of our competitors, there are many reasons why those applications didn't succeed in the market, as an example of those reason we can mention:

- 1) Social security – there are many application that believe that the best help would come from the people around you (like Spottm), those application aren't connected to the authorities, aren't using Voice & Video for reporting, don't have our smart indoor navigation system (80% of the calls to 911 are from indoor places), are not reducing false reports, and more
- 2) Low technological abilities/ Taylor made solutions – some applications giving you the option to send pictures (it's not in real time) and text (isn't helping you in real time), people want to speak with someone while experiencing emergency and they want to use 1 app for that. Application like crime push are build Tylor made for city – let's take new York as an example – there are 8.4 million people who lives in NYC and another 5 Million that are tourists/ workers that are not from NYC – Those people are coming from



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Israel/ France/ new jersey and from all over the world – they don't want to have 5 safety app for every new place that they are visiting – exactly like waze that works all around the world – we believe that people should use 1 safety app.

- 3) Real incentive for authorities: we are giving a real game changer for the authorities that will save lives and money. The adoption of the authorities is super important part vs the competitors – because we will be the only app that gives you one stop shop solution for your needs.

To Summarized: the best way to find if you attractive or not is to speak with your potential clients (Authorities & Safe city companies & citizens). In the authorities sector – we spoke with over 15 municipalities in Israel and abroad – the feedback was 'Too good to be true' & 'we never saw something like that' 'it's a revolution' and more – we are in a process with some of the municipalities. Big safe city companies like AGT international are looking to take our technology for their territories, Mer-group are looking for corporation, Motorola and more!

As for the citizens, we are getting amazing feedbacks about the system; we understand that it's a real need in our changing world.

Please see page 21-31 (Competition and positioning) + Competitive analysis (attached to email)

[The false report facts](#)

- In a live streaming world, would the system not be inundated with lots of low level incidents (minor road infractions, domestic arguments etc)? Will the app not result in an increase in “noise” and filtering requirement for emergency services rather than a reduction?

Some facts – average call duration today to 911/311 services are about 90-180 sec, the main goal of those calls is to: 1) find weather or not the person is speaking the truth, 2) understand the emergency (what is the emergency? where is the emergency? (According to



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www.Findme911.org 10,000 people die every year because of the fact that during a 911 call the dispatcher cannot locate them), it is urgent than other cases? And more). After that 90-180 sec there are still 20%-40% of false reports! Which cause to human casualties and waste of money to authorities.

The “noise” that exists these days is unbelievable and the authorities don’t have anything to do with it! We believe that with our system people will report more, **but**, they are getting a score for every report which builds their credibility score so they won’t report false reports.

The dispatcher can see in real time weather or not the person is speaking the truth and because of that fact with Reporty the average report time will be much lower. We will give the dispatcher the option to get more calls and to decide if and how to react in no time.

According to some municipalities (non-emergency institutes) those 20%-40% of false reports are translated to lots of money. According to tel Aviv municipality 30-40% of the calls for professional services are false reports! In average each service provider cost 100-200 Nis per call, if we will multiply those numbers we will get to millions of NIS that the authorities are dropping every year.

More facts, because of the big amount of different emergency numbers some of the people are calling for 311 for 911 issues and opposite. With Reporty, as a global standard of reporting system the person only need to choose his emergency / non-emergency event and we will do the work for him and connect him with the most relevant dispatcher.

Read more about the facts in U.S - 911 services in our business plan – Swat analysis page 31 (attached to this email).



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Up to bottom strategy / long term relationships

- Governments/Local Authorities around the world are notoriously slow to adopt new technologies and have budget constraints. Given these factors, coupled with no current track record, will it be the case that new customers will be very slow to sign-up?

When we did a market research we realized that up to button marketing strategy would be the best for us for some reasons:

- 1) The timing - eighty per cent of the world's predicted nine billion people will be urbanites, there are more and more people that are moving to urban areas, the global terror and the increasing response time for events is a great opportunity for Reporty to be widely spread. We get it as a feedback from Israel and global clients (Moscow governments, Dominican Republic, South Africa Brazil, and more). There are 2000+ safe city project that are under constructions at these days – we are willing to be a complementary product for those project. (The expected costs for Public safety project only in china is 138B\$ - [Click here](#)).
- 2) Competition – illuminate the competitors - No one is already directly connected to the authorities, we start our pilot marketing in Israel and the authorities are running fast because of the fact that this is a real need for them to reduce the false reports.
- 3) Sale cycle – is long but if you are the first in you are the first to win – we will close at least 3-5 year contract with monthly retainer from the authorities and this cash flow is important for a company growth and limit our competitors from getting in.

Budget – we spoke with global companies that are in the safe city industry – they are sailing single camera in safe city project for 15,000 Nis. Average safe city project is around 50M\$. only in china the safe city project cost expectations until 2020 is 138B\$ - We are giving the



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authorities a complementary product that will inherit the whole city with the smarter cameras ever for less than 2% of those average safe city system costs which we believe it's a no brainer product. We had a meeting with mer-group last week – they said that they believe that Reporty is higher cost effective product for any security entity these days.

Track Record – in the technology field our team is experienced and work in the most sensitive organization in Israel. As for the global approach, we will use our advisory board and directors to help us with market penetration. We know that E.B is a strategic investor for Reporty and we know that together with him our track record will be more than enough.

Current solutions / white labelling / no global standard

- Given that authorities are looking for broad integrated solutions for a safe city, does it not make sense for the “reporting” piece (small in the overall context) to be part of a wider integrated solution that larger companies can deliver?

We are talking with all the big companies in the market (potential exit strategy for the future), they have competitors and each one of the companies that we talked with is willing to cooperate with Reporty! Reporty it's a complementary product for the smart cities projects on the one hand, on the other hand we won't work as a Tylor made solution for each big company cause we believe that Reporty should be a global standard for Reporting and we want only 1 Reporty app in the app store ! The whole idea is to give 1 application that would serve you in every corner around the world – the reason that those big companies aren't developing that kind of solution is because of the fact that they are working in several places but not all over the world and this is not there main business – they are sailing cameras, C&C Centres, wires for tier 1 clients like governments – they are not in the social network industry. They would prefer to build a revenue share model with Reporty instead of developing our system from scratch, in order to develop our



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Indoor navigation system they would need to invest at least 2-3 years of developing – they prefer to create JV's. We spoke with few big companies about the indoor navigation system – 1 thing is important to understand – there is few companies that are working on indoor algorithm system – let's assume that you developed that indoor navigation system with 1M accuracy (like ours: [Click here](#)) now in order to understand exactly what is the place in a “human name” you will need the crowd tagging corporation, we believe that because of the Saving life incentive we will force the people to tag those indoor places in a human names which is a Huge benefit (we can explain more about the strategy over a meeting / phone).

Finances

- How much funds have been invested in developing the software to date?

No real money was invested in the company to date. We get some offer in the past for investment but we rejected those offers because of the fact that we want to achieve to our first milestone which is alpha system and pilot marketing. In the indoor navigation system was invested 2.5 years of 3 developers and for the whole system another 0.7 year of 5 people in designing, thinking and writing the product and the architecture of the system.

- What proportion of the equity will be exchanged for the proposed \$1.5m investment?

For the 1.5MS - 25%.

- Can you please supply the full financial model as mentioned in the business plan?

Attached to this email.

Thanks,

For any question: [REDACTED]