



DiscovaCam Limited

Company Profile



Company Background

DiscovaCam Limited was registered in New Zealand in January 2002 to bring new camera detection technology to market. The increasing proliferation of inexpensive cameras and their embedding in consumer devices such as cellular telephones has heightened the threat to individual's privacy both in public places and areas previously considered private areas. DiscovaCam's technology provides a counter-measure to restore people's security and the peace of mind that they are not being recorded for the benefit of others.

The company's strategy is to fully prepare its product line prior to initial product release, to maximise the strategic surprise in the existing market. It is anticipated that imitators will rapidly reverse engineer the product and attempt to swamp the market with imitations. Hence, the company wishes to use this period of surprise to establish a degree of brand awareness in major user groups as a barrier to entry for imitators.

In 2005 DiscovaCam developed its fourth generation of DiscovaCam equipment, which features a flexible board that could be implanted into a variety of formats and the substantially more powerful ARM 9 processor. DiscovaCam has used this capability to expand its product offering from personal devices into area protection and professional series suitable for protecting locations and property.



The Market

DiscovaCam is entering a virgin market with no current competition and requiring customer education to develop the full customer knowledge of the product benefits. The market has been created by the erosion of people's privacy and the extension of public scrutiny into areas that previously had been considered private, in the form of work-place and retail surveillance, the monitoring of public areas and the use of traditionally private information to judge people, in both a professional and personal sense.

The competition is limited, as there is no direct equivalent to DiscovaCam's technology in the market. A number of Asian manufacturers have released products that can detect the radio transmissions from wireless cameras and wireless, including the 2.4GHz standard used by most Wi-Fi (802.11b/g) devices. Similar devices are also available for detecting cellular telephone frequencies, such as the GSM standards of 800MHz, 1800MHz and 1900MHz. However, these devices can only detect camera units that are transmitting and are incapable of detected close circuit television (CCTV) units where the transmissions area either captured locally or transferred by cable to a central recording area or observation location. Hence, the competition is capable of detecting only wireless spy cameras and cell phones.

Competition from other industries is also limited. Some defence suppliers offer very expensive, bulky and difficult to operate electronic surveillance (ESM) equipment that may be used to sweep room for bugs, and potentially surveillance cameras. The actual capabilities of ESM equipment is classified, and hence not known. However, the price point and marketing of ESM manufacturers restricts their competition to the defence and professional security market only.

CCTV

The United Kingdom has the highest surveillance rate in the world, with between 1.5 and 2.5 millions closed circuit cameras (CCTV) in use. One source claims that "the average Briton is now photographed by 300 separate cameras in a single day"¹. The average American is observed four times a day – more if they visit a shopping mall². In Asia hidden cameras have become commonplace, with sensational exposes of celebrities becoming common. In the workplace hidden camera evidence from previously private areas, such as smoking rooms and cafeteria, has been deemed admissible by many courts. In the military the proliferation of cameras amongst troops has led to potential comprises of military operations and political embarrassment, e.g. treatment of prisoners in Iraq. Further, cameras have added a valuable reconnaissance tool for irregular forces and terrorists, increasing security concerns.

The DiscovaCam product line allows people to protect individual privacy and property, by warning users of surveillance equipment operation. DiscovaCam can reduce the stress of observation noted by the Canadian Privacy Commissioner:

"The psychological impact of having to live in a sense of constantly being observed must surely be enormous, indeed incalculable. We will have to adapt, and adapt we undoubtedly will."³

¹ Nieto, Marcus, Johnston-Dodds, Kimberly & Simmons, Charlene Wear. (2002). *Public and Private Applications of Video Surveillance and Biometric Technologies*, p. 8. California Research Bureau. .

² CSI episode.

³ Dawanksi, George, Privacy Commissioner of Canada. (2001). *News release of investigation of video surveillance activities by the Royal Canadian Mounted Police in Kelowna, B.C.*



Camera phones

The privacy problem has now been complicated by the widespread diffusion of camera cellphones. Until recently the main small camera technology was the digital still camera, with 49 million cameras produced in 2003 and 68 million cameras in 2004⁴. However, by mid-2003 camera cellphone production had exceeded digital still camera production. During 2003 79 million camera cellphones were produced and a further 257 million were shipped during 2004⁵, 38% of all cellphones. In some markets camera phones have already displaced non-camera phones, with Hong Kong, as an example, predicted to have 97% cameraphone marketshare in 2Q05 rising to 100% by the end of 2005. Infotrends predicts that 860 million camera cellphones will be shipped in 2009, representing 89% marketshare, and cellphone cameras will take 227 billion photos in 2009⁶.

A second trend has been the rapid growth of transmission of pictures. One US cellphone network, Verizon, introduced picture transmission in the 3Q03 and this market has grown to 40 million pictures transmitted by 1Q05. The rapid transmission of pictures thwarts traditional attempts by security to confiscate pictures before they are disseminated, and hence a loss of control of images in sensitive locations.

A third trend is that the proliferation of camera cellphones has led to large numbers of digital cameras being carried by people in every part of life and every sector of the economy, and is affecting public perception. The first major news story covered with cellphone footage was the July 2005 London underground bombings. The amateurish but upfront footage has a sensational impact missing from traditional mass media coverage, leading to a change in the nature of reporting of significant events.

Privacy

A second result has been increased privacy concerns. In the USA video voyeurism legislation has appeared in many states. The laws generally prevent cameras from being used for upskirting or downblousing, as well as photographing people in a nude or semi-nude state in areas where they have a reasonable expectation of privacy. In some US states camera usage has been outright banned in areas where they have a reasonable expectation of privacy, while the city of Chicago and some companies have gone further to ban camera cellphones in various circumstances.

The market changes have enhanced the need for people to be aware of camera activity and for companies to protect staff and customers from invasions of privacy. DiscovaCam provides the technology for companies to react to these requirements and for individuals to adapt to the camera intensive environment by modifying their behaviour in camera covered areas.

The consequence is that DiscovaCam can return the balance of public exposure versus privacy to the historical status quo before camera surveillance equipment become widespread.

⁴ Strategy Analytics. http://www.wirelessmoment.com/statistics_camera_phones/index.html

⁵ http://www.wirelessmoment.com/statistics_camera_phones/index.html

⁶ Infotrends. http://www.wirelessmoment.com/statistics_camera_phones/index.html



Marketing and Sales

Marketing

DiscovaCam uses two channels to access the market: (1) an Internet electronic commerce server for taking individual orders over the Internet and with product shipped directly to customers around the world using UPS couriers; and (2) territorially based licensee developing a network of franchisees covering all geographically and language defined markets to locally market and distribute product.

Product

DiscovaCam has developed five different variants of its camera detection technology for different market needs.

First, a large wall mounted detection device provides warning of any camera activity in the area. The *Annunciator* is designed to deter people from taking cameras in restricted areas and to provide a sense of security to customers of gymnasiums, spas, salons and schools. The units use flashing lights and recorded messages to warn people of a camera event. The product is shipped individually by UPS to customer sites, and forms part of a system along with an operations manual detailing camera detection procedures to meet legal and customer expectations.

Second, a small handheld device is used to allow people to discretely detect cameras. The product is simple and quick to use, and is suitable for operation by the average person. The DiscovaCam *Handheld*'s small size, similar to a cellular telephone, allows discrete use in lifts, corridors, rooms and areas that may have been wired for hidden surveillance by other people. This product will need to be packaged in retail box packaging for individual shipment.

The third product line is a fixed local unit design to warn of camera operations within a given location. The DiscovaCam *FLU* is designed to discretely protect secure locations, such as banks, or items, such as valuable art, from unwanted surveillance or damage. The product is designed to resemble an electrical fitting, to disguise the purpose of the unit from intruders. Multiple units can be used to protect an area. The FLU will need to be packaged in a retail orientated box.

The fourth product range is designed to give superior range and triangulation information to allow security professionals to identify surveillance. The DiscovaCam *Professional* is designed to allow communications with personal computers using a variety of standards currently available, including CD-ROM, USB and Ethernet, to allow images to be transferred to other systems.

A fifth base model is predicted to be required once the product becomes widely accepted. A cheap and basic device will be released to occupy the entry-level niche and restrict the opportunity for competitors to enter the market underneath DiscovaCam's product line. The base unit needs to be packaged in retail packaging, with a variety of colours and styling to appeal to the fashion conscious consumer.

These five models are also to be numbered within a consistent numbering scheme. It is commonplace in the cellphone and PDA markets to number products, and the customer has



been educated to expect that a higher numbered product is more fully featured and more expensive. The following 3-digit numbering scheme is to be used:

Nxx: The first digit represents the product family, meeting an anticipated customer need:.

Code	Name	Purpose
Series 700	Professional	Security Service, full configurable
Series 600	Annunciator	Camera deterrence and public warning
Series 500	FLU	Building Protection
Series 300	Handheld	Personal Privacy
Series 100	Base	Simple Alert

xNx: The second digit represents the product generation. The initial products are generation 0, with generation 1 being released in 2Q06, generation 3 being released in 4Q06, etc. Hence, a DiscovaCam 310 is a handheld device released in 2Q06.

xxN : The final digit is for minor variants on a design to meet potential regulatory requirements, different firmware, different case or production changes due to design upgrade. Hence, a variant on the 310 would be the 311.

Place

DiscovaCam's primary place of business is the Internet. The www.discovacam.com web page is the primary point of contact with customers, whether direct customers or franchisees. The web page has an electronic commerce capability, allowing customers to order and pay for product online. The web page also lists product information and will provide support capability as enhancements to existing DiscovaCam products are released.

A corporate head office will be maintained in Auckland, New Zealand as a centre for relationship marketing activities and for website management. The General Manager is the sole permanent member of the DiscovaCam head office, with all other resources tasked in through the JTS jobbing system as required. The head office will be primarily responsible for press releases, preparing marketing scripts, co-ordinating resources using the jobbing system and direct communication with a select list of major customers or customer groups.

Licensees will be appointed by the General Manager to promote a franchise network in their area. The Franchisees will be self-appointed by accessing the JTS jobbing system. The franchisee's role is to promote DiscovaCam product locally to customers. The jobbing system will provide them will all information concerning marketing literature, pricing, product availability, shipping status and post-sales support.



Organisational Design

Ownership and Governance

DiscovaCam has had a single director board during its establishment phase. This board will be replaced by a new board elected by shareholders according to the company's constitution. The new multi-member Board of Directors will have the responsibility to manage and update the business plan, to manage the risk management process and meet statutory requirements and will have 3-5 members. One member will be appointed from the DevServ governance group.

Regular meetings will be held, with physical and remote participation by all members. The governance group will compare company performance against projections, provide advice, authorise new business plans, access key resources required by the company and fulfil regulatory requirements. Further governance services will be available from the DevServ group as required.

The company is currently privately held with some thirty shareholders, who are all 'friends of the Development Group'. A core block shareholding is held by Development Group members to maintain control over DiscovaCam's strategic direction, to maintain a separation from its client companies and to keep an operational focus on its activities.

Structure

The company has a flat structure. The Chief Executive is the only full established position and is responsible for executing the strategic plan. DiscovaCam accesses additional staff as required on a project by project basis through the JTS system, in the same manner as other Development Group companies.



The Development Group

The Development Group is a collection of associated companies with a common goal ... to provide the products and infrastructure required for future life. These companies form three distinct groups: security to protect against modern threats, online services to enable global online markets and supporting services to enable our business model.

Our security group companies provide a range of services encompassing the major threats to individuals in the current technological age. The Development Group companies include

- DiscovaCam with its camera detection products.
- IntCom specialising in home and small office security.
- TagZ providing airport security.
- PubSec with area surveillance services.

The online services companies provide access to core services for small and medium sized business.

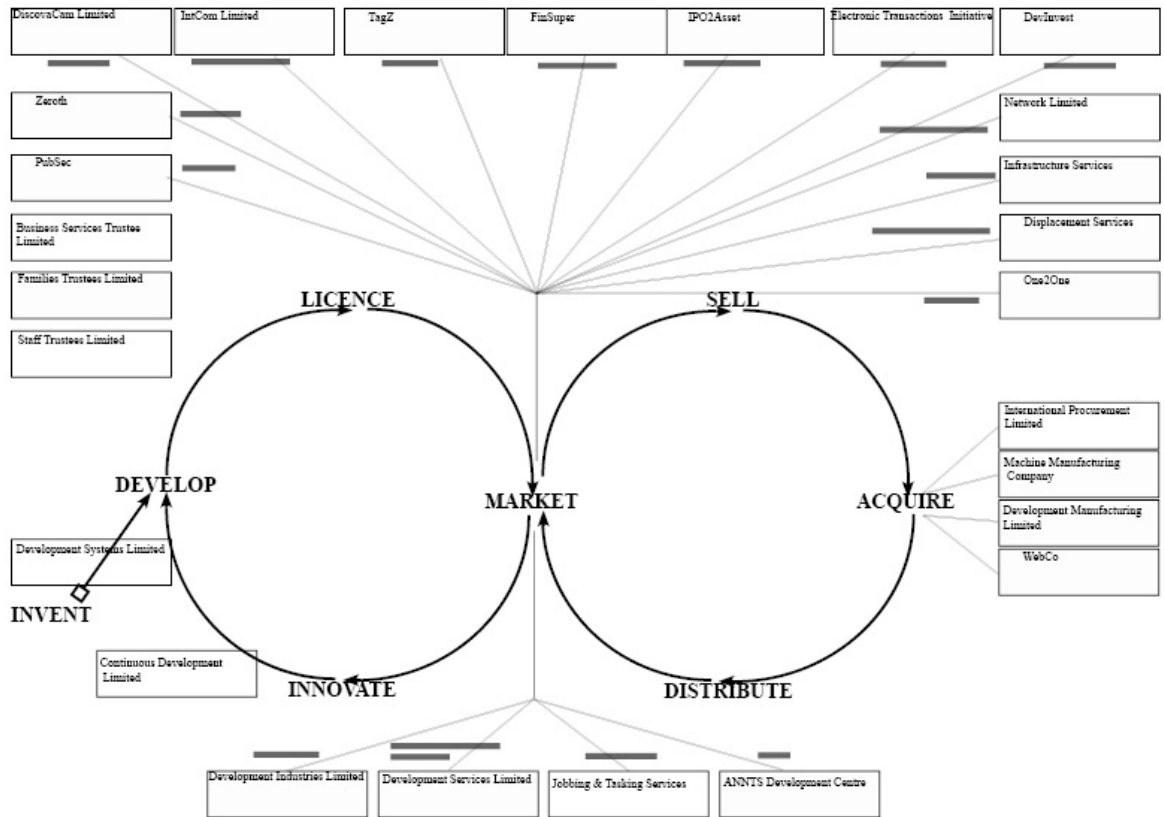
- IPO2Asset provides supporting services to promoters of new projects to structure their business plan and connects them with suppliers of venture capital.
- Electronic Transactions Limited provides a cost-effective method of transferring capital between different currencies and locations.
- Development Investments provides investors with a vehicle to access a portfolio of new venture opportunities.
- Infrastructure Services provides management tools to infrastructure operators of roads, telecommunications, energy, sewage, water and other services, and provides usage information to users to enable better management of resources.
- Displacement Services provides bandwidth and storage services to enable more cost-effective information management, thereby reducing the real costs involved with operating computers and networks.

We have a range of supporting companies that supply the technology and services our group requires in its operation.

- One2One is a market where individuals can identify and register product opportunities to promote to their contacts
- International Procurement purchases products that we require from third parties
- Machine Manufacturing Company produces the manufacturing plant we use for providing our services and provides the tools for people to establish cottage industry manufacturing facilities
- Development Manufacturing Company operates our manufacturing facilities and secures production from third parties as required
- WebCo provides our Internet software development

In addition, other companies provide research and development, supporting services, human resource functions and software development as required. These companies include: Development Industries for human resource and asset management services; and Development Services for governance, marketing, legal and financial services.

Our unusual structure enables us to respond more flexibly to our market place and to focus onto those areas where we can add value. Our operation is most easily understood diagrammatically.



Together these companies provide a range of services that can keep you safe, maintain a balance between your privacy and your public life, and enable you to access the resources you need to carry out your personal and business activities in the near future environment.