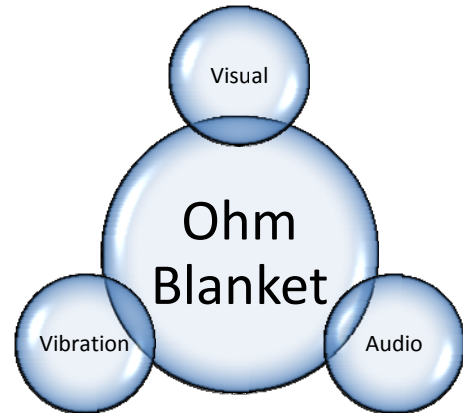
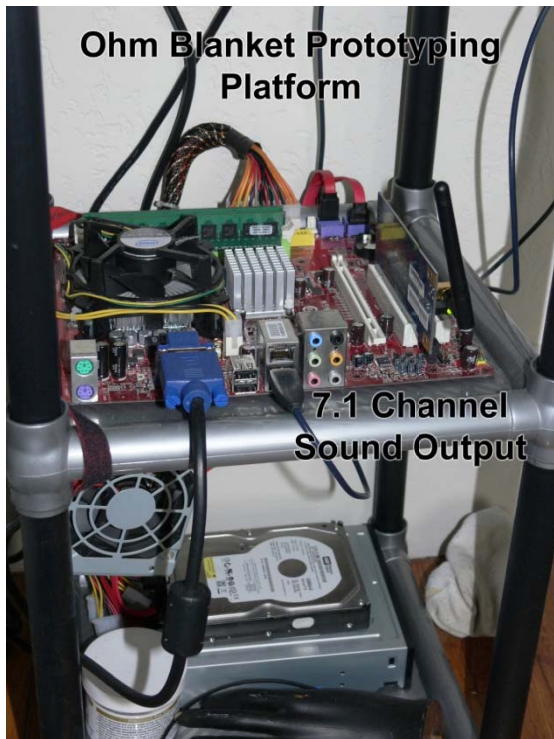


# OHM BP- CONFIDENTIAL

## Executive Summary

The OHM Blanket will be the first consumer product to provide a complete sleeplessness solution by using state-of-the-art neuro-scientific principles. Our product will offer unique benefits such as:

1. Non-addictive, natural and non-intrusive (partner friendly)
2. Teaches about relaxation and sleep
3. Multi-sensory
  - a. Patentable Technology
  - b. More effective than competitive products



The sleep market is a growing and profitable field with the following competitors:

1. Drugs
  - a. Pharmaceutical/Pharmacological
  - b. Over-The-Counter
2. Low Technology – CDs and Books
3. Mind Machines – Audio and Visual
4. Light Therapy (Frequency & Color)
5. Hygiene
  - a. Comfort
  - b. Feng-Shui
6. Vibration
7. Monitoring & Testing (Sleep Labs)

Although this competition exists, none have been able to provide a complete sleep solution that can compare to the OHM Blanket at a competitive price-point.

The main sales outlet for OHM will be the internet. We will use an internet marketing campaign to increase visibility at low fixed & annual costs, and create early sales that will ensure long term profitability.

## Market

Sleep problems affect approximately 33% of the world.<sup>1</sup> Approximately 50% of Americans identify themselves as having a sleep problem. 40% of Americans are affected by sleeping problems each year, 10-30% of which are chronic. The cost of sleeplessness is \$30-\$35 billion/ year from: absenteeism, lost productivity, workplace accidents and healthcare costs.<sup>2</sup> Ohm's product will resolve three causes of sleeplessness: difficulty falling asleep, waking in the night, and non-restorative sleep.

Sleeplessness has become a growing trend in society that has risen by 13% between 2000 and 2005.<sup>3</sup> Possible causes include: professional obligations, societal pressure to be productive 24/7<sup>2</sup> and information overload. These trends put 9-15% of Americans in a diagnosable insomnia state.<sup>4</sup>

We plan on targeting those most afflicted with sleep problems in the United States. Non-Caucasian females between the ages of 18-29 who are "night people" make up the majority suffering from chronic sleep issues.<sup>3</sup> Other market groups have shown dramatic growth in sleeplessness, including 11-17 year olds, (27% in 2007 to 46% in 2008)<sup>5</sup> and those over 60. 84% above the age of 60 utilize a type of therapy for sleep issues, 50% of which use non-prescription products.<sup>6</sup>

Those who suffer from sleeplessness have been shown to turn to several methods of relief including: alcohol, over-the-counter nostrums, prescription medications, eye masks / ear plugs and Melatonin.<sup>3</sup> Ohm plans on targeting those who currently utilize the above aids without success and those who are weary of side effects: dependence, behavioral changes and memory loss.<sup>7</sup>

Markets for expansion include those who suffer from stress and ADD/ADDHD management issues. OHM Blanket will be an effective treatment method for the more than two million children<sup>8</sup> and 4.1% of adults in America<sup>9</sup> diagnosed with ADD. Worldwide ADD afflicts 3.4% of the adult population, especially in higher income countries.<sup>10</sup>

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<sup>1</sup> Insomnia Treatment for Sleep Problems, [www.genF20.com](http://www.genF20.com)

<sup>2</sup> Is Sleep Really for Sissies? Understanding the role of work insomnia in the US

<sup>3</sup> Sleep in America Poll, National Sleep Foundation, 2005

<sup>4</sup> Sleep Problems, Co morbid Mental Disorders and Role Functioning in the National Comorbidity Survey Replication

<sup>5</sup> Teen's sleep problems may be chronic

<sup>6</sup> The use of non-prescription sleep products in the elderly, [Sproule BA](#), [Busto UE](#), [Buckle C](#), [Herrmann N](#), [Bowles S](#). Copyright 1999 John Wiley & Sons, Ltd. [Int J Geriatr Psychiatry](#). 1999 Oct;14(10):851-7.

<sup>7</sup> [http://www.ambiencr.com/about\\_ambien\\_cr/ambien-side-effects.aspx](http://www.ambiencr.com/about_ambien_cr/ambien-side-effects.aspx)

<sup>8</sup> Hoza, et. Al., 1992. Hancock, 1996.

<sup>9</sup> "The Numbers Count: Mental Disorders in America. NIMH, 2006

<sup>10</sup> World Mental Health Survey Initiative, World Health Organization 2005

## Competition

The growing sleep aid market has many existing competitors to Ohm Blanket. Competitors span prescription sleep pills like Ambien to low technology natural options like sleep eye masks. Within this competitive environment are high-technology devices that focus on audio/visual stimulation to alter brainwaves, not directly marketed as a sleep aid device. These technology solutions are the main competitive force that Ohm Blanket will encounter. Although several companies have successfully marketed these ‘mind stimulation machines’ none have been able satisfy the need of a complete multisensory sleep induction system.

The audio and visual stimulation (AVS) machines are sold with glasses, headphones and an audio / visual decoder that supplies the sessions. The Proteus Light and Sound Mind Machine (right) is an example of the general set up of an audio visual stimulation system.



Other less advanced systems that focus on either the audio or visual aspects of inducing sleep. These include sleep cds (Guide To Serenity CD by the Monroe Institute), lights (Britelite 6 by Apollo), books ([How to Get a Great Night’s Sleep: Step-By-Step, Practical Advice for Everyone Who Needs to Sleep Better](#) by Dr Pamela Vafi). Although these products have the lowest price point, they only utilize one sense.

More advanced systems that offer audio, visual and vibration stimulation to enhance relaxation and induce sleep are expensive. The price reflects their approach to create an entire environment, including a chair or other apparatus to use the system.

Product Type	Name	Cost	Description
Vibration	Aura Cushion	\$279	Computer cushion that vibrates to music/games
Visual	Relaxmate II	\$150	Light pulses lead to deep relaxation
Audio	Monroe Institute:Gateway	\$300	Binaural beats & brain training program
Audio	Gaiam: Sleep CD’s	\$13-40	Sleep & Guided Relaxation followed by music
Audio & Visual	Sirius Light and Sound Machine	\$125	Light glasses & headphones strobe to a predefined program
	David PARADISE XL + TM	\$460	Windows compatible brainwave entrainment device
Vibration, Audio & Visual	Muse	\$2,900	Chair that vibrates with music and plug in glasses

None of these competitive products fill the market need for a system that stimulates all senses, audio, visual and vibration for an affordable price. OHM Blanket’s approach to incorporate all of these senses using state of the art neuro-scientific principles without necessitating a high end price point is the main competitive advantage.

## Product Description

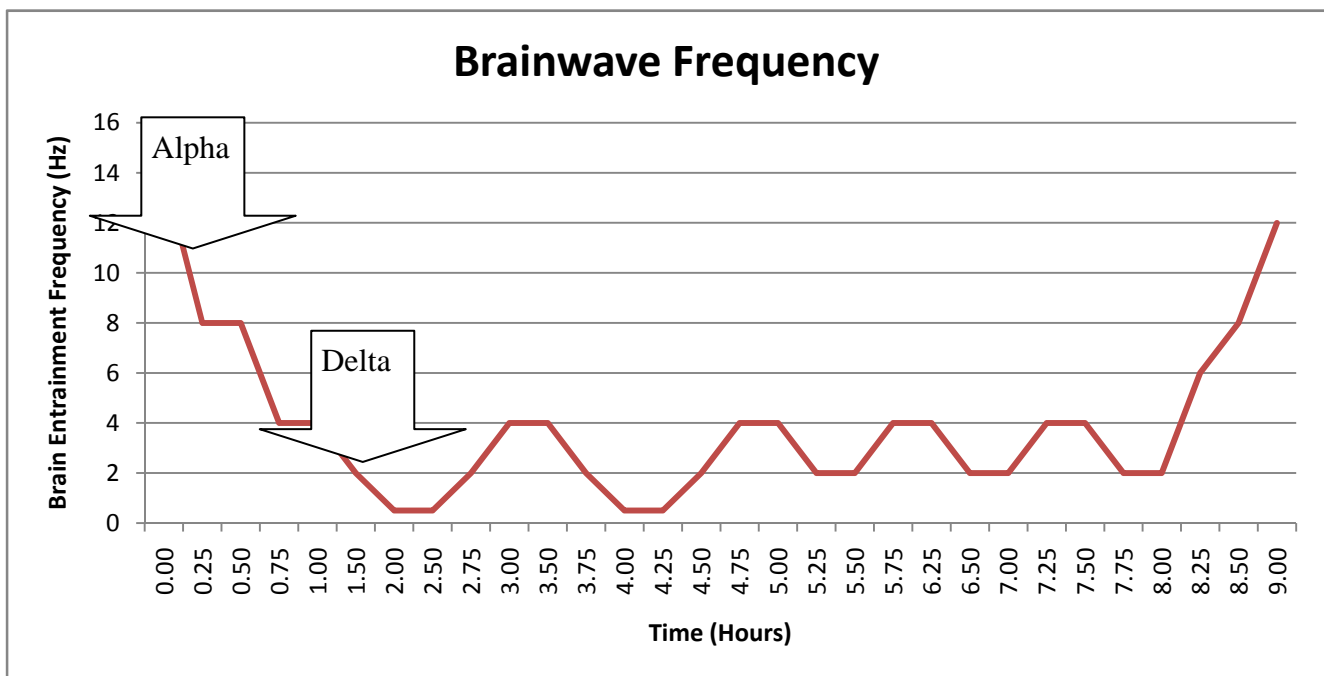
Ohm LLC. will produce the first complete sleep aid solution with the following advantages:

1. Non-addictive
2. Teaching the user about the brain & sleep for increased effectiveness & reduced sleep anxiety
3. Multi-sensory
  - a. Patentable Technology
4. At home use
5. Non-intrusive (partner friendly)
6. Natural (non pharmacological)
7. User friendly (TBD: touch screen) interface.

The Ohm Device is a unique device unparalleled in its effectiveness in sleep induction. Through a multi-sensory system, the user will be guided through a sleep education series to retrain the brain for sleep. The Ohm Device will recreate natural rhythms in the body, combining light, sound and vibration. The natural rhythm, combined with the sleep education program will create a peaceful state, in which the user can drift to sleep. The sleep education program will teach techniques similar to meditation, which will provide benefits including: less time to sleep, more restful sleep, stress relief, and increase lifetime productivity.

Make Fig 1 & 2 same, draw on an alpha and delta sign at points

The brainwave program will be based upon the scientifically observable sleep stages. The device will mimic the body's natural sleeping rhythm (see figure below).



Brainwaves vary throughout the day depending on the internal and external stimuli. Our technique uses isochronic beats delivered through earphones to the brain to alter brainwaves. These beats guide the listener to a sleep state. The user will be guided through the course of the night from a high alpha (Figure above, *Alpha*) down to a low delta (Figure above, *Delta*) brainwave frequency. The listener will be guided by a narrated sleep program, so that they may learn to go to sleep, naturally.

Our product uses synchronized vibration, light & sound. This will create a much stronger brainwave entrainment effect for the user to fall asleep.



## SALES & MARKETING PLAN

### SALES

Our sales plan utilizes existing internet outlets that carry similar products. The first phase of sales will flow through our website and specialty retail channels that support competitive products and target our end consumers. Phase two will encompass larger sales outlets that carry competitive goods. As we grow we will be able to comply with the supplier requirements of the larger outlets. We expect to enter Phase 2 within the first 18 months of funded operation.

<u>Phase 1</u>	<u>Phase 2</u>
Gaiam	Amazon
tools for wellness	Best Buy
u can health	Delta Sky Mall
mind machines	iProduct
luxevivant	
mindmodulations	
alteredstates	
dynamind	

### MARKETING

OHM will be market throughout the internet using a highly search engine optimized online website featuring:

- Direct purchase of the device/System
- Information about the product
- online video demonstrations
- Customer testimonials
- Continuous program updates & device software upgrades
- Online program purchase
- A sleep weblog
- Sales of Add-ons (breathing monitor, GSR monitor, room lights, etc)
- An online community for users to share:
  - Feedback
  - Suggestions
  - Personal brainwave programs

OHM will also utilize industry journals within the medical, sleep research and neuroscience fields to increase visibility among experts. We will also begin testing & improvement of the device during phase 2, and publish the findings to the aforementioned journals.

## Financial Projections

Product Cost Structure		
	Phase 1	Phase 2
Manufactured Cost	\$75	\$38
Channel Mark Up	\$225	\$113
Retail Price	\$350	\$350
Product Profit Margin	\$125	\$238

Assumptions	
Manufactured COGS	75
Sales Channel Mark-up (X)	3
Retail Price	350
High Volume Manufactured Cost Reduction (/)	2
Penetration Rate Phase 1	0.1%
Penetration Rate Phase 2	0.2%
Taxes	33%

Financial Forecast			
	Year 1	Year 2	Year 3
Revenue			
Market	60,000,000	67,800,000	76,614,000
Penetration Rate	0.1%	0.2%	0.2%
Product Sales	60,000	101,700	114,921
Product Revenue	\$7,500,000	\$24,153,750	\$27,293,738
Costs			
Incorporation / Legal	\$50,000	\$50,000	\$50,000
Marketing	\$200,000	\$200,000	\$200,000
Operations	\$1,000,000	\$1,000,000	\$1,000,000
Development	\$3,000,000	\$3,000,000	\$3,000,000
EBIT	\$3,250,000	\$19,903,750	\$23,043,738
Net Income	\$2,177,500	\$13,335,513	\$15,439,304

Assumptions	
Product Profit Margin Phase 1	\$125
Product Profit Margin Phase 2	\$238
Market Size	60,000,000
Market Growth Rate	13%