

2008



Mobile Health Management

Business Plan

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I. Executive Summary

The Problem – Obesity Leads to Opportunity

The social and economic problems surrounding obesity has created one of the largest health crises the United States has faced. It is becoming vitally important that American society take action in order to find a solution for this epidemic. An astounding 64% of American adults are overweight, according to ObesityinAmerica.org. Many individuals have resorted to finding professional help, in the form of private practice 'consultant' dietitians. Unfortunately, dietitians are plagued with the problem of wasted time in many of their appointments, stemming from a need to discover what their patient have been eating since their last visit. The wasted time inevitably leads to an inaccurate depiction of one's diet, as well as an inability for these dietitians to provide more value-added services on a daily basis.

The Solution – Mobile Communication

Motrition (MOBILE nuTRITION) meets the needs of patients and dietitians by providing a website allows patients to track their food intake **between visits**. By use of its mobile phone- and PC-enabled website, Motrition allows patients to track what they have eaten, and then communicates this information instantly to dietitians. Health-critical dieters (diabetics, for example) have shown to be reluctant to carry out the most basic of health-management practices: counting their calories. Motrition offers a novel way to accomplish this via multiple tracking methods. By accessing Motrition's website and entering what one has eaten via keyboard, or via mobile phone text messaging or dictation, patients can avoid searching for the amount of calories or sugar their food contains and can very easily track what and when they have consumed food. Motrition's sophisticated database will not only match what the patient has eaten to the 100 plus nutrients contained in each food item, but will communicate this information in real time to dietitians. Dietitians will not only capture a novel market of 'on-the-go healthcare' by responding to these updates, but will be able to use their time during visits more efficiently, allowing them to service more patients. Motrition's system also acts as a dietitian-specific electronic medical record (EMR) system, organizing patient data. On top of this, patients (and later, the general public) will have the option of allowing Motrition's system to provide them with real-time, automated feedback concerning the effect their food choices have on their daily diets.

The Target Market – Dietitians & Their Patients

Motrition will initially target the 25,000 U.S. private practice dietitians with sales of this communication tool/electronic medical records (EMR) system. Through this medium (dietitians), Motrition will be marketed to health-critical dieter patients as a secondary revenue stream. Health-critical dieters more broadly encompasses those who are diabetics, lactose intolerant, or obese or overweight, a 6.6 million U.S. based population. These dieters are more at risk than the average individual is, and thus accurate food tracking is vital – with the recommendation of their dietitians, these dieters will adopt Motrition as their mobile health-management system of choice. Motrition will also be useful for military outfits and hospitals, two entities serving individuals who, while not health-critical dieters, are nonetheless on strict diet plans. Finally, via partnerships with cell-phone service providers, Motrition's automated diet-tracking and sharing system will be available to the general public for everyday dieter needs. Advertising revenue and branded food suggestions driven by the automated system will be the key revenue drivers for the general public release of Motrition's system.

II. The Problem – Obesity and Communication Issues Abound

Obesity on the Rise

According to the National Institute of Diabetes and Digestive and Kidney Diseases (NIDDK), nearly **133.6 million adults over the age of 20 (66% of the adult population) are overweight** (i.e., a BMI* greater than or equal to 25). 66.6 million (31.4% of adults) are obese (requiring a BMI of 30 or more). As of 2005, under one-third of all U.S. adults (67.3 million, or 33.5% of adults) are at a 'healthy' weight.

The annual cost of overweight and obesity is \$117 billion (Weight-control Information Network (WIN): an information service for the National Institute of Diabetic and Digestive and Kidney Disease (NIDDK) supported by the U.S. Department of Health and Human services and National Institute of Health). Moreover, **obesity is associated with close to 112,000 excess deaths per year in the U.S.**

According to a Forbes study, **\$93 billion of the \$117 billion total cost per year, 9% of the national medical bill, is attributable to obesity.** Employers lose (in terms of productivity and employee absence) around \$2,500 per employee per year, with higher BMIs leading to higher costs. The Milken Institute, an economic think tank, has, as of November, 2007, reported that, in total, **obesity-related diseases** (diabetes, heart disease, etc.) **"have an annual economic impact in the U.S. of \$1.3 trillion [per year]"**.

Difficulty in Tracking Food Intake

After conducting depth-interviews with dietitians, we identified the two major problems dietitians have: there is a communication gap between dietitians and their patients, and dietitians (and their patients) have difficulty in tracking what the patients have eaten. According to those interviewed, the major reasons for these problems are known as a '24 hour recall' (i.e., patients do not remember what they have eaten after 24 hours have passed) coupled with the patients' natural tendency to underestimate their food consumption. Dietitians therefore waste much of each appointment trying to gather accurate information from patients.

Opportunity – Patients are Willing to Pay for Internet Communication

Data from a 2002 HarrisInteractive poll suggests that people are interested in using the internet to communicate with their physicians away from the doctors' office and that they are willing to pay for it.

The below is a patient questionnaire: **77% of patients polled responded that they would like to ask questions when no visit is needed** rather than have to come into the doctor's office, and 70% said that they would like to receive the results of tests via internet communication. Motrition will allow the niche market of dietitians' patients to communicate with their dietitians. However, will they be willing to pay for this added service?

What would patients like to do in-between visits via the Internet?

	%
Ask questions where no visit is necessary	77
Fix appointments	71
Get new prescriptions for medications you take	71
Receive the results of medical tests	70
None of these	6
Don't know	4

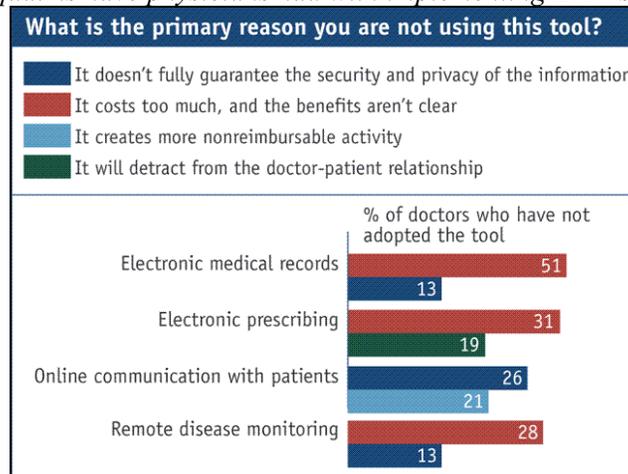
The next diagram shows that, across demographic lines, up to **37% of all physician's patients in the US** (in 2002 - we anticipate more now given technological advances in internet communications) **would be willing to pay for their desired communicative ability with their doctor**. The same poll suggests that the mean **fixed monthly payment** patients would be willing to pay is **\$10.60**, and the mean **variable** (per communique) **payment** would be as high as **\$6.90**.

How much would patients be willing to pay for Internet communication with physicians?

	Total %	Income Less Than \$15K %	\$15K-\$24.9K %	\$25K-\$34.9K %	\$35K-\$49.9K %	\$50K-\$74.9K %	\$75K %
Yes, would be willing to pay something	37	33	34	28	38	41	45
No	39	46	40	42	36	36	39
Don't know	24	21	27	31	26	22	16

In addition to internet communications with their patients, dietitians can benefit from implementation of an electronic medical records (EMR) system. The below HarrisInteractive Poll shows that physicians feel that EMR systems cost too much, and that benefits are not clear. Advances in EMR technology have brought costs down to below a \$10,000 one-time cost, and the benefits that Motrition will provide to dietitians versus the costs will be enormous. Additionally, online communication with patients has been cited in this poll as a problem because it doesn't fully guarantee the security and privacy of the information – a problem that recent EMR systems (such as Life Record, a critical benchmark company for Motrition) have addressed, now becoming completely HIPPA compliant.

What qualms have physicians had with implementing EMR systems?



Motrition will provide a fully functional EMR and mobile internet communications system that will be **useful** for patients and **valuable** for dietitians.

III. Target Market and Customer – Helping Both Dietitians and Patients

Motrition is well positioned to define meaningful, sizable, and reachable the target market based on psychographic and behavioral characteristics.

- Individuals -- This is our most diverse target market, and the end consumer in all other target markets. This market consists *primarily* of:
 - Health critical dieter
 - Over weight individuals who want to be healthier
 - Health-minded individuals
- Professionals
 - Private Practice Dietitians
- Entities -- Act as an intermediate to individuals, opening up more opportunities for exploitation:
 - Insurance companies
 - Hospitals
 - Military Entities

Health-Critical Dieters:

Health critical dieters are defined as those who have heart diseases, lactose intolerance, hyper-tension, food allergy, and diabetes/obese, which are required to monitor their food intake in regular bases. For instance, for some Type II diabetics, who account for more than 90% of the 16 million Americans diagnosed with diabetes, their lives may literally depend on their ability to monitor and measure important components of their food intake. **About 10% of obese Americans, which accounts for 6.6 million people, currently see dietitians** and are on a restricted diet plan, which require constant checking of ingredients and nutrition exchanges.

Professionals (Dietitians):

Dietitians and nutritionists are defined as those who "plan food and nutrition programs and supervise the preparation and serving of meals." According to the U.S department of Labor, **dietitian and nutritionists hold about 50,000 jobs in the United States**. The number of employment of dietitians is expected to grow faster than the average for all occupations through 2014 as a result of increasing emphasis on disease prevention through improved dietary habits. There are four types of dietitians: Consultant, Community, Clinical and Management. **We have defined the two types that Motrition will target, below:**

- ***Consultant dietitians*** – work under contract with private entities, such as sport team, wellness program, supermarkets, their own private practice, and other nutrition related businesses. They sometimes provide advice and interactive support on diet related concerns, including weight loss and cholesterol reduction.
- ***Community dietitians*** – counsel individuals and groups on dietary practices to prevent diseases and to promote healthier life in places such as public health clinics, home health agencies, and health maintenance organizations. Community dietitians who work in home care agency evaluate individual need, diet habit, and even provide grocery shopping and food preparation tips.

The two targeted dietitian positions are expected to see the largest increase as individual healthcare choices become more dictated by patients rather than their insurance companies (a growing trend). It is expected for "employment... to grow rapidly in contract providers of food services, in outpatient care centers, and in offices of physicians and other health practitioners" with increased public awareness of

obesity and diabetes (The US Department of Labor). Additionally, according to the previously mentioned 2002 HarrisInteractive Poll, "It seems safe to predict that within a fairly short space of time that many doctors will be communicating with their patients on the internet. This will happen because *some doctors and health plans will use this as a way to differentiate themselves from their competitors.*" Motrition will provide this differentiation by being the premier internet communication-based tool for dietitians and health plans catering to their patients.

Entities:

- Insurance companies -- "Medicare coverage may be expanded to include medical nutrition therapy for renal and diabetic patients" (The US Department of Labor). In the case that Motrition's service is proven by medical institutions and academic fields to improve users' health, insurance companies may subsidize our service for dietitians and their patients, creating another revenue stream and a heightened demand for the product.
- Hospitals -- Hospitals can utilize our service to monitor the food consumption/exercise output of post-surgery rehabilitation individuals.
- Military Entities -- Soldier health may be optimized through application of the above methods.

IV. Two Solutions for Two Customer Bases

Motrition's proprietary web-based software allows users to speak, type, text or scan the barcode of their food consumed and will – by comparing to each user's prerecorded weight, height, and dietary goals – keep track of what impact each item of food has on a user's target daily nutritional values. By using a cell phone, users will receive real-time feedback regarding a food item that they just ate or are about to eat while they are at home, at work, or on the go. This opens up a realm of different possibilities that Motrition takes advantage of, such as specific brand food suggestions ('Drink a Lipton unsweetened Ice Tea') or geography-based restaurant recommendations ('Macaroni Grill has a fat-free pesto dish, and is located on your way home!'). Please see our R&D Strategies section for what we envision for the future of Motrition.

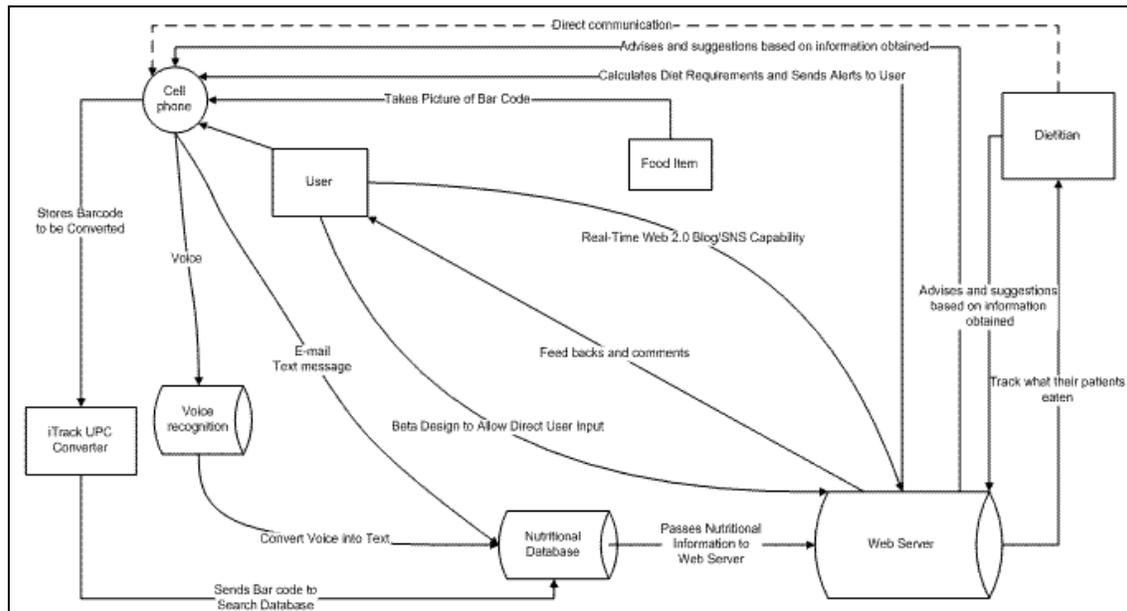
Before Motrition is released to the general public, we have identified that **this system can be utilized best to add value to dietitian's practices.** Health-critical dieter patients can benefit from and have shown the desire to communicate with their dietitians between visits. Additionally, the food recommendation software that Motrition offers allows these end-user patients the ability to 'count their calories' and better reach dietary goals, becoming healthier. For dietitians, this product will both create a new revenue stream through being able to serve patients between visits and will allow dietitians to focus on more value-added help when these patients come into the office (rather than review their the recent dietary habits). Finally, Motrition will double as a dietitian-focused Electronic Medical Records (EMR) system as well.

A more technical and comprehensive description of Motrition's Dietitian Interface Tool, as well as its upcoming Public Interface Tool, is described below:

A Food Tracking Web Application

After depth interviews with local dietitians, we identified two critical factors. First, **the most important step in managing one's weight involves monitoring food intake.** Secondly, **the program, it must fit in with – not force them to alter – their life.** Keeping this in mind, Motrition is developing a web application helping people record what they eat as the first step in trying to lose weight.

Dietitians – This aspect of the service will be a website application using PHP and HTML hosted on a local server. The web application will allow patients to record of their food intake by typing what they have eaten into text boxes on the site (or texting via mobile phone), calling the site’s toll-free phone number and speaking their food choices, or scanning the barcode of their food item with their cell phone camera. A local dietitian we interviewed (Margo Black, Ph.D) mentioned that the first stage of any patient appointment is to review recent food consumption. The key in these consultations is to determine not just what, but *why and when* certain foods are consumed. Through this lifestyle examination, dietitians can begin to help their patients. Motrition’s system will effectively eliminate this part of the consultation process, as dietitians will be able to see, in organized form, what a particular patient has been eating recently and historically, allowing for more value-added consultations when the patient comes in to the office. Below is a product data description sheet of the Dietitian Interface Tool Motrition will provide:



General Public – The Dietitian Interface Tool will not only allow dietitians to see what their patients have eaten, but will include access to a database housing detailed food nutrition information. While dietitians are already familiar with nutritional information of most foods and only need to know broad trends in a patient’s eating habits. By allowing patients access to this database, though, Motrition will be able to capitalize on a separate, unique market: the general public (i.e., non-dietitian patients) concerned with their weight management. When released to the general public through downloads from cell-phone service providers that Motrition will partner with, and the system will allow users to enter their target daily caloric intake (or protein intake, or fat intake, etc.), and will deliver feedback as to how the foods that a user has eaten fits in with these daily target values. Moreover, the system will allow for a social networking aspect – users will be able to ‘share their diets’ with others, and will be able to download others’ ‘diets’ and apply them to their own target daily values. Users can rate the diets of others, allowing the general public to find the best diet for their size and weight loss/gain goals. This, Motrition's Public Interface Tool, will provide non-dietitian-visiting health-critical dieters, slightly obese and overweight individuals, and the general public at large a tool of unparalleled utility for their health and entertainment.

V. Multiple Value Propositions

Stage 1 - Infrastructure Sales to Dietitians

Motrition has received much support from five local Tucson dietitians regarding the proposed Dietitian Interface Tool. They have informed us that an axiomatic principle of dieting is that low-fat diets do not work to keep weight off in the long term. A long-term plan, and therefore a long-term, structured relationship with a dietitian, is ideal for long-term weight loss. Dietitians recognize this, and the loss of patients who cannot seem to stick to their diets is lost money for these dietitians. Motrition will meet the proven demand for between-visit communications and will make patient relationships smoother and more personable, leading to longer-term patient-client relationships. The value to dietitians will be further enhanced via the ability to profit from these interim communications, the ability to service more patients, and the ability to differentiate themselves from other dietitians not currently offering an on-the-go service like Motrition. The system will be sold for a one-time price to dietitians, with the pricing kept standard across all practice sizes. Installation and yearly support fees will ensure supplementary revenue flow. The service will then be sold to dietitians' patients, the monthly fee of which will belong to Motrition. **In effect, dietitians will become sales people for Motrition, as use of the service by their patients will both enhance their revenues as well as Motrition's.**

Stage 2 - Individual Sales to Health Critical Dieters

After viewing the success of the Dietitian Interface Tool and making changes based on the market research gathered through the 6 months to one year testing phase of this service, **Motrition will release a food-tracking and social-networking web application to the general public, targeted at health-critical dieters, health-minded persons, and general mobile-phone owners.** Complementary services (explained in the R&D section) will be exploited heavily through this medium. This Public Interface Tool will be offered primarily through partnerships with cell-phone service providers, where individuals can add Motrition's service to their preexisting plan for a \$10/month fee, or through direct download at our Motrition.com homepage.

Stage 3 – Subsidiary Revenue Drivers

Advertising Revenues: When users are waiting for Motrition's system to send them the results of their food consumption impact on their daily diet, or when patients are waiting for responses from their dietitians, **ad space will be utilized to entice patients to buy food/items that pertain to their diet history** (i.e., suggest particular types of low-fat salad dressing for a patient who has a history – tracked by the system – of eating salads). By having this repository of patient-specific eating habits, Motrition will be able to sell targeted ads specific to each and every customer, much like Amazon's current scheme of promoting specific books to users whose buying history has shown an interest in a particular genre (adoption of this type of suggestion software is one reason why Amazon.com would be a good corporate partner for Motrition). Ad space will also be sold on on Motrition's Public Interface Tool website and on a Motrition Facebook application (which will direct users to Motrition's website).

In addition, Motrition **plans to sell partners' complementary goods and services** (Amazon.com's new grocery-delivery service, Amazon Fresh, is a great example of a possible partner that Motrition plans to work with), **offer enterprise health consulting** to companies and governmental entities suffering from obesity-related inefficiencies, **and be a tool to be licensed to Universities** for use in National Institute of Health studies.

The following is a diagram of the market potential of Motrition's primary business models (calculations explained below):

Service	Description	Market Potential
Motrition Dietitian Interface Tool	A web-based service that allows for highly mobile internet-based communication between dietitians and their patients. Patients access the website via a computer terminal or their cellular telephone and record their food and exercise, and their dietitians get real-time updates on their patients' progress towards their dietary goals	\$125 Million†
Motrition Public Interface Tool	A web-based service that allows dieters, health-minded individuals, or interested eaters access to both nutritional and food-based information, and which allows sharing of this information with other Motrition users	\$792 Million/year††
Motrition Facebook Application	A Facebook (and later MySpace) application providing food information and social networking capabilities similar to Motrition's Public Interface Tool for users and reaching SNS by promoting Motrition.com services	Approximately \$100/month in advertising fees*; gathers users for Motrition Public Interface Tool

†Using information from the latest National Center for Health Statistics' National Ambulatory Medical Care Survey (NAMCS), we have found that **"one-quarter of office-based physicians report using fully or partially electronic medical record systems (EMR) in 2005**, a 31% increase from the 18.2 percent reported in the 2001 survey." Using 'office-based physicians' as a proxy for the type of dietitians that we are targeting, we can assume that 25% of the total number of dietitians in America (50,000) will use an EMR system - 12,500 customers (50,000 x 0.25 = 12,500) in total. Given our price of \$10,000 per system (the asking price of an install of Life Record, a low-cost EMR provider), this gives us the total market potential value for this stage of our business plan of \$125 million (\$10,000 x 12,500 = \$125,000,000).

††66.6 million people are obese in America according to the NIDDK, and 10% of these (6.66 million) are 'health-critical dieters' (according to Dr. Kay Hongu, RD at the University of Arizona [Interviews With Dietitians.doc]). This is our 'individual user' target market. We must subtract 10% of the 6.66 million health critical dieter population who are dietitian patients (as told by Dr. Hongu in the above interview), the money generated from whom - \$79.92 million, or \$6,400 per dietitian (\$79,920,000/12,500 = \$6,400) - will go to their dietitians. We finally arrive at a total market of 5,994,000 health-critical dieters who may become individual users of Motrition's Public Interface Tool. Using a \$10/month payment schedule (the average rate charge by our top competitors; also, the mean monthly fixed payment suggested by a 2002 HarrisInteractive poll [Patient Physician Online Communication 2002.pdf] is \$10.60), we obtain a potential market value of \$719.28 million (5,994,000 x \$10 x 12 months \$719,280,000).

*Using information obtained in a recent Facebook Developers article that cites \$45,000/month advertising revenues from a daily, active user base of 211,000 Facebook users, we obtain an average of \$0.2133 cents per user advertising revenue per month (\$45,000/211,000 = \$0.2133). Extrapolating these numbers upon the usage statistics of the most active Facebook dieting application, FatSecret's My Diet, which commands a 458 daily, active user base (a number that Motrition, which will provide added functionality over My Diet, plans to at least match), we project a \$97.68 monthly advertising revenue generation capability from our Facebook application.

VI. Competitive Advantages Include a Team of Five Engineers

Prototype development is currently in progress

Motrition is currently being served by a group of five engineers – some of whom have agreed to sign on to the company in June – who are actively developing the prototype of the web application. Local Tucson dietitians have provided their support for the product and have acquiesced to allowing Motrition to be tested at their practices. Their preliminary design models appear below:

This first diagram is a sample interface screen for dietitian users – the Dietitian Web Interface (DWI):

The screenshot shows the Motrition.com web interface. At the top, there are navigation links for 'Home' and 'About', and a welcome message 'Welcome Dr. Innes-C'. The main header features the Motrition.com logo. On the left side, there is a vertical menu with buttons for 'Patients', 'Messages', 'Programs', 'Account', and 'Help'. The main content area includes a search bar with a dropdown menu set to 'Name' and a 'Search' button. Below the search bar, there are pagination options: 'Per page: 10 25 50 100'. The central part of the interface is a table listing patient records. Each row contains a patient's name (underlined as a link), age, weight, last visit date, and two 'Tools' links: '[edit]' and '[d]'. The table contains 15 identical rows of data.

Name	Age	Wt	Last Visit	Tools
Doe, John	42	250 l.b.	10:30am Feb 3, 2008	[edit] [d]
Doe, John	42	250 l.b.	10:30am Feb 3, 2008	[edit] [d]
Doe, John	42	250 l.b.	10:30am Feb 3, 2008	[edit] [d]
Doe, John	42	250 l.b.	10:30am Feb 3, 2008	[edit] [d]
Doe, John	42	250 l.b.	10:30am Feb 3, 2008	[edit] [d]
Doe, John	42	250 l.b.	10:30am Feb 3, 2008	[edit] [d]
Doe, John	42	250 l.b.	10:30am Feb 3, 2008	[edit] [d]
Doe, John	42	250 l.b.	10:30am Feb 3, 2008	[edit] [d]
Doe, John	42	250 l.b.	10:30am Feb 3, 2008	[edit] [d]
Doe, John	42	250 l.b.	10:30am Feb 3, 2008	[edit] [d]
Doe, John	42	250 l.b.	10:30am Feb 3, 2008	[edit] [d]
Doe, John	42	250 l.b.	10:30am Feb 3, 2008	[edit] [d]
Doe, John	42	250 l.b.	10:30am Feb 3, 2008	[edit] [d]
Doe, John	42	250 l.b.	10:30am Feb 3, 2008	[edit] [d]
Doe, John	42	250 l.b.	10:30am Feb 3, 2008	[edit] [d]

Next is a sample interface screen for patients – the Patient Web Interface (PWI):

Home | About Welcome Dr. Innes-Gawn! S

m  **trition.com™**

Patients [switch pat]

Messages

Programs

Account

Help

John Doe

Vital Information

Gender	Male	Age	42
Height	5' 10"	Weight	250 lb.
Customer since	Jan 1, 2008	Last Visit	Feb 3, 2008

Current Goalsets

Title	Date Started	Date Finished
South Beach Diet, Phase I	Feb 3, 2008	Feb 16, 2008
Interim Grade: A+ (95/100)		
Weekly goals for Feb 3-9	Feb 3, 2008	Feb 9, 2008
Interim Grade: C (70/100)		

Graphical Analysis

Line graph showing data trends over time (Feb 2008). The Y-axis ranges from 14500 to 14900. The X-axis shows dates from Feb 3 to Feb 9, 2008. Below the line graph is a bar chart showing daily data points.

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Summary

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A more comprehensive look at the technical features of the Motrition prototype can be found in the appendices to this business plan.

Intellectual Property – Patentable Developments

Motrition has identified two separate patents issued for diet-tracking systems - one in 2002 for a 'mobile health tracking' program, and one in 2005 for a 'speech-based food tracking' program. The fact that these patents were issued so recently shows evidence of the competitive forces being placed upon this industry, and the opportunities that are evident in the marketplace. Taking into account the fact that these patents exist, and given legal counsel provided to Motrition from our advisory sources stating that our current service is novel to the point of allowing for a patent, management has confidence that a patent

could soon be filed for protection of Motrition's unique web application services – both the Dietitian Interface Tool and the Public Interface Tool.

VII. Critical Environments – Rising Obesity, Online Dieting Trends

Effectiveness of Online Dieting Service

A study conducted by Brown University, published in the *Journal of the American Medical Association*, indicates that **online dieting is more effective than face-to-face services in terms of long-term weight loss**. In fact, those who received dietary notification, advice, and support through email lose 5.5 more pounds, on average, than those who do not receive this advice. Furthermore, people who enrolled in the structured online program lost three time more their weight than those who casually surf the internet to research health information.

Increasing Consumer Internet Usage

- Internet continues to be tax free:
- Mobile internet usage amongst younger age groups rising:
- The internet is being used more often now for diet management purposes:

Increasing Overweight/Obesity Rates

Over eight in ten U.S. adults are overweight, half of whom are obese. Childhood obesity is taking a precipitous rise, and the need for diet-based services, and dietitians, will continue to flourish both in the United States and in other developed countries in years to come.

Corporate Wellness Programs

According to the Industrial Accident Prevention Association, **moderate workplace interventions can make significant improvements of absenteeism, turn over, and productivity** and shave off at least 20% of these costs. Studies have repeatedly proven that comprehensive corporate wellness programs return an average \$3 for every dollar spent (US Corporate Wellness).

VIII. Marketing Strategies

Motrition Utilizes Its Information Technology Base

Motrition's social networking service will act as a network of diet and health-based blogs. By writing about favorite healthy restaurants (for example), those who are interested in food will come to read exciting personal accounts. Through this blog, Motrition can guide those who may be concerned about their weight to the primary Motrition service. In tandem, a Facebook application is being created to direct those in the social-networking community to Motrition.com, and similar developments will be made on other social-networking sites. **Using Web 2.0 functionality, Motrition will enable users to share different diets and their results.** The diets that can be shared will be extensive in detail as Motrition's

database will have saved every facet of what foods were consumed (and later, what exercise was performed) during a certain period.

Traditional Materials

Motrition will distribute brochures in health food stores, gym facilities, and dietitian's offices. Marketing strategies employed will target the demographic of those who are overweight and obese. This demographic cannot be defined geographically, and the age and sex of the obese or overweight dieter is spread evenly across demographic lines. Therefore, Motrition intends on targeting certain locations where health-conscious consumers might be (including those mentioned above). Also, Motrition will "pull" the untapped market – loosely defined as the "obese that have not sought help" – through the integration of awareness programs through online communities such as those also mentioned above.

Motrition plans on utilizing a beta test on the dietitians and their patients in the Tucson, Arizona area. **Margo Black, of Desert Dietetics, has agreed to use early versions of the web application.** This individual has agreed to allow clients to use Motrition software during its development stages. Through initial tests such as these, Motrition plans to create good word of mouth about the service.

Affiliations

In using website click-through advertising, Motrition is planning of becoming an affiliate of other websites used by industry players. Examples of such possible web relationships are the American Obesity Association (AOA), the American Diabetes Association (ADA), the American Society of Bariatric Physicians (ASBP), and the Action for Healthy Kids (AFHK). Conversely, these associations will provide their customers with information regarding Motrition's service.

IX. Sales Strategies – A Local, Then Global Push

Firstly, **Motrition's sales process plans on targeting local dietitians.** This sales strategy primarily consists of sending salesmen out into the field for face to face sales with dietitians. In addition, Motrition will post a computerized video tutorial of several features, presentations, newsletters, and FAQ's on the website starting in June 2008. This demographic lies within the confines of the 50,000 registered dietitians and the much higher number of nutritionists in the U.S. Because of National Center for Health Statistics data showing that physicians in the Midwest and West are more likely to use Electronic Medical Records than the East, Motrition plans on targeting dietitians in metropolitan areas in these regions.

Secondly, **Motrition's sales process plans on targeting direct customers or end users.** Through the website Motrition.com or through their cell phone carriers, consumers will be able to log on and pay for the service for one year at a price of \$10 per month. Motrition will provide information about the web site for the end users by holding information sessions with dietitians' patients and providing catalogs to them.

The markets for Motrition's services are not limited to the United States, as many of the world's developed countries – some of which enjoy much higher rates of cell phone usage than the US – are experiencing obesity epidemics of their own. As Motrition is being developed as an English language-based system, immediate exploitation of the British and Indian markets will be available. Additionally, contacts held in Japan by two of the four founders of Motrition will allow for quick translation and exploitation of this market as well.

X. R&D Strategies – A Pipeline of Products

Product Development

Motrition has formed a partnership with five engineers whom are currently working on a prototype valued (by work hours alone) at \$100,000. After the creation of the basic communications tool, Motrition's engineering team has agreed to start development on a number of additional aspects of both the website and the proprietary recommendation software.

Future Software Features/Complementary Services



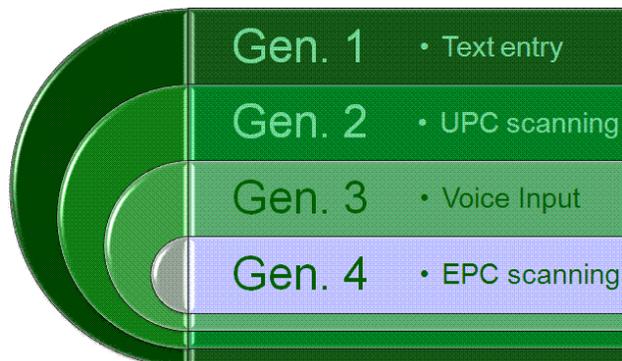
As mentioned above, Motrition has decided to integrate a number of subsidiary functions into the website service, mainly for use by the general public, but which will bring added utility to dietitians and their patients as well.

First, we intend to use social networking to allow users to share diets and find recipes that correlate with that certain diet. Second, we intend to use the GPS function of customers' phones as another aspect of the suggestion-based software, able to suggest

particular restaurants or grocery stores that may be close to the consumer or on their normal route home. Additionally, we envision this function being used as a pedometer to "pull" customers into exercising by walking. Third, the database will allow a user to see the origin and creation date and receive allergen information for foods they may be planning on purchasing. Lastly, an exercise tracking system will be implemented to complement the preexisting food consumption system, further assisting users in their quest to keep their weight off while trekking into another market that offers, among other things, greater advertising revenue.

Input Methods

The input methods that Motrition will be utilizing will be available at different stages of software development. Firstly, as it is the easiest to program, text entry will be available for customers to send info to the database via text messaging or keyboard entry. Secondly, voice input technology will allow a customer to call our server directly and physically dictate the foods eaten. Finally, we are examining the feasibility of UPC or EPC scanning to directly upload nutritional facts from packaged food barcodes to further aid in tracking consumption.



XII. Management Team – Diversity and Depth

- **Issei Hazama:** Issei holds a Bachelor's Degree in Business Management and Corporate Entrepreneurship from the University of Arizona, 2008. He is born into an entrepreneurial family and is bilingual in Japanese and English. His knowledge will be seminal in Motrition's effort to penetrate the Japanese market.
- **Ryan Kovac:** Ryan too holds a Bachelor's Degree in Business Management and Corporate Entrepreneurship from the University of Arizona, 2008. He brings presentational skills from his previous entrepreneurial activities and has past experience with management of employees and marketing of products. He has operated several small startup companies such as *My Dads Do It Better--Painting & Carpentry Co* and *A Cut Above--Christmas Tree Wholesale Co*.
- **Nick Oreshan:** Nick holds a Bachelor's Degree in MIS and Corporate Entrepreneurship from the University of Arizona, 2008. Due to his education, Mr. Oreshan has a keen knowledge of IT workings within a company. He has and will be essential in the formation of a company which is as IT-driven as Motrition. Nick's work experience includes a position as IT Manager, administrating a network of 20 clients.
- **David Branson Smith:** A Masters of Accountancy/Entrepreneurship degree holder from the University of Arizona, 2008, David brings strong financial knowledge, critical thinking skills and a creative mind to Motrition. His knowledge of the Japanese language will supplement company plans to penetrate the Japanese market.

Motrition is also open to the hiring of other members (ex. CEO), to bring more years of experience to the team and to fill in experience gaps.

Legal Team:

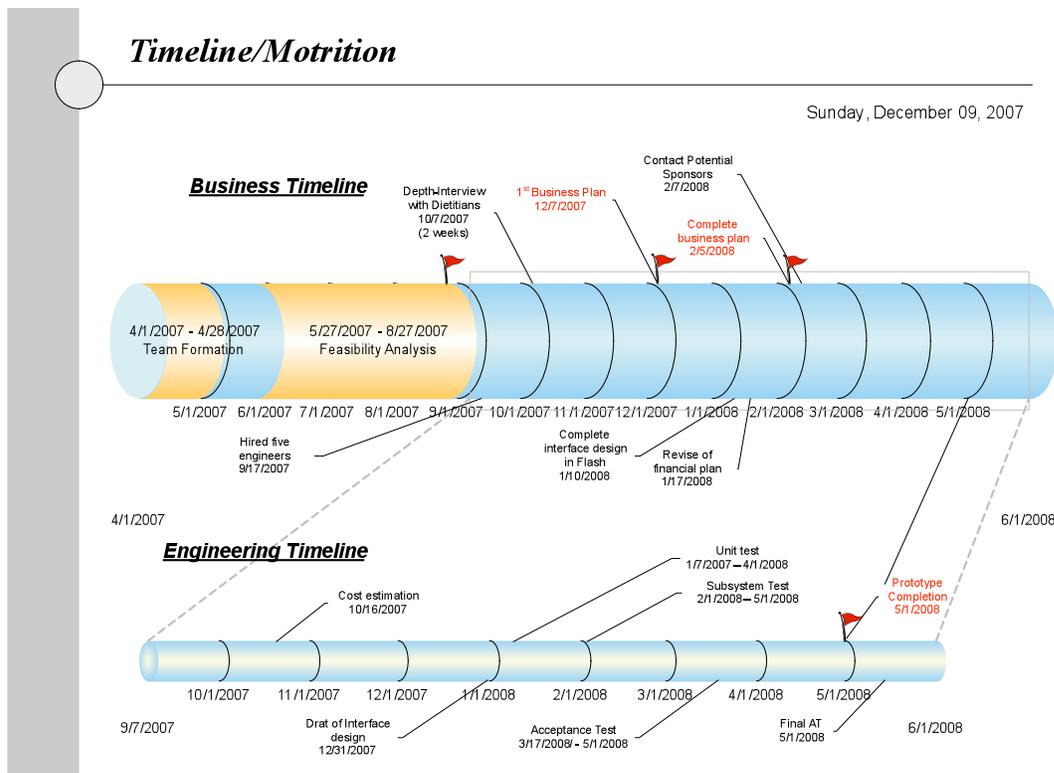
- **Gary Bertoni:** Mr. Bertoni is an attorney at law with over 20 years of experience. Mr. Bertoni has a subsidiary law firm contact with "Arizona specific laws" and will provide counsel to Motrition regarding all facets of the legal challenges facing the company.

Board of Advisors/Mentors:

- **Jim Jindrick** – A former engineer-turned-intrapreneurship expert, Jim's continued guidance on the technical matters concerning Motrition will be called upon in future developments.
- **Dan Kuz** – Dan's experience as a business development specialist at Raytheon will be leveraged in the startup phase of Motrition's life, especially concerning aspects related to sales and partnership presentations.
- **Kay Hongu** – Kay is a Registered Dietitian working in the Nutritional Sciences department of the U of A, currently conducting research seminal to the development of Motrition's long-term diet services. She has ample knowledge of the private practice dietitian industry as well as upcoming trends in nutrition. Her research and advice have shaped Motrition's business plan thus far, and will continue to benefit the company.
- **Barron Orr** – Dr. Orr is working with Kay Hongu in the Nutritional Sciences Department at the University of Arizona. He is specializing in location-based solutions for weight loss and exercise. His contribution will be in tandem with Dr. Hongu's, but more focused on upcoming R&D concerning implementation of an exercise tracking system into Motrition's product lineup.

- **Randy Accetta** – Randy is our communications advisor. He has and will continue to help hone our presentation skills to maximize our chance at attracting VC funding.
- **Gerald Pine** – The professor and director of operations of the engineering team. He is a communications guide, providing us information on how to better the relationship between Motrition and its product developers.
- **Margo Black** – A private practice dietitian working in Oro Valley, Margo has provided us with information about the industry, its patients, and has offered to be a testing ground for our product. As a practicing dietitian, her input will be used to further develop Motrition’s products as well as its presentations to various constituents.

XIII. Timeline – First Steps to Launch and Beyond



XIV. Contingencies – Potential Challenging Scenarios

Variations

The health management industry could change drastically due to a number of factors. If a pill was invented that truly was a "weight loss pill", the target market size would shrink enormously. The health management industry does also include body builders, rehab patients, and athletes are in our target market. Variations in health restrictions or diet suggestions could sway the market to use Motrition more or less in the future. However, according to Dr.'s Hongu and Orr at the University of Arizona, a "miracle weight loss pill" will not be invented in the near future.

Contingencies in Business Model

Motrition does not currently have legal protection from idea theft. Motrition's management team has found that the idea at hand is likely patentable. A first round of financing is necessary to obtain any patents.

The development of voice recognition as an input method to Motrition's database is an extensive endeavor. Such software could be licensed from an outside company at a later date, however acquiescence by a licensor is imperative to acquisition of this functionality, as none of Motrition's employees have the expertise required to develop voice recognition software.

Contingencies in Industry

Fad diets can be quickly adopted by a mass audience and then slowly lose market share dieters. A good example would be the "Atkins Diet". "Atkins diet cuts 2.4% into Weight Watchers participants. Motrition does not feel that the inevitability of such fads will hurt market share seeing as "Weight Watchers" only lost 2.4% and is now getting it back.

The term "nutritional genomics" refers to the study of a DNA altering solution to obesity. It has been an ongoing three year study, but no conclusive results have been made. The development of nutritional genomics would nearly exterminate many weight loss programs.

XV. Financial Snapshot – Current Funding and Future Growth

Please see the Appendix 1 for a detailed schedule of the income statements, balance sheets, and cash flow statements for the next 5 years.

According to prevailing valuation methods, Motrition will be worth approximately **\$150 million in 5 years time**. Given the financial statements projected, Motrition will require two tranches of cash financing, totaling **\$1.4 million**. This investment opportunity will provide investors with **a 10x return in this 5 year period**.

For additional information, please contact the general manager, Issei Hazama, at 857-991-7696.

Appendices

Appendix 1: Financial Statements

Motrition Health Management Projected Income Statements (\$)

	Year 1	Year 2	Year 3	Year 4	Year 5
SALES					
Gross Sales	2,221,439	7,593,307	16,047,757	29,285,452	51,140,664
Returns and Allowances	(35,332)	(115,099)	(235,969)	(438,947)	(774,780)
NET SALES	\$2,186,107	\$7,478,208	\$15,811,788	\$28,846,505	\$50,365,884
GROSS MARGIN	\$2,186,107	\$7,478,208	\$15,811,788	\$28,846,505	\$50,365,884
OPERATING EXPENSES					
Salaries and wages	308,000	703,000	1,903,000	1,903,000	1,903,000
Payroll taxes	23,562	53,780	145,580	145,580	145,580
Employee benefits	0	0	0	0	0
Depreciation	7,028	7,667	209,030	221,225	220,669
Bad debt expense	0	0	0	0	0
Starting Year 1 Expenses	459,628	459,628	459,628	459,628	459,628
Starting Year 2 Expenses	0	129,600	129,600	129,600	129,600
Starting Year 3 Expenses	0	0	1,456,320	1,456,320	1,456,320
TOTAL OPERATING EXPENSES	\$798,218	\$1,353,674	\$4,303,157	\$4,315,352	\$4,314,797
OPERATING PROFIT (LOSS) BEFORE INTEREST AND TAXES	1,387,889	6,124,534	11,508,630	24,531,153	46,051,087
INTEREST EXPENSE	0	0	0	0	0
PROFIT (LOSS) BEFORE TAXES	1,387,889	6,124,534	11,508,630	24,531,153	46,051,087
DISTRIBUTION FOR TAXES	(471,882)	(2,082,342)	(3,912,934)	(8,340,592)	(15,657,370)
NET PROFIT (LOSS)	916,007	4,042,192	7,595,696	16,190,561	30,393,718
EBITDA	\$1,394,917	\$6,132,201	\$11,717,660	\$24,752,378	\$46,271,756

Motrition Health Management

Projected Balance Sheets (\$)

	Year 1	Year 2	Year 3	Year 4	Year 5
Current Assets					
Cash	453,552	4,098,911	10,417,083	25,647,676	54,282,759
Accounts Receivable	343,313	748,893	1,448,576	2,629,768	4,609,073
Inventory	0	0	0	0	0
Other	0	0	0	0	0
Total Current Assets	\$796,865	\$4,847,804	\$11,865,659	\$28,277,444	\$58,891,831
Property and Equipment					
Equipment	30,000	30,000	829,007	829,007	829,007
(less accum. depr.)	(7,028)	(14,694)	(223,724)	(444,949)	(665,618)
Net Property and Equipment	22,972	15,306	605,283	384,058	163,389
Other Assets	100,000	100,000	100,000	100,000	100,000
TOTAL ASSETS	\$919,837	\$4,963,110	\$12,570,942	\$28,761,503	\$59,155,220
LIABILITIES AND MEMBERS' CAPITAL					
Liabilities					
Current Liabilities					
Accounts Payable	3,830	4,910	17,046	17,046	17,046
Other Current Payables	0	0	0	0	0
Revolving Line of Credit	0	0	0	0	0
Current Portion of L-T Debt	0	0	0	0	0
Total Current Liabilities	\$3,830	\$4,910	\$17,046	\$17,046	\$17,046
Long-Term Debt	0	0	0	0	0
Total Liabilities	\$3,830	\$4,910	\$17,046	\$17,046	\$17,046
Members' Capital					
Members' Paid-in Capital	0	0	0	0	0
Retained Earnings	916,007	4,958,199	12,553,895	28,744,456	59,138,174
Less: Repurchases	0	0	0	0	0
Total Members' Capital	\$916,007	\$4,958,199	\$12,553,895	\$28,744,456	\$59,138,174
TOTAL LIABILITIES AND MEMBERS' CAPITAL	\$919,837	\$4,963,110	\$12,570,942	\$28,761,503	\$59,155,220

Motrition Health Management

Projected Cash Flows (\$)

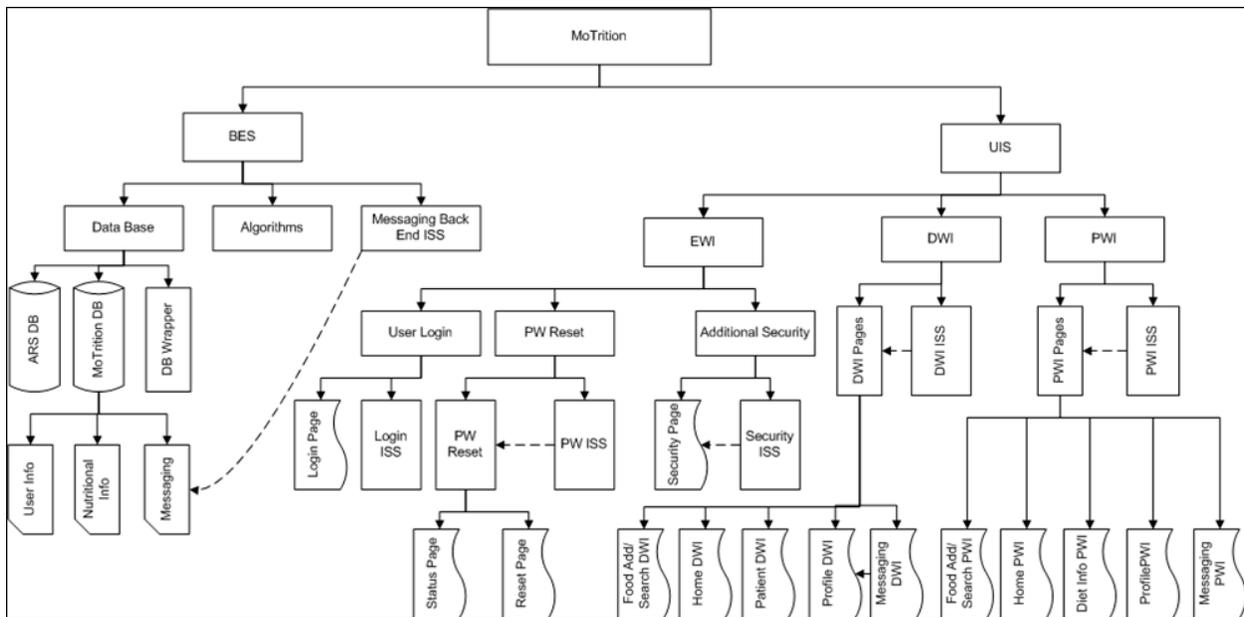
	Year 1	Year 2	Year 3	Year 4	Year 5
CASH FLOWS FROM OPERATIONS					
Net income	\$916,007	\$4,042,192	\$7,595,696	\$16,190,561	\$30,393,718
Adjustments to reconcile NI to cash flows from operations					
Depreciation	7,028	7,667	209,030	221,225	220,669
Changes in certain assets and liabilities					
Accounts receivable	(343,313)	(405,580)	(699,683)	(1,181,193)	(1,979,304)
Inventory	0	0	0	0	0
Other current assets	0	0	0	0	0
Accounts payable	3,830	1,080	12,136	0	0
Other current payables	0	0	0	0	0
Revolving line of credit	0	0	0	0	0
TOTAL CASH FLOWS FROM OPERATIONS	\$583,552	\$3,645,359	\$7,117,179	\$15,230,593	\$28,635,082
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of equipment	(30,000)	0	(799,007)	0	0
Other Assets	(100,000)	0	0	0	0
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	(130,000)	0	(799,007)	0	0
CASH FLOW BEFORE FINANCING	\$453,552	\$3,645,359	\$6,318,172	\$15,230,593	\$28,635,082
CASH FLOWS FROM FINANCING ACTIVITIES					
Borrowing of long-term debt	0	0	0	0	0
Repayment of long-term debt	0	0	0	0	0
CASH FLOW BEFORE EQUITY FINANCING	\$453,552	\$3,645,359	\$6,318,172	\$15,230,593	\$28,635,082
Members' Capital Contributions	0	0	0	0	0
Members' Interest	0	0	0	0	0

Repurchased					
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	0	0	0	0	0
NET CASH FLOWS CASH, BEGINNING OF PERIOD	\$453,552	\$3,645,359	\$6,318,172	\$15,230,593	\$28,635,082
CASH, END OF PERIOD	0	453,552	4,098,911	10,417,083	25,647,676
	\$453,552	\$4,098,911	\$10,417,083	\$25,647,676	\$54,282,759

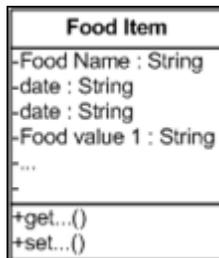
Appendix 2: DVA for Top Level Concepts

Design Performance Attributes	Importance to Customer	Stand Alone Concept Rating	Stand Alone Concept Benefits	Internet Only Concept Rating	Internet Only Concept Benefits
# of Users	2	4	8	4	8
Response Time	5	3	15	4	20
Updateability	2	2	4	4	8
Reliability	3	3	9	3	9
Maintainability	3	2	6	4	12
<i>Total Performance Benefits</i>			42		57
Design Convenience Attributes					
Low User Computer Reqs	2	3	6	4	8
Portability	5	2	10	5	25
Ease of Operation	5	5	25	4	20
<i>Total Convenience Benefits</i>			41		53
Design Social Attributes					
Aesthetics	5	4	20	4	20
Information Safety (HIPPA)	5	4	20	4	20
Communication Capability	5	4	20	5	25
Security	4	5	20	4	16
<i>Total Social Benefits</i>			80		81
Cost					
Labor	5	3	15	2	10
Program Development Tools	5	3	15	2	10
Materials	5	3	15	3	15
<i>Total Cost</i>			45		35
Design Value			3.62		5.46

Appendix 3: Motrition Flowchart



Appendix 4: Data Structures (Food Object – Holds name and information for a food entry)



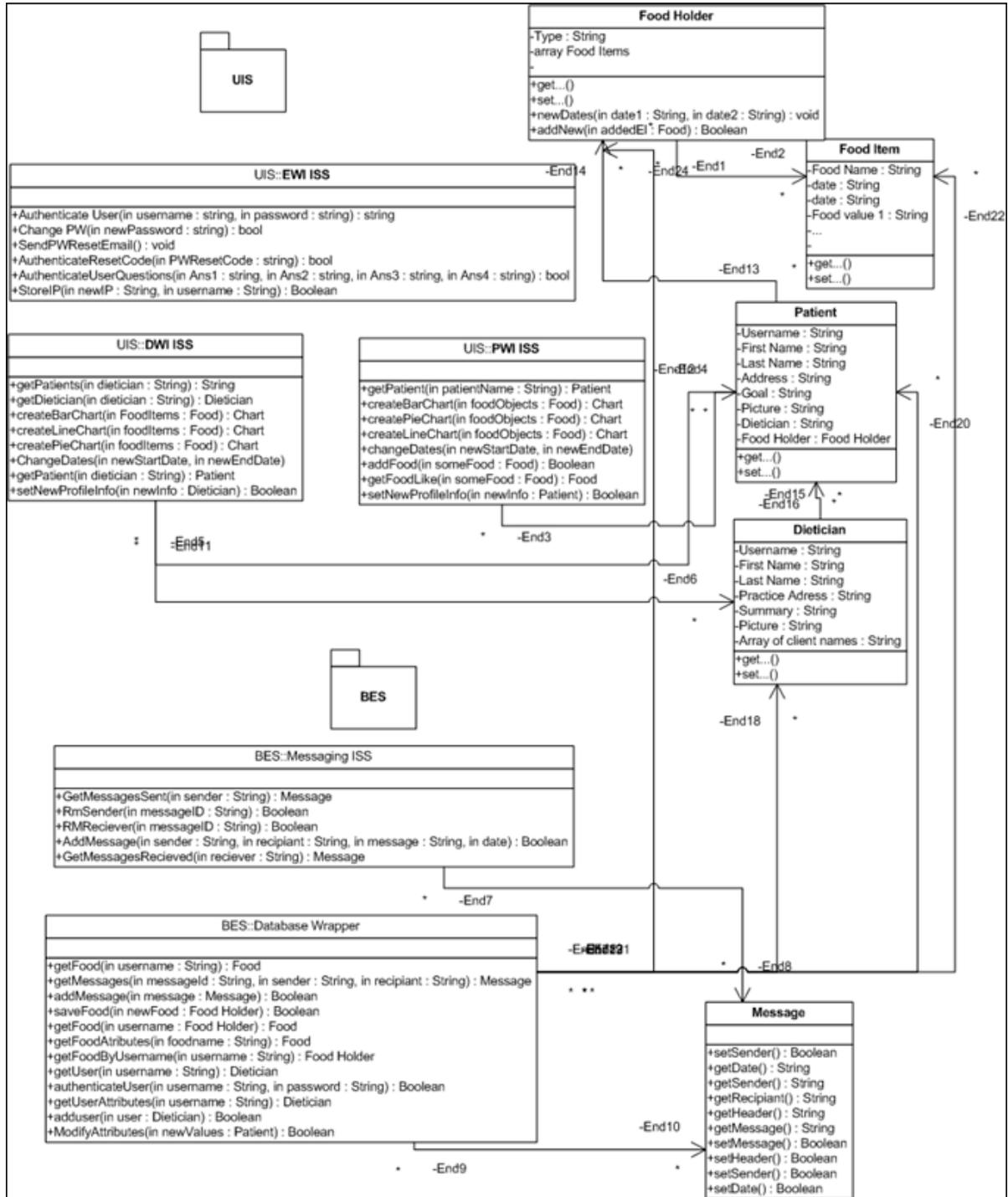
Appendix 5: Food Holder Object – Holds several food objects

Food Holder
-Type : String -array Food Items -
+get...() +set...() +newDates(in date1 : String, in date2 : String) : void +addNew(in addedEI : Food) : Boolean

Appendix 6: Patient object – Representation of a patient

Patient
-Username : String -First Name : String -Last Name : String -Address : String -Goal : String -Picture : String -Dietician : String -Food Holder : Food Holder
+get...() +set...()

Appendix 7: Full System UML



Appendix 9: Back End System (BES) Subsystem

