



Executive Summary

iks is an enterprise software company that provides solutions for consumers at the point of decision. The company's proprietary software creates a unique user experience that empowers consumers, which has proven to increase sales and services for retailers utilizing kiosks. The past ten years iks subsidiaries have focused primarily on adding value to the retail wine industry with its flagship kiosk software: *WineNDine*[™]. Now iks has expanded its software applications to keep up with the growth in the global kiosk markets. Given the fact that **74% of all consumer decisions are made inside a retail location** iks has embedded digital branding and advertising inside its unique user experience software in order to add value to consumers and retailers alike by:

- Increasing sales of existing product lines through electronic cross marketing.
- Educating and empowering consumers inside stores, thereby increasing customer loyalty.
- Generating revenue by embedding digital ads inside content displayed on an interactive screen.
- Provide retailers a cost effective and interactive tool to train employees.
- Maximize advertising budgets with measurable and specific marketing data.
- Reduce corporate advertising's impact on the environment by using digital signage.

As of May 2009 iks has initiated full scale pilot programs (*hardware/ software*) with **CVS/Pharmacy**® and **Safeway Stores, Inc.**® in the northwest region of the United States. iks has also developed several distribution channels for software licensing agreements throughout Canada and the United States, which has recently begun to generate revenue. The company has also expanded its geographic presence over the past year and now has offices in Seattle WA., Vancouver B.C. Canada, Missoula MT and Sonoma CA.

In addition, iks has eleven [11] full scale systems in operation across the Northwest and Midwest regions of North America located with independent retailers. These kiosks continue to generate revenue through digital advertising, which has confirmed the company's business model of embedding digital advertising in with consumer content delivered at the point of decision.

Early in 2009 iks launched **Sustainable Ad\$**[™], a digital advertising campaign that provides businesses an effective and cost efficient way to be more environmentally responsible. Consumers and governments alike are demanding businesses to be more environmentally conscience. Given the current marketplace corporations are looking for ways to reduce their use of natural resources, waste streams and operating costs by using digital signage compared to traditional print advertising.



Market Overview

The self-service kiosk industry has grown exponentially over the past several years and developed into an \$11 Billion industry in 2005 and is projected to grow to \$24 billion by 2010. Kodak ® was a pioneer in the industry by providing photo kiosks to consumers; currently the company has over 120,000 self-service kiosks installed throughout the world. Airlines have also been a leader in the self-service kiosk industry by processing passenger check-ins and seat assignments to efficiently handle high passenger volume. Supermarkets and Grocery stores have also been innovative in this self-service kiosk industry with related sales reaching over \$520 billion in 2005. The self-service kiosk industry has experienced a 60% increase in the use of its products from 2005-2007.

Digital Advertising, iks main revenue source, is rapidly taking market share from traditional advertising methods. **Digital ads are expected to gain 15 percent of the worldwide advertising expenditures in 2009**, almost double from four years ago. A 35 country survey shows digital advertising's share of total ad investment rising from eight percent in 2005 to 14 percent in 2009.

Time ® magazine recently ranked Digital Advertising as one of the 10 most prominent technologies to advance over the next ten years. Ad spending in interactive media — Internet, mobile and gaming — reached 11 percent in 2007, sparked mostly by gains recorded in the US and Western Europe, as well as by the increased use and availability of improved handsets, inexpensive laptops, faster broadband, and extensive WiFi (News - Alert) connections. The amount of time consumers spend online is increasing from a mean of 27 minutes daily in 2005 to a projected 46 minutes in 2009, though it remains unclear whether users are multitasking or increasing total time spent with media. Demographics alone will sustain growth in Internet use, which is the backbone for digital advertising, among consumers for at least another generation, and possibly two, as those under 25 years old carry their habits into middle age and beyond.

Management & Directors

Terry Cromwell J.D. (*Chief Executive Officer & Director*) Terry Cromwell brings nearly 30 years of domestic and international corporate problem-solving & leadership skills to iks. Terry, a Missoula native, has held executive positions with publicly-held Fortune 500 companies and privately-held corporations alike; directly responsible to CEO's and Boards of Directors for operations, development, legal issues and risk assessment/management. A graduate of Franklin Pierce Law Center, one of the premier intellectual property law schools in the world, Terry's experience spans work with diverse industries in equally diverse settings: High Tech, Construction, Railroads, Oil, Hospitality, Insurance and Financial Services operating in the Northwest, New England, Las Vegas, Hawaii, Africa, Australia, Alaska and the Arctic. Terry's leadership since iks inception has resulted in the development of the new SpiritsUp™ software, complete redesign of the WineNDine software, commencement of the HealthPoint project, the integration of the kiosk and digital ad signage into iks custom manufactured hardware, successful installation of the first 11 iks kiosk/digital signage systems and agreements for statewide advertising on iks digital advertising screens.

Michael W. McGowan, (*President and Chairman*) brings over two decades of finance and business experience to iks' management team. McGowan also manages a private equity firm that finances and develops leading edge technologies throughout the world. Prior to joining iks McGowan developed several public and private renewable energy companies in North and South America utilizing disruptive technologies in the development of low cost/ high quality biodiesel fuel solutions. Before establishing his firm Michael spent 15 years in the banking and financial management arena as a hedge fund manager, Institutional Portfolio Manager and Trust & Investment Officer. McGowan serves on several corporate boards including: iks, Federal Home Loan Bank of Seattle, Daniel Capital Management LTD and Montana Servant Leadership. Mike continues to advise companies throughout Europe and the Americas through an established network of capital funding sources and strategic business relationships and is a regular contributor to several financial websites and periodicals. McGowan earned his Bachelors of Arts in History/International Relations from the University of Montana with high honors.

Jack Nichols, (*Vice President, Operations & Chief Technology Officer*) has worked in the technology arena for the past 20 years and as the CIO for a \$40M company for the past 7. Jack's other positions have included: computer system and network sales, service manager, network technician and underwriting manager. He has specialized in customer-centric solutions that add tangible value. These solutions have involved determining client and business needs and building or applying appropriate technologies to meet those needs. Jack has held several leadership positions and has designed and managed projects for web based applications, LAN, WAN and remote access, electronic document management, workflow and accounting systems. Jack holds a BS in Finance and Minor in Computer Science from Oregon State University. Jack's creation of the iks software design document and subsequent management of the development of all iks software projects has resulted in the successful completion of both SpiritsUp™ and WineN Dine ahead of schedule and under budget. Jack's problem-solving skills provided the expertise to overcome the issues associated with both software development and its integration into iks custom hardware.

Mike Tornatore, (*Founder & Director*) had the original vision for the development of the first Wine N Dine™ kiosk through his company BeverageChoice.com, which was completely acquired by iks in 2008. That original vision was incorporated into the iks family of companies as implementation for the iks solutions have arrived. Mike has established numerous strategic relationships within the food and beverage industries over the past ten years and was the primary aggregator of all of the wine and food data that iks utilizes in its food pairing software applications.

MaryAnn McGowan, (*Director of Sales & Marketing, Principal*) MaryAnn McGowan has over 22 years of marketing and sales experience and will manage the digital advertising efforts for iKS. Prior to joining iKS MaryAnn spent several years as a director of key advertising accounts for Western Montana Radio and Marathon Media. During her tenure MaryAnn was recognized as a top line producer for advertising sales throughout both multi- million dollar media companies. Before moving to Montana MaryAnn managed the point of sales system and inventory for the MicroSoft® store on their campus in Redmond Washington. MaryAnn started her career at Nordstrom® Department Stores where her performance became a benchmark as she repeatedly earned a place among the top 3% of her peers. MaryAnn holds an Associates Degree in Sales and Marketing. As Director of Sales and Marketing MaryAnn has led the company's efforts in securing and developing advertising solutions for local, regional and national accounts utilizing iKS' state of the art digital ads.

Financial Projections

The Company's business plan projects deployment of 50 kiosks in Year One, 250 in Year Two, 1000 in Year Three, 3000 in Year Four, and 6000 in Year Five, for a total of 10,300 kiosks by the end of Year Five. Revenues are generated through the implementation of iks software development solutions, leasing, servicing, advertising, and third party royalty fees. The revenue projections from advertising, service fees, etc. indicate that this deployment schedule can result in profitability in Year Three.

Profit/Loss Projections	Year 1	Year 2	Year 3	Year 4	Year 5
	(Q3 08 -Q3 09)	(Q3 09 -Q3 10)	(Q3 10 -Q3 11)	(Q3 11 -Q3 12)	(Q3 12 -Q3 13)
Market-Based Kiosks	39	228	950	2,900	5,500
Lease-Back Kiosks	11	22	50	100	500
Revenue					
Store Kiosk Service	\$57,825	\$289,125	\$1,278,255	\$4,538,410	\$10,272,340
Marketing Revenue	\$936,000	\$5,472,000	\$22,800,000	\$69,600,000	\$132,000,000
Lease-Back Revenue	\$79,200	\$158,400	\$360,000	\$720,000	\$3,600,000
Web Store	\$0	\$30,011	\$30,011	\$84,022	\$240,044
Total Revenue	\$1,073,025	\$5,949,536	\$24,468,266	\$74,942,432	\$146,112,384
Capex					
Equipment	\$14,750	\$73,750	\$32,875	\$63,730	\$94,390
Kiosk	\$223,719	\$1,118,595	\$4,527,590	\$14,776,280	\$31,053,885
Opex					
Operations	\$46,770	\$233,850	\$149,040	\$192,120	\$271,320
Salary	\$328,546	\$1,642,730	\$1,199,070	\$2,200,579	\$3,083,393
Marketing Exp	\$76,350	\$381,750	\$397,200	\$1,765,200	\$2,125,200
Tec Provider & Ad-Share Exp.	\$290,400	\$970,800	\$5,850,000	\$17,550,000	\$33,150,000
Total Expenses	\$980,535	\$4,421,475	\$12,155,775	\$36,547,909	\$69,778,188
Net Profit/Loss	\$92,490	\$1,528,061	\$12,312,491	\$38,394,523	\$76,334,196
Net Profit/Loss/Unit	\$2,372	\$6,702	\$12,961	\$13,239	\$13,879

INVESTMENT CONSIDERATIONS



- **Recession Resistant:** iKS has concentrated its corporate development efforts in recession resistant sectors (*Food & Beverage, Medical*), which has proven to be very resilient in this economic downturn.
- **Growing Market:** Companies are utilizing more *digital ads* because it is cost efficient and results can be measured. iKS' digital advertising platform **Sustainable Ad\$™** provides sales and marketing solution for companies in North America. In 2009 it is estimated that 15% (*Est. \$12billion*) of ALL advertising will be in a digital form and iKS is well positioned to capture that growth.
- **Corporate Training:** Businesses are constantly training their employees or patients on new products and procedures and iKS provides an interactive platform to accomplish this training at a fraction of the cost from traditional methods.
- **Compelling Return on Investment:** iKS systems/products are proven and generating revenue. The company is currently well positioned and has several proprietary products that are fully developed and Functioning in multiple locations throughout North America.
- **Green Footprint:** As more climate change laws come into effect corporations are looking for ways to reduce their use of natural resources and waste streams. **Sustainable Ad\$™** provides an effective and cost efficient way for companies to be more environmentally responsible.



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