



reaction



Building **portable**
smart cities to (re)meet
a basic human need:
shelter.

And, we know how to turn a substantial profit doing it. We're targeting three vertical markets valued at over **\$46 billion annually** that no one has looked at in 40 years with new, innovative products. With a qualified pipeline of \$200mm, we need to grow to meet demand. We are currently raising a \$10mm Series B round of financing in order to meet the massive growth ramp in front of us.



Vertical Market 1:

Recreation

Pop-up hotels and VIP lounges for music festivals, college football, and special events. Direct consumer sales for camping, hunting and personal use.

- Short sales cycles
- High visibility applications and testing
- Rapid brand recognition development
- Rapid creation of deployment history
- Direct consumer sales

\$13 Billion annually*

* TAMs based on Exo (hardware) sales only. These TAMs **do not** account for software subscriptions or service based revenue.

Vertical Market 2:

Workforce

Remote housing for industries like construction, energy, forestry, and fire fighting. Military housing, base camps and private security housing.

- Medium to long sales cycles
- Large volume sales
- Customer overlap with disaster vertical
- Large opportunity for technology

\$10 Billion annually*

Vertical Market 3:

Disaster

Domestic & international aid for natural disasters, man-made disasters and armed conflicts by NGOs, non-profits, military and governments.

- Short to long sales cycles
- Large volume sales
- Massive global need/demand
- Large opportunity for technology

\$23 Billion annually*



Vertical Market 1:

Recreation

Large scale events pose a unique problem by temporally overrunning local housing inventories. Often, lodging at (or even near) these events simply does not exist. Building permanent structures for limited periods of high demand just doesn't make financial sense either. And large multi-day events such as music festivals are exploding in size each year. There are few places to stay temporarily for these events, let alone any that provide compelling experiences that Millennials crave. Add to this sporting events like college football and NASCAR races on top of direct consumer demand and you suddenly have a **\$13bn market annually**.

Opportunities:

Pop-up "hotels", VIP lounges, green rooms, branded activations, mobile offices, and secure equipment storage for festivals, sporting & special events.

Direct consumer sales for home, camping, hunting and personal use.

 **800+ festivals**
for music in the U.S. alone in 2014

 **32 million**
music festival attendees in 2014

 **904 miles**
Avg. distance traveled to attend festivals

 **1200+ football**
games a year by NCAA D-I schools



Vertical Market 2:

Workforce

Today, mobile remote workforce housing is necessary for many industries including mining, pipeline construction, forestry, energy, fire fighting, private security, and the military. Industry housing options today cannot be stored for long periods of time nor easily and effectively transported. Prefab buildings are expensive with long lead times and require weeks of setup time on site. Travel trailers were not designed for the duty cycles required by remote work forces. Military housing has not advanced with modern smart technology. It is simply a costly headache that requires agility that is not available currently, leaving an opportunity of **\$10bn annually**, conservatively speaking.

Opportunities:

Short burst, remote work force housing for industries like construction, energy, forestry, and fire fighting.

Military housing, base camps and remote private security housing.

Advanced technology applications for distributed, remote sensing.



+31,000 jobs

added just in construction for Oct. '15



+2 million

workers sent to remote sites in 2014



2.2 million

actively serving in the U.S. military



Vertical Market 3:

Disaster Response

Over 300 major natural disasters occur globally every single year, displacing 32.5 million people on average. This figure is just for hurricanes, earthquakes, tsunamis, wildfires, floods, etc. It doesn't even cover man made disasters like forced migration from climate change or armed conflicts. For example, armed conflict has forced over 6,500,000 Syrian refugees out of their homeland which has overwhelmed neighboring countries stretching humanitarian resources to the breaking point. There are simply no strong shelter solutions available today which drives the mission of our company and creates an opportunity worth over **\$23 bn annually**.

Opportunities:

Domestic & international aid for natural disasters, man-made disasters, and armed conflicts by NGOs, non-profits, military, and governments.

Advanced technology applications for tracking migrating populations.



32.5 million

displaced by natural disasters annually



59.5 million

displaced by armed conflicts in 2015



3.5 million

left homeless in the U.S. every year



6+ months

average lifespan of a U.N. refugee tent



The Solution:

Portable, Smart Cities

Our initial product offering is a combination of software and hardware designed to work seamlessly together called the Exo Shelter System. The system is made up of the cloud based management platform called **Camp** and smart shelter units called **Exos**. This closed ecosystem provides portable smart cities that can be setup/broken down in minutes creating multiple revenue streams.



The Solution: Camp



Camp is a complete SaaS platform designed to manage a customer's Exo inventory and deployments in real time using active mesh networking. Each Exo at a deployment site relays its status and changing conditions in real time back to Camp. Beyond just the physical components, Camp also tracks & manages guests at deployment sites, just like a hotel front desk. This powerful platform allows you to: assign guests to Exos, assign keys to specific Exos for guest usage, and monitor Exo status. Running on NFC capable devices, Camp can assign any NFC or RFID enabled device or tag as a key for an Exo.



The Solution: Camp



The real power of Camp is that it receives live data from every powered up Exo in the field. This creates a massive sensor network that not only provides the status for and remote control of individual Exos, but allows for intelligence to be applied on these data streams in real time to create a truly powerful decision making and analytics platform. This means a deployment site of Exos can be used to monitor after shocks in the aftermath of an earthquake or map and identify explosion types in a refugee or military encampment. Pair this type of distributed sensor network on location with publicly available data sources and you get a very powerful platform with endless applications. This is why the Camp platform really excites the U.N. and the U.S. Army.



The Solution:

EXO

The Exo is unlike any type of shelter out there. It was invented to be stored for long periods of time, then quickly called into action when needed. They are light enough to be moved by hand because we developed our own Class A rated materials (ASTM E84 fsi). Plus, each Exo contains more smart tech than a modern home. So of course people want to use them for much, much more than just the disaster response role they were originally invented for.

Shown at right:

Moving an Exo by hand in a real field deployment for Fast Company magazine.



Shell: 375 lbs

Rigid composite honeycomb and aluminum (weight includes furniture)

Base: 325 lbs

Rigid polyethylene floor



Life Safety Certified

Complies with
NFPA 70, 101
E114139

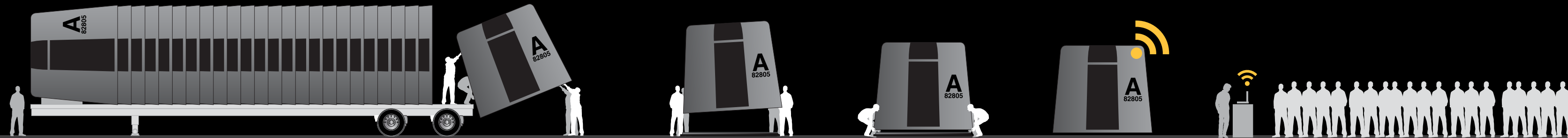


The Solution:

How it works

The Exo Shelter System is extremely efficient in storage and transportation. Its simple design means each Exo can be set up in just **minutes** to provide shelter in a human centered way without the need for any tools or heavy machinery.

Once units arrive on site and are powered, smart hardware onboard each Exo unit provides real time status via a secure mesh network. But it doesn't stop there with just managing physical inventory; Camp also manages the human inventory. Guests arriving at deployment sites check-in like a hotel and are assigned to Exos.



1 Arrival

Exo shells are stored and transported flat packed together like coffee cups. Exo bases are stored and transported flat packed together like cup lids. This means that a single semi truck can move up to 9 Exos per load without a wide load designation or permits.

2 Setup

Exos are incredibly light weight so they can be unloaded and moved by hand. The simple two part design latches together as easy as shutting a car door, so no tools or heavy machinery are needed. This means extremely fast deployments.

3 Ready

Once Murphy-style furniture folds down from the walls, the units are ready. When Exos are plugged into any 120v power source, they deliver their location and configuration via a secure mesh network back to the cloud based platform, Camp.

4 Check-in

Exos continually relay their status in real time back to Camp. Camp maps each deployment site and beyond monitoring the Exo inventory and statuses, it also manages the guest experience on site with a hotel style set of features.



The Business:

How we make money



Exo sales

- Strong, featherweight design
- No tools required for setup
- Mass shipping friendly
- Embedded smart hardware
- Proprietary composite materials
- Rugged design & Class-A fire rating
- 3 Exo models with same shell / base
- Designed & built in Texas

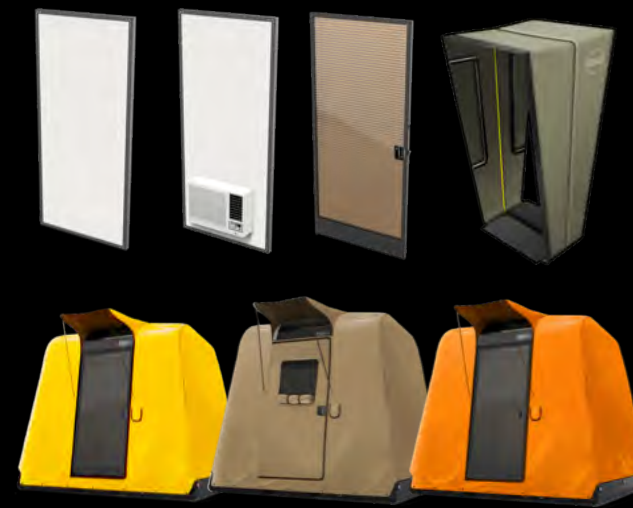
\$14,000 & up



Camp subscriptions

- Manage inventory
- Manage guests & room keys
- Manage deployment sites
- Remote control of Exos
- Real time status & reporting
- Use sites as sensor matrixes
- Load balance inventory
- Customizable data capture

\$12 month / Exo



Accessories & parts sale

Exo accessoires:

We have designed a variety of add ons, keys, accessories, and kits for the Exo that command generous margins while keeping our costs low.

Replacement parts:

Maintenance & replacement parts.

65% attach rate



Services

Storage Services:

Monthly fees for Exo storage.

Support Services:

Inspection, service, & maintenance.

Data Services:

API licenses to the Camp platform.

50% attach rate



We have a **\$200mm pipeline** that has grown by \$12mm each week.

In just one quarter, our pipeline has grown from \$5mm to \$200mm mostly with large capital purchasers in our Workforce vertical market. Plus, we are seeing tremendous consumer demand for Exos as well, averaging hundreds of requests for Exos each month via our website. To date, we have had 834 requests to purchase Exos by individuals which is \$12mm in direct consumer sales alone.



The Business:

Sales Pipeline

Customer	Vertical Market	Status	Deal Type	Est. Book	Exos	ROM
City of New Orleans (Office of Homeland Security & Emergency Preparedness)	Disaster	Sold	For Evaluation	4Q 15	1	\$ 14,450
County of Maui (Office of County Director)	Disaster	Pre-awarded	For Evaluation	1Q 16	9	\$ 130,050
Territory of Guam (Office of Civil Defense)	Disaster	Proposal	For Evaluation	1Q 16	18	\$ 260,100
TopShelf Co. (an IMG Company)	Recreation	Proposal	Sale	3Q 16	252	\$ 4,019,400
U.S. Army (Expeditionary Basing and Collective Protection Directorate)	Workforce	Proposal	R&D program	2Q 16	4	\$ 1,213,800
City of Portland (Office of the Mayor)	Disaster	RFP response	Sale	2Q 16	306	\$ 4,880,700
U.S. Army (Small Business Innovative Research)	Workforce	RFP received	R&D program	2Q 16	0	\$ 1,150,000
County of Los Angeles / City of Los Angeles (Homeless JPA)	Disaster	In discussions	Sale	3Q 16	450	\$ 8,302,500
U.S. Army (Broad Agency Announcement R&D)	Workforce	RFI received	R&D program	4Q 16	0	\$ 1,750,000
City of Austin (Office of the Mayor)	Disaster	In discussions	Sale	2Q 16	108	\$ 1,722,600
ADS, Inc. (Brokered sales to U.S. and foreign governments)	Workforce	Multiple proposals	Sale	3Q 16	1,250	\$ 23,062,500
County of Maui (Office of County Director)	Disaster	Follow on order	Sale	3Q 16	108	\$ 1,992,600
U.S. Air Force (386th Air Expeditionary Wing)	Workforce	RFI received	Sale	3Q 16	684	\$ 12,619,800
FEMA (Responder Base Camp Enterprise - Overseas Deployments)	Disaster	RFI received	Sale	4Q 16	450	\$ 8,302,500
U.S. Army (Product Manager Force Sustainment Systems)	Workforce	In discussions	Sale	4Q 16	504	\$ 9,298,800
U.S. Army (Battlefield Kitchen Program R&D & Production)	Workforce	Presolicitation	R&D program	FY 17	252	\$ 65,500,000
U.S. Army (Program Executive Office Soldier)	Workforce	In discussions	Sale	FY 17	2,502	\$ 46,161,900
USMC (Marine Corps Systems Command)	Workforce	In discussions	Sale	FY 17	504	\$ 9,298,800
PIPELINE TOTAL					7,402	\$199,680,500



The Business:

Existing competitors

There are no direct competitors to Reaction in the vertical markets that we operate in given that we cut across a variety of existing industries in a unique way. Here are the closest competitors arranged by our three vertical markets.



Recreation vertical market

RVs

RVs are expensive for most of the population. Millennials are not going to purchase RVs given their costs and the vehicular storage space required. Plus, they require a tow vehicle. Transporting in volume is also problematic as only 2 park model trailers can be transported at a time on a single semi truck. That also requires a crane for loading and unloading.

Tents, Teepees, and Yurts

Recreational tents (and their relatives) are inexpensive and somewhat easy to setup. You are left sleeping on the ground in a space that you can not stand up in. Teepees are the high end of this space at music festivals – if high end means you have a grass floor and an open air ceiling. Yurts are the luxury accommodations at select music festivals, but do not include modern conveniences even though they are rented for \$10k+ for 3 nights.

Hotels

AirBnB - enough said. It's about location, location, location.



Workforce vertical market

RVs

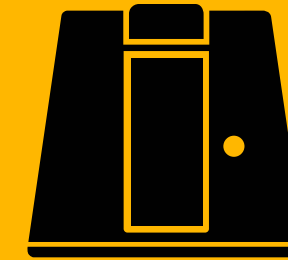
RVs are expensive and require weeks of setup time for large deployments. Transporting in volume is also problematic as only 2 park model trailers can be transported at a time on a single semi truck. That also requires a crane for loading and unloading.

Mil. Spec Tents

Mil. Spec tents require around 4+ hours each to set up by highly trained soldiers and are designed to sleep 14 people in a single space. There are no modern conveniences or embedded smart technology in these structures.

PreFab Buildings

PreFab structures are designed for budgets and volume – not transportation efficiency. They require special permitting to move each one on the road. They require weeks and weeks of setup time and extensive site prep. No volume shipping methods can be used with these units. They simply are not that mobile, even with wheels under them.



Setup:

Exos can be loaded/unloaded by hand with only 4 people. Setup takes just minutes each. No tools or site prep required.

Transportation:

9 Exos can be transported on a single semi truck without any special permits required.



Disaster vertical market

RVs

RVs simply do not work. They are not designed to be stored long term or rapidly deployed. They are expensive and, via Congressional mandate, can not be reused by FEMA.

Mil. Spec Tents

They are not designed around families. They are designed for soldiers. Mil. Spec tents require around 4+ hours each to set up by highly trained soldiers and are designed to sleep 14 people in a single space. There are no modern conveniences or embedded smart technology in these structures.

Modified ISO Shipping Containers

A favorite of architects and dreamers but not practical in the real world. Modified shipping containers require speciality equipment for transportation and loading/unloading. Once modified, a finished out container costs the same as an RV. They are designed to stack on cargo ships, not for efficient storage. Their best use in the real world: concepts for marketing purposes by design firms post disaster.



The Team:

Humble & Talented

Most startups like to brag about their teams by touting the academic credentials of one or two key people. We are actually stacked from top to bottom with talent. They have built satellites that orbit overhead, planes that you rely on for safe air travel, cars that people crave, protective gear for extreme athletes, and created some of the world's most "magical" experiences. You have seen and used their work. They were previously top talent at **Apple, frog design, Boeing, BMW, GE, HP, Dell, 3M, Nokia, and Vans** among others. Over half of our team has relocated from around the world to Austin, Texas because they believe in our mission. They are a very passionate and diverse team that are all here in Texas to use their immense talents to solve real problems at Reaction.



39 staffers

across the studio & production teams



5 nationalities

on staff speaking 4 different languages



The Brand:

People really like us

We get a lot of attention and not because we seek it. We are honest, humble and extremely passionate about our work. We are generating a cult following as a venture backed company focused on social good by creating “big hardware” that sounds like something out of a sci-fi movie. People have become enamored with our company, it’s mission and our products. We had to actually remove our physical address from the website at one point in an attempt to curb the “visitors” that wanted to see it for themselves. Want proof? How many startups do you know that get fan mail?

“The coolest new startup in Austin doesn’t make apps.”

- Fortune Magazine



The Company:

No vaporware here

Don't just take our word for it. Here is what some of our fans have to say about Reaction, our products, and our vision. We are the true **crazy ones**.

“**Fantastic work. Thank you!**”

Jonathan Ive
SVP of Industrial Design
Apple

“**This company *will* change the world.**”

Doreen Lorenzo
Former President | Board Member
frog design | Reaction, inc.

“**It's the first new idea shelters have seen in a long time.**”

Frank Kostka
Former Director of the Shelter Technology, Engineering and Fabrication
U.S. Army

“**This is lighter than Hab-X. What is this stuff?**”

Steve Rader
Deputy Manager for the Center of Excellence for Collaborative Innovation
NASA

“**What an amazing ecosystem.**”

Desi Matel-Anderson
CEO | Former CIO
Global Disaster Innovation Group | FEMA

“**I'm really excited that we're now officially customers of Reaction.**”

Mark Hoplamazian
President & CEO
Hyatt Hotels Corporation

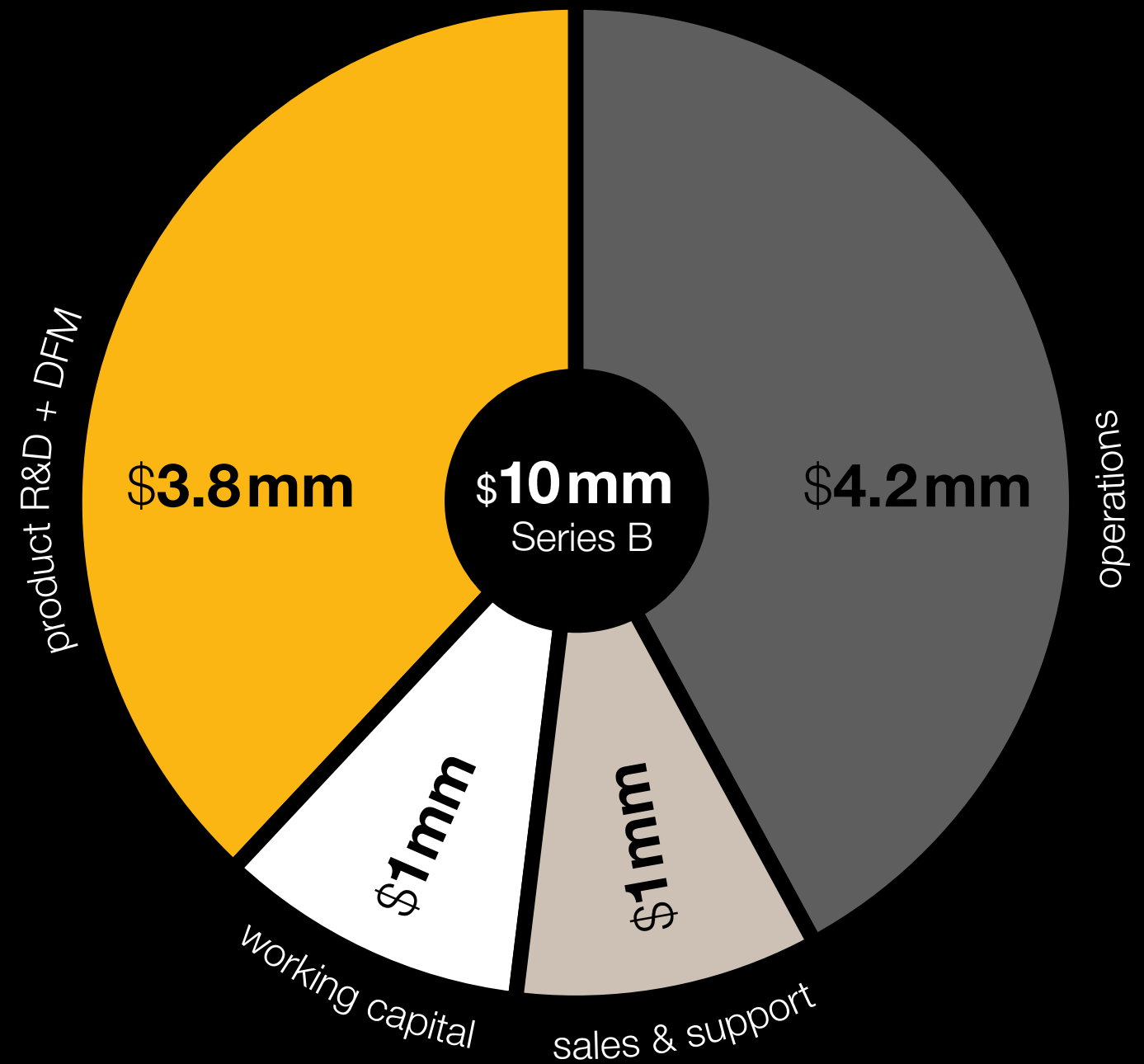


The Series B:

Use of funds

Our Series A was led by Michael Marks at Riverwood Capital with participation by Jerry Yang at AME Cloud Ventures. The goal of the Series A was to build our own factory and expand our technology and design teams. We have successfully completed all milestones from the Series A.

We are looking for the right strategic investor(s) to support our mission to change the world via a **\$10mm Series B**. The Series B will be used mainly to accelerate Exo 2 development and design for manufacturing. Accelerating this product change over from Exo 1 to Exo 2 will allow us to produce a very profitable product in volume to begin meeting the massive demand that we can not address today.



The Business:

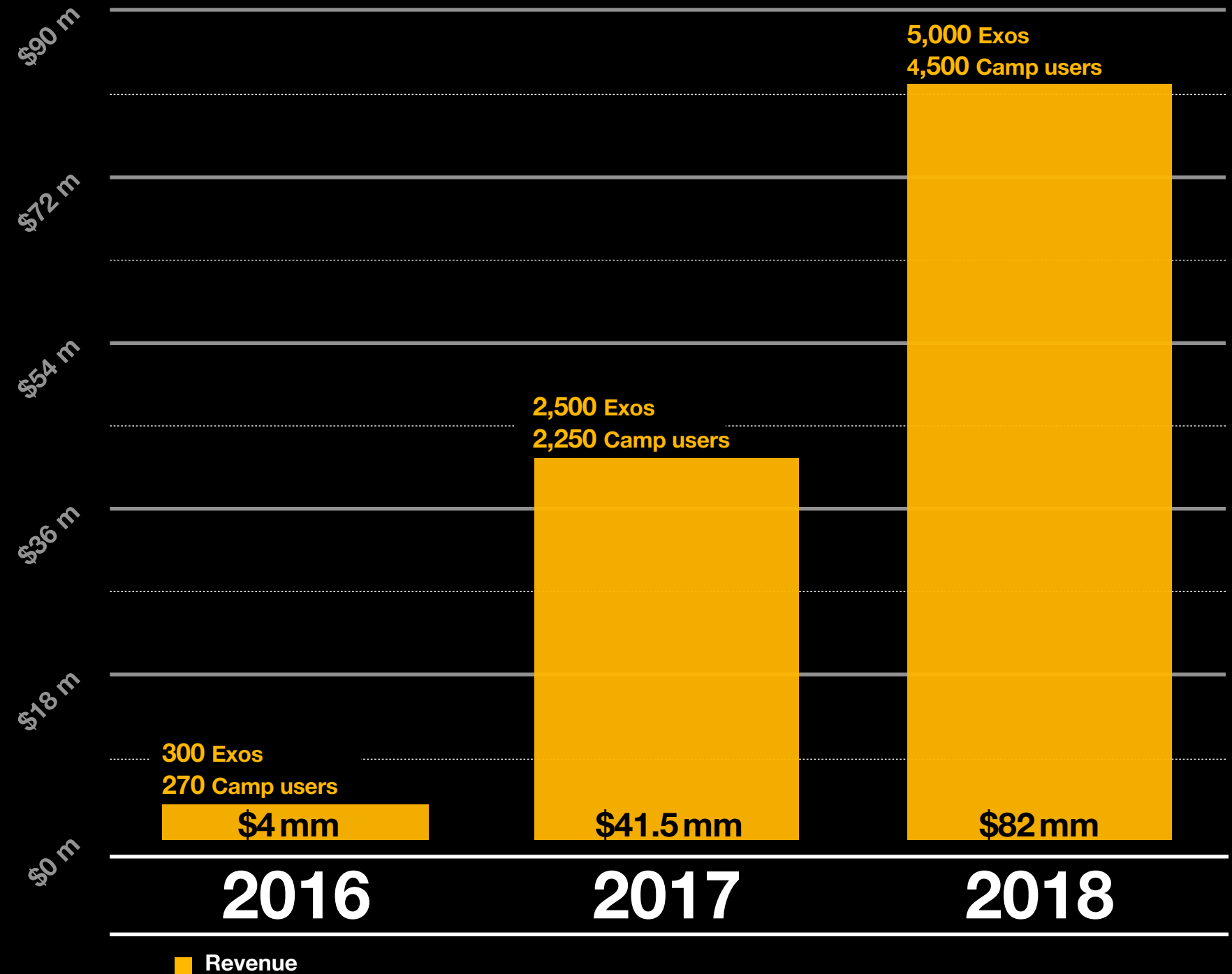
3 year forecast

We are poised for exceptional growth with an initial product that not only fits customer needs, but that was designed exactly for them. Our only limitation is production capacity – the reason for this financing round.

We are strategically limiting Exo 1 production to 300 units using the current polymer-based composite for evaluation purposes by large capital purchasers while we transfer to Exo 2 production. Exo 2 uses a significantly lower cost, easier to manufacture unibody. It is designed for mass manufacturing processes using deterministic manufacturing methods.

All of this means we can produce units at much higher volumes to meet the massive demand for the Exo while greatly reducing our costs.

This forecast is based on bookings by year.





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