Typesoft Corporation was created to bring an entirely new product category to market – the “text pad” – with features and a compelling price point that fills a gaping hole in the $20 billion market for mobile computing devices. Typesoft addresses the frustration experienced by tens of millions of consumers who lack an easy, speedy and ultra-portable way to type notes and correspondence.

The Problem

Active professionals and college students often have a need to type on the go and yet there is no device that suits this need. The laptop computer is a uniquely powerful tool, yet its size, weight and cost make it an imperfect companion in many mobile situations. Smaller devices such as pocket PCs and PDAs are more portable, but their micro-keyboards and handwriting pads make them practically useless for entering notes and correspondence.

The Solution

Introducing VERA™  For writing and other input tasks, Typesoft has developed a unique ultra-portable text pad, a companion to the PC, PDA, or mobile phone. Small, lightweight, inexpensive and easy to use, Vera™ fits comfortably in a coat pocket or purse for universal portability and convenience. Innovatively designed to include a full-sized keyboard and built-in text display, Vera™ allows users to type notes, memos, off-line email and other documents and upload them to a computer through a USB port. Users can also connect to a mobile phone or PDA and use the keyboard for direct input. Vera™ is ideal for situations where a laptop may be unavailable or cumbersome, such as business meetings, in a classroom, or while traveling. Typesoft's Vera™ is affordably priced (under $50 retail) and has mass-market appeal. Primary target groups include mobile professionals, administrators and students.

Key Features

- Quiet, full sized alphanumeric tactile keypad
- Simple, straightforward and VERY easy to use
- 240 hours of use from a single AAA battery
- Extremely lightweight (approx. 11 ounces)
- Text upload via USB connector to PC
60,000 character text memory/storage of multiple documents
• Add on cable available for direct type to PDA (Palm V or Palm i705 at launch, additional PDA and mobile phone models coming soon)
• Portable - fits comfortably in purse or briefcase (9.25" x 4.68" x 0.74")
• Instant on/off (no boot up/power down time)
• Automatic save feature
• Affordably priced

Product Development

The Vera™ product design began in 2001 when Typesoft hired two top tier engineering firms to produce the first prototypes. Prior to entering the final design stage, Typesoft engaged Marcy & Partners and Directions Research to conduct a national market research program to determine product acceptance, feasibility and design. The research involved 18 focus groups across the country, followed by an online survey with over 350 respondents. The results were impressive and yielded a huge “thumbs up” for Typesoft’s Vera™. An extraordinary 56% of the respondents indicated that they would “definitely” or “probably” buy Vera™. This compares to the average 15% likelihood to purchase response for other consumer electronic devices in similar studies done by Directions Research over the last 14 years.

To develop the final design, Typesoft hired frog design, a premier product development firm. Frog has designed some of the market's most significant products, including the Sony Trinitron, the Apple Computer, Lufthansa Airlines terminals, and Disney Cruise Lines. Frog is also the world leader in software user-interface design and e-commerce solutions, with work for Microsoft, CommerceONE, SAP, and Dell.com. Frog is also coordinating the manufacture of commercial quantities of the product, with the retail launch scheduled for October 1, 2002.

Market Size

The market size for a text pad like Vera™ is enormous. An estimated 108 million mobile professionals, administrators, and college students have a daily need for a device that supports writing and note taking in situations where a laptop or a PDA is not a viable or convenient option. The mobile device market is predicted to have 1.3 billion users and be worth an estimated by $20 billion by 2005.

• The world-wide mobile professional market alone is estimated at 78 million users. In the US alone, the mobile work force is estimated to reach 55 million in 2004, up from 39 million in 2000 (IDC).
• Administrators, identified by market research as a substantial customer base, comprise an estimated 18 million users. In their daily administrative support functions, these professionals routinely need to write and take notes on the go.
• Additionally, an estimated 15 million college students have a need for mobile typing in the classroom, the library, the coffee shop or in the field.
• Vera™ is the answer for anyone who needs an easy, portable, and low cost way to take notes, write a letter or prepare a memo in convenient electronic softcopy form.

Typesoft’s market research firm estimates that based on the impressive results of the study, Typesoft can expect to penetrate 20% of the potential markets equating to millions of Vera™ unit sales for the company.

Distribution & Sales

Typesoft’s Vera™ will be distributed through national retailers, online retailers, and OEMs such as PDA, PC and mobile phone manufacturers. Typesoft has engaged a sales firm, BusinessLaunch, to launch the distribution channel strategy and lock down the retail orders for the Q4 2002 selling season. BusinessLaunch provides a SalesLaunch Service that provides multi-channel, national deal experience with distribution partners such as Ingram Micro, which is the primary distribution channel for major U.S. consumer electronic retailers such as Best Buy, Office Depot, CompUSA, Radio Shack, etc. Importantly, through this distribution model, Typesoft does not need to recruit and manage a costly national sales force.

Management Team

Typesoft was founded by Rod Stambaugh, our CEO, who has over 12 years of start-up experience in the wireless data and electronic payments industries. Rod successfully founded U.S. Wireless Data, a publicly traded company that is the industry leader in wireless point of sale transaction technology and credit card processing services. He has already recruited an experienced team of advisors and co-founders. Noël Adams, our VP of Product Development, has ten years experience in developing and launching new products in the high tech and wireless industries. Markus Duffin, our Vice President of Operations, has over 13 years experience building operations for new product and service companies. Chuck Napier, a strategic advisor, has over 15 years experience in the telecom industry including working with wireless carriers, building user interfaces for mobile devices and providing wireless Internet content. His extensive background includes leading wireless data marketing at GTE and co-founding a start-up company called Convergence, which was later acquired by Amazon.com. John Robinson, our primary financial advisor, has held officer-level positions in the healthcare and communications industries and has experience starting and funding new business ventures.

In keeping with the early stage outsource strategy that has worked thus far, Typesoft intends to keep hiring to a minimum and build a highly qualified and focused management team. As much as possible, functional areas will be outsourced to keep the Company lean and efficient.

Competition

Determining the competition for Vera™ is a challenge because, while there are products on the market with similar functionality, at this time there are no other products that encompass the same combination of features targeted at the same audience. Typesoft is creating a new product category with the device – the “text pad”.
Competitive categories for Vera™ include low-end data entry devices as well as portable or foldable keyboards for mobile phones and PDAs. There are several low-end data entry devices in the market, although those products are primarily targeted at the grade school education market, have much higher prices, averaging around $300, and connect only to PCs, not other mobile devices. Additionally, while these products are touted as “portable,” they are bigger and heavier than the Vera™.

Each of the portable device keyboard products on the market demonstrates a tradeoff between price, size, weight and providing the ease of a full-size keyboard. With its unique design and materials, Vera™ is able to excel at each of the feature categories without making a tradeoff. Additionally Typesoft has added features to Vera™ that the competitive products don’t have, including: a display for stand alone use, a connector for use with multiple mobile phones and PDAs, and memory to allow storage and text upload to a PC.

Financial Summary

Typesoft’s financials can be summarized as follows:

- Revenues are forecast to commence in September 2002 and total $1.2MM for the full year. For 2003, revenues are forecast to be $28.6MM and for 2004, revenues are forecast to be $54.6MM.
- Product costs are forecast to average 70% of the anticipated product selling prices. The resulting gross profits are forecast to be $334,000 in 2002, $10.0MM in 2003, and $20.6MM in 2004.
- Direct costs, consisting mainly of direct product advertising, are forecast to be $405,000 in 2002, $4.7MM in 2003, and $7.0MM in 2004.
- Profit contribution is forecast to be $5.4MM in 2003, and $13.4MM in 2004.
- For 2002 through 2004, operating expenses are forecast to be $3.3MM, $4.6MM and $8.8MM respectively.
- Net income is forecast to be a loss of ($129,000) in 2001, a loss of ($3.3 MM) in 2002, a profit of $740,000 in 2003 and a profit of $3MM in 2004.
- Typesoft is expected to achieve cash breakeven in the third quarter of 2003.

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