

 Route1®



Authentication & Identity Management | Data Security & Secure Communications

Spotlight, *Powered by MobiNET*

June 13, 2017

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When last we spoke...

“Modify” our current MobiNET technology for use cases in different verticals

For example, the industrial automation application: Provide real-time data collection from Programmable Logic Controllers (PLCs), data analytics, and quantitative-based recommendations to minimize downtime, drive efficiency and minimize cost: architected to ensure that the approach is secure, easily deployable, and scalable

- A PLC is a digital computer used for industrial automation processes, such as control of machinery on factory assembly lines, packaging, food, amusement parks, light fixtures, wind farms, smart parking garages, etc.
- Sensors provide real-time data to the PLC so that the PLC can determine when it can advance to the next stage of the process.
 - It is the intelligent analysis of these data that will lead to identification of automation issues, opportunities for improvement, re-engineering requirements, cost reduction, increases in production, etc.

Our move...

HTM Sensors and Route1 are pleased to announce that we are partnering to deliver

SPOTLIGHT[™]

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Spotlight, *Powered by MobiNET*



Spotlight is a secure technology that:

- Delivers real-time industrial data analytics on data collected from Programmable Logic Controllers (PLCs) and other automation devices (including IIoT).
- Provides quantitative-based actionable information to drive industrial process efficiency and maximizing productivity while minimizing unplanned downtime and cost.
- Has been architected to ensure security, ease of deployment and scalability.

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What is a PLC?

- A digital automation controller used for industrial processes such as machine control in factories, assembly lines, amusement parks, building automation, wind farms, smart parking garages, and many more process and discrete part manufacturing industries.
- PLCs use sensors and output devices to provide real-time input to the controlled process determining how that process operates.



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Quickly locate and resolve issues

- Knowing exactly where to look to solve production issues is crucial to eliminating the root causes of downtime.
- Most overall equipment effectiveness (OEE) systems and other programs that monitor machine heartbeats or production runtime metrics deliver overview quantitative data, leaving plant staff to try and determine the root causes of problems.
- **Spotlight identifies cycles with unplanned downtime and locates the exact inputs that are causing problems, delivering granular, actionable information.**



Spotlight, *Powered by MobiNET*

A secure, efficient ecosystem

- Spotlight transports granular PLC-derived data in a highly secure fashion, transforming and aggregating it into a secure cloud-based data warehouse where it can be analyzed for real-time business intelligence.

Top features

- Securely transports process data from the industrial hardened data collection device (DCD), transforming and aggregating it into a secure cloud-based data warehouse.
- Performs automated data analysis.
- Provides an intuitive dashboard that identifies top real-time productivity issues and provides recommendations.
- Includes alert and notification capabilities.
- Leverages the full credential life cycle management capabilities of MobiNET.
- Supported by Route1's 24/7/365 help desk.

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Quick to deploy, scale and secure

- **Industrial hardened DCD:** The DCD is a high security industrial device located on-premise and programmed to communicate with PLCs and other controlling devices using industry standard OPC/UA.
 - It is internally firewalled from the plant's network and remains isolated from all extraneous interactions.
 - No inbound firewall ports are required - all data is encrypted and transmitted using Route1's CryptoPath high assurance communication service.
- **Route1 CryptoPath:** Provides secure communication with MobiNET.
- **MobiNET:** Route1's universal identity management and service delivery platform confirms the identities of individual users and their entitlement to access specific applications, data or resources.
- **Plant floor display:** Displays the dashboard on-site.
- **Secure Web-based Interface:** Access the dashboard and standardized reports from any Web browser.

Route1's Partner



HTM Sensors Inc. (www.htmsensors.com) serves owners and operators of industrial machines with world class sensors and first class downtime reduction programs to apply to them.

- As a pioneer in the field of downtime reduction strategies including the application, selection, installation, and protection of sensing devices, HTM Sensors is a leader in industrial vending machines to track plant usage, and vendor managed inventory solutions to help manufacturers produce more at a lower cost.
- With offices in Burlington, Ontario and Niagara Falls, New York, HTM Sensors serves over 8,000 manufacturers with sensors and service programs through a distribution network of qualified stocking distribution partners.
- With one of the widest ranges of proximity sensors in the world, HTM Sensors serves customers in the automotive stamping and welding industry, as well as companies in the assembly, CNC machining, food, packaging, pharmaceutical, farming, aerospace, transportation, mobile, and heavy equipment industries.
- Currently have multiple trial Spotlight, *Powered by MobiNET* installations in major automotive manufacturers and Tier 1 automotive suppliers in both Canada and the US.



Partnership Arrangement



- Revenues from the Spotlight, *Powered by MobiNET* offering shared equally by Route1 and HTM Sensors.
- Each of Route1 and HTM Sensors responsible for their own costs.
- Route1 responsible for:
 - Hosting infrastructure and ongoing costs.
 - Supplying Route1 CryptoPath technology to permit HTM Sensors to conduct data analytics on the PLC data.
 - 24/7/365 help desk support for plant installations.
 - Technical sales support as required.
- HTM Sensors responsible for
 - Sales and marketing activities for Spotlight utilizing own sales force and broad VAD network.
 - Installation, programming and configuration at client sites.
 - Data analytics of PLC data from the plant floor.



Market Size: Demand

- If we **ONLY** consider the manufacturing sector:
 - The manufacturing analytics market is estimated to grow from USD 3.14 Billion in 2016 to USD 8.45 Billion by 2021, at a Compound Annual Growth Rate (CAGR) of 21.9% - *MarketsandMarkets*.
 - The major forces driving the manufacturing analytics market are the adoption of advanced data-management strategies across varied manufacturing applications, increasing need for process optimization, emergence of Industrial Internet of Things (IIoT), increased business agility and scalability, and self-service access to centrally managed data.
 - The manufacturing analytics market is growing rapidly because of the transformation from traditional BI techniques to advanced analytics techniques and massive surge of structured and unstructured manufacturing data.

Spotlight Revenue Model

Exciting, revenue opportunity and model

- Expect pricing model to consist of a fixed amount per month per plant plus an additional charge per month per PLC installed in the plant.
- Revenue sharing between partners is 50/50.
- Route1 expects that realized gross margins will be between 75% and 85%.
 - Gross margin will vary based on size of plant installation.
- Route1 expects very little G&A addition.

SPOTLIGHT™

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What makes our offering unique?

Spotlight delivers the data you need

- Delivers real time, quantitative industrial process data and analytics to help you pinpoint the **exact sources of unplanned downtime**.

- Discover the root causes of downtime



- Find ways to boost productivity



- Resolve automation issues



- Identify cost reduction potential

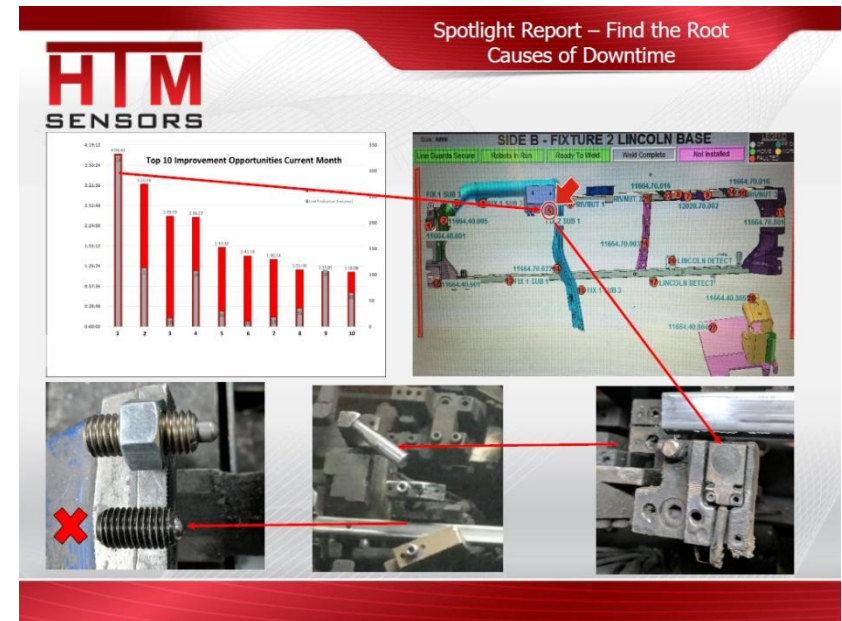


- Re-engineer requirements



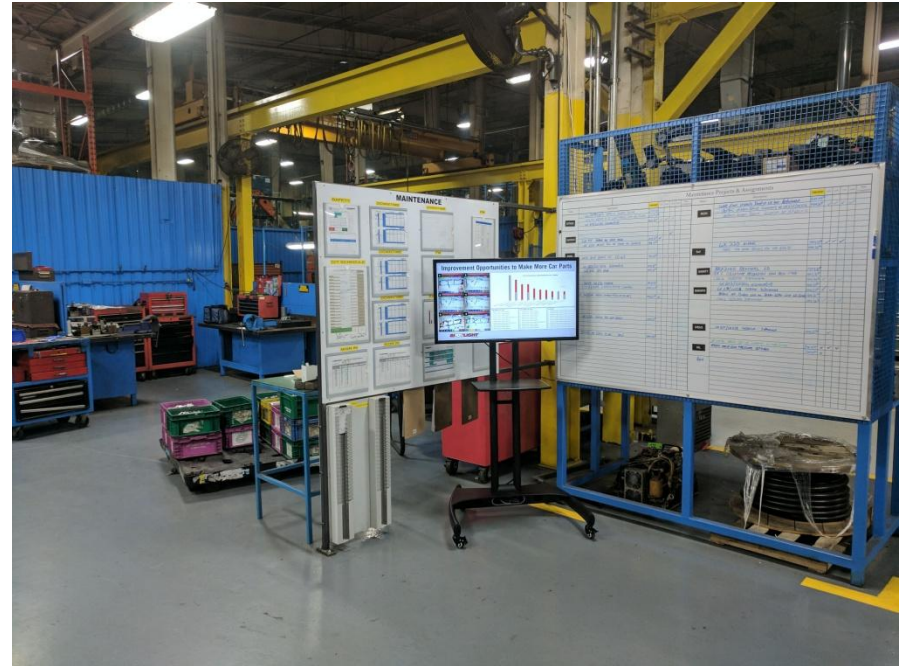
Use Case: Example Outcome

- The bar graph on the top left that shows the Top 10 sources of downtime in the plant.
 - The first item, points to an exact location on one machine, one side, and at the one input that the analytics has reported as the highest cause of downtime.
- Upon investigation, we found input 5 to be a rectangular proximity sensor, that is working as intended.
 - Wanting to dig deeper, we spoke to the operators, who reported that the hand clamp, (metal handle) was not staying clamped, so that when the machine rotated to the weld position, the metal piece would fall out and the cycle would stop, causing downtime until the piece was put back correctly.



Use Case: Example Outcome

- It turns out that over time, the spring plunger that holds the tooling in place when the hand clamp is lifted had worn down, and a new one needed to be installed.
 - This accounted for over 4 hours of downtime in the last month, and the new spring plunger cost just under \$12 to replace.
- **Spotlight showed us where to look.**
 - A spring plunger has no output, has no diagnostic, no air or electrical signal, and it is a small and unknown part.
 - This small and simple change will save this company \$000s of dollars every month.
 - For this customer, they needed the right tool to show them exactly where to look.



Adding a New Leg to the Revenue Model

2017 Plan

Initiative	Outcome	Driver
1. IP Realization	<ul style="list-style-type: none"> • Payment/license • Sale of the IP • Strategic sales arrangement 	<ul style="list-style-type: none"> • Infringement lawsuit against VMware/AirWatch
2. MobiKEY Organic Growth	<ul style="list-style-type: none"> • Expect material growth in MobiKEY users 	<ul style="list-style-type: none"> • DoD accounts • New account groups
3. Match Expense to Revenue Profile	<ul style="list-style-type: none"> • Cash flow positive, and growing 	<ul style="list-style-type: none"> • Loss of CBP MobiKEY account
4. Merger or Acquisition	<ul style="list-style-type: none"> • Deal dependent 	<ul style="list-style-type: none"> • Technology, client vertical diversification • Critical mass
5. New Sales – DerivID	<ul style="list-style-type: none"> • Sales in 2018 and beyond 	<ul style="list-style-type: none"> • Derived credential push by DISA and NIST
6. New Technology – Universal Method for Authenticating a User	<ul style="list-style-type: none"> • Introduction and sales in 2018 	<ul style="list-style-type: none"> • Market assessment • Consumer, SME

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