



A Technology Deployment Company

Commercial Opportunity Assessment

URINE MANAGEMENT TECHNOLOGY

\$12-Billion Expanding Market Opportunity

Assessment Summary

Based on our investigation and independent research we strongly believe that VARS has a large and differentiated domestic market opportunity and the potential for significant international strength especially in Europe. Today, given the diversity of its consumers coupled with the rate of organic growth, we estimate the value of VARS market opportunity to be in excess of \$12-billion dollars.

The Market

The market for urine management products includes

- Military and Commercial aircraft pilots
- Space transportation and space industry
- Medically needy
 - Male Incontinence
 - Female Incontinence
 - Children and Teen Incontinence
- Special applications
 - Nuclear Biological Chemical (NBC) responder gear
 - Long duty assignments – truck drivers
 - Extreme environment

Characteristics of the Market

Because the overall market opportunities are vast we have focused on two distinct private sector incontinent market segments. This market is effectively divided into two sectors – institutional and retail. Each with its own defining industry profile and customer characteristics.



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The Institutional Segment

The institutional segment is characterized by hospitals and nursing homes where the typical user is a 75 year old female who has no impact on the purchasing decision. In the U.S. these products enter the market through distributors who represent a variety of me-too products. VARS has a unique opportunity to distinguish itself in this market space by reducing the labor costs associated with the management of incontinence. It is estimated that institutional care providers spend more than \$6.8-million per day on labor alone with another \$3.8-million per day on adult diapers. There are opposing product objectives in this arena. While there is a recognized need for high performance products on the one hand there is also pressure for lower cost products on the other. This puts VARS in an enviable position to become a quality competitor in this market.

VARS – Product of Choice for Institutional Market



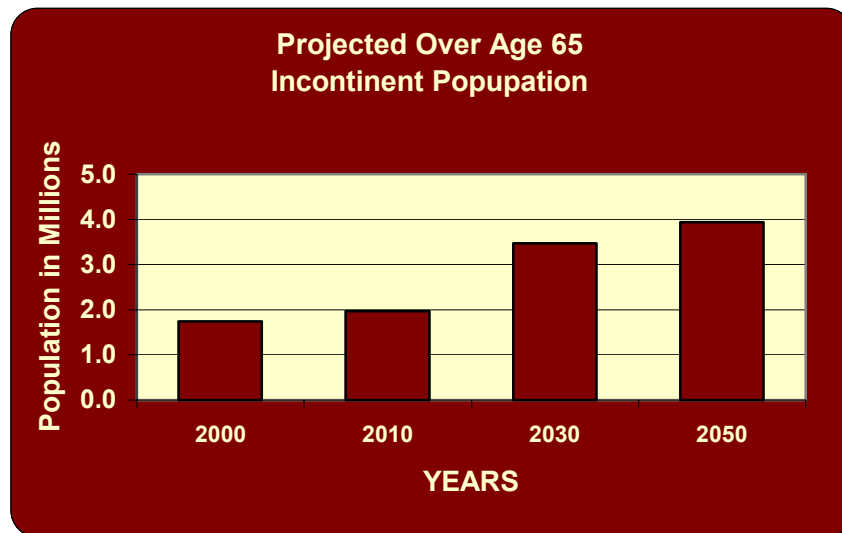
VARS has the potential to reduce both the cost of labor and 'diapers' associated with management of incontinence in institutional settings by as much as 25%. By adopting VARS the potential annual savings available to the institutional health care industry will be more than \$500-million annually making VARS the product of choice.

The Retail Incontinence Market

There are two important aspects of the retail market that should be examined closely. The ever increasing portion of the population that is over age 65 and the career or active woman in her prime sidelined by incontinence.

The Over 65 gang

First, the size of the consumer community for VARS is growing. Paying specific attention to the 'Over 65' population we know that this segment of our society is growing. We believe that about 5% of the Over 65 population will require or use an incontinence product more than 2 times per week. By 2010 it is estimated that 2-million individuals will be in this category and



Female Midlife Incontinence

A second and largely overlooked subset of the retail market is the female population that suffers from *Midlife Incontinence*.

These are women between the age of 40 and 60 who are in otherwise good health and think of themselves as vital members of society. These women use such phrases as “*Suffering in Silence, Embarrassed, Intolerable, Missed Career Opportunities*” to describe the affect incontinence has on their lives. When they are at their peak of vitality and career performance these women are sidelined by incontinence. It is estimated that there are 10-million U.S. women that are in this category who spend \$10-billion annually on care products.

While there are several products available for men with incontinence there are few options for women other than a wet diaper. VARS offers these women an alternative that can help them continue to lead an active personal and career life. VARS will permit a career or active woman to go about her daily routine without embarrassment or interruption. The only restriction would be the wearing of trousers, which has become an acceptable mode of dress in the workplace.