

THIS IS A TEMPLATE ONLY AND NOT THE GRANT APPLICATION. GRANT APPLICATION MUST BE COMPLETED AND SUBMITTED ONLINE.



NC IDEA Spring 2014 Pre-Proposal Grant Application QUESTION TEMPLATE

This document includes ONLY the free-form questions that are part of NC IDEA's Pre-Proposal grant application and can be used to draft your answers offline, as well as monitor character counts. ***
Character counts include spaces. ***

FUNDING

Funding Detail: Describe in further detail the funding sources listed above (reference to question in application where asked for specific figures) and how the funds have been or are being used. (max chars. 300)

We are currently working on closing our seed round of \$250,000, \$100,000 of which has already been raised. This money is being used to hire our CTO and to cover lab fees and equipment as well as chemicals used for product development.

Funding Needed Explanation: Please elaborate on the funding needs, as indicated in the previous questions. (max chars. 300)

Undercover Colors is seeking \$50,000 in order to further our product development. This money will allow us to pursue an additional drug detection strategy, reducing the time needed to get our first product to market.

IDEA

Product/Service Description: In one or two sentences, describe the company's product or service. Please be concise, but also clear and articulate. Put in simple terms. Assume that the reader is not an expert in the field. (max chars. 300)

Undercover Colors is developing a clear coat nail polish that will change color when it comes in contact with a spiked drink. By replacing a conventional clear coat with our product, any woman can discreetly ensure her safety by simply stirring the ice cubes in her drink.

Problem: What problem(s) does the company's product or service solve? Why is it a problem? Who is affected by this problem? How large is the problem? Give us a sense for the magnitude of the problem. How is the problem being dealt with today? What motivated the company to try to solve this problem? Be specific. If you are a clean tech company, your problem is not "the energy crisis". Tell us specifically what part of the problem the company is trying to solve. (max chars. 800)

18% of women in the United States will be sexually assaulted within their lifetime. Furthermore, a study by the Canadian Journal of Public Health suggests that over 25% of these assaults are facilitated

THIS IS A TEMPLATE ONLY AND NOT THE GRANT APPLICATION. GRANT APPLICATION MUST BE COMPLETED AND SUBMITTED ONLINE.

through the use of drugs (not including alcohol). Through customer interviews, we validated the extent of this problem and found that 53% of college women know someone who has been unwittingly drugged.

Drug-facilitated sexual assault and the fear of drug-facilitated sexual assault creates significant anxiety for women across the world. Our goal is to create a technology that empowers women to prevent this heinous and pervasive crime.

Solution: How does the company's product or service work? How does the product or service solve the problem? Help us understand how well the product or service solves the problem today versus how well you expect it will solve the problem in the future. What part of the problem does your solution solve? Does your solution completely eliminate the problem or does it solve it partially? Give us a sense for the relative magnitude of your solution. (max chars. 1,000)

Undercover Colors is developing a clear coat nail polish that changes color when it comes in contact with date rape drugs in a spiked drink. Using our nail polish, any woman can ensure the safety of her drink with a simple stir of her finger. Our solution is innovative because our technology is packaged in a product that women regularly buy and use. Not only is our product both discreet and convenient, but it puts control directly into the hands of women.

Unfortunately, drug-facilitated sexual assault is not a problem that can be solved simply by a consumer product. That is why our overarching goal is to create more than a product; we want to create a movement. As a company, we are dedicated to promoting the cultural change that is necessary to eliminate drug facilitated sexual assault.

Competition: Who is trying to solve the problem today? List the company's direct competitors, indirect competitors, potential competitors and alternative solutions. Indicate if these competitors have commercially available products or services, or if they are still in development. How is your product or service differentiated from your competition's product or service? Is it better, faster, cheaper? (max chars. 600)

Our only current direct competitor is Drink Safe Technologies, which produces test kits and coasters capable of detecting GHB and Ketamine. Drink Safe currently sells their products online and also directly to the University of South Alabama. Two other companies, Drug Lab 118 and DrinkSavvy, have announced their intended entrance into the market, but have not yet released any products. After raising \$50,000 on Indiegogo, DrinkSavvy is more than 2 years behind their initial planned launch date. We believe this is the result of being significantly underfunded.

TECHNOLOGY

Technology: Briefly describe the company's technology. (max chars. 500)

We are developing a clear coat nail polish that changes color in the presence of "date-rape" drugs such as GHB, Ketamine, Rohypnol, and Xanax. In order to facilitate the color change, we are working with several transparent indicators that react chemically with the various drugs. Once integrated into the nail polish, these indicators will allow the user to quickly and conveniently confirm the safety of their drink by simply stirring it with their fingertip.

THIS IS A TEMPLATE ONLY AND NOT THE GRANT APPLICATION. GRANT APPLICATION MUST BE COMPLETED AND SUBMITTED ONLINE.

Innovation: What is the innovation behind the company's product or service? How unique is it? Is it improving another existing product or service or is it brand new? Explain why the company's product or service is so much better than the current way of doing business. Is it revolutionary or evolutionary? Why? (max chars. 500)

Our clear coat nail polish is innovative in that it is not only the first drug detecting nail polish, but it is also vastly more convenient and discreet than drug detection products that are currently available, and our market research has shown us that discretion is of utmost importance when women consider testing the safety of their drink.

Stage of Development Explanation: Please elaborate on the stage of development (based on response to previous drop-down question regarding current stage of development). (max chars. 500)

We are currently in the process of developing our first functional prototype. Up until this point we have identified several promising strategies for drug detection, and confirmed their feasibility. We have recently hired our CTO, Dr. Mohammad Noshi, to execute these strategies and complete development of our nail polish. We expect to finish product development in the first half of 2016.

Intellectual Property: What is the company's intellectual property? Is the company's idea/technology patentable? If so, has the company filed patents? If the company has filed or issued patents, please list the associated number(s). What is the current status of the IP related to this project? Who owns the IP related to the company's innovation? (max chars. 600)

Undercover Colors currently holds an exclusive license to US patent #7238533, covering the use of nail polish for the detection of illicit substances. This patent, owned by four individuals, guarantees that we are the only company able to sell a drug-detecting nail polish until the patent expires in 2025. This will give us ample time to build our brand and secure our position as a leader in drug-detection technology.

We are also working on a technology that allows us to detect several classes of prescription drugs using only one indicator. This technology will advance the state-of-the-art in our field. We hope to complete development of this technology and file this patent by spring of next year.

MARKET

Market Explanation: Briefly describe the company's market. (max chars. 500)

Our target market consists of the following: 16.2 million women who drink between the ages of 18 and 30; 4,400 American colleges and universities; and 39.5 million parents of women in high school or college. These markets total approximately 55.7 million individuals and 4,400 institutions.

Additionally, the nail polish industry is a \$1.1 billion market growing at an annual rate of 3-5%. With minimal variation between brands in a homogenous market, we believe that our added functionality will disrupt the entire industry.

Customer: Who is or will be the company's customer? What types of customers does the company intend to pursue and what constitutes customer acquisition success? How many customers does the company anticipate in 1 year? 5 years? (max chars. 500)

Sophie, our prototypical customer, is a 22-year-old college student who drinks socially with her friends. She has never had her drink spiked, but she knows someone who has. Cautious with her drink, she often carries it with her to the restroom. If she leaves her drink unattended, she throws it

THIS IS A TEMPLATE ONLY AND NOT THE GRANT APPLICATION. GRANT APPLICATION MUST BE COMPLETED AND SUBMITTED ONLINE.

out and buys a new one.

We anticipate approximately 10,000 customers in our first year, and by year five we are expecting to sell upwards of 1.5 million units per year.

BUSINESS MODEL

(Only asked of companies that select the following industries: Biotechnology, Medical Device/Diagnostics, Nanotechnology/Materials and Other)

Regulatory Strategy: Do you anticipate the need for regulatory approval before generating revenue? If so, what organization(s) and regulatory pathway do you expect to seek approval from for your product? (max chars. 500)

We have received confirmation from an expert in FDA approval that FDA approval is not necessary for our product.

(Only asked of companies that select the following industries: Biotechnology, Medical Device/Diagnostics and Other)

Reimbursement Strategy: Does your product require reimbursement from an organized medical or health insurance provider? If so, do you anticipate using an existing code or will you need to file for a new reimbursement code?

No.

Revenue Model: What is the company's revenue model? How does/will the company make money? How does/will the company charge customers for its product or service? (max chars. 500)

Undercover Colors will make money by selling our clear coat nail polish to university systems as well as directly to consumers. Universities will purchase our product wholesale, while consumers can purchase our product at retail via our online store.

Selling: How does the company reach/plan to reach its customers? Describe how the company sells/plans to sell its product or service. (i.e. direct sales, indirect sales, web-based, etc.) Please explain. (max chars. 500)

Initially, we will sell our nail polish through two main sales channels: (1) online to consumers and (2) directly to universities. By fulfilling our online orders through Amazon, we will be able to reach a national market with relatively minimal investment of time and resources in supply chain development. Selling directly to university systems will provide a consistent stream of wholesale revenue, and will help to promote our brand to women in our target market.

TEAM

Team: Provide a short bio for each member of the company's management team. Emphasize characteristics or backgrounds that qualify each individual to fill their respective role, including startup experience, management experience and/or technical expertise. Be specific and list companies where individuals gained their experience. Indicate when each individual joined or will join the company, and in what capacity, full-time or part-time. (max chars. 1,000)

Tyler Confrey-Maloney, CEO, is a first-time entrepreneur. During a gap year from college, he arranged his own volunteer trip to South Africa where he fundraised, organized, and directed the first annual TEDxTableMountain conference. (<http://tedxtablemountain.org/>)

THIS IS A TEMPLATE ONLY AND NOT THE GRANT APPLICATION. GRANT APPLICATION MUST BE COMPLETED AND SUBMITTED ONLINE.

Stephen Gray started and ran two small businesses while in college. One of his companies makes displays for Sandals Beach Resort and Harris Teeter Grocery Stores.

Dr. Mohammad Noshi was recently hired as CTO, and will begin working in September. He has worked on anti-cancer technologies throughout his career. During his time at a startup called On Target Laboratories, Dr. Noshi developed fluorescent dyes that identify liver cancer cells for surgeons. He has had significant success both in academia and in industry.

Advisors: List any individuals (and their organizations, if applicable) considered important business and technical advisors, and who are actively engaged with the company (max chars. 400)

David Gardner is Undercover Colors' principle advisor, and as of August, first investor. David has an extensive record of success as both an entrepreneur and investor. His LinkedIn profile can be found here (www.linkedin.com/pub/david-gardner/4/876/ba9).

GRANT REQUEST

Use of Funds: What is the intended use of the above requested funds? What business questions are you trying to answer and how will winning a grant help you find the answer(s) to these questions? Please be specific. (max chars. 600)

Winning \$50,000 from the NC IDEA Fund would allow us to pursue a small molecule detection strategy that would increase the effectiveness of our product. By consulting with chemical experts we have identified a novel method of small molecule detection that would allow us to detect several additional drugs. We have identified an industry expert who is willing to join our team, and this money would provide the funds necessary to hire him.

Milestones: What are the significant milestones the company hopes to reach during the grant period if it receives an award from NC IDEA? Include target dates for each milestone. Use measurable milestones only. Use numbers to indicate how the company will measure success. (The term "grant period" refers to the period of time during which the awarded grant money will be spent. This period is typically 6 to 12 months.) (max chars. 600)

By January 2015 we will hire a detection expert to begin developing our new detection technology. We have already identified a person of interest, and he is available once we have the funds necessary to hire him. By June our goal is to have functional small molecule detection, which will allow us to detect a wide variety of prescription drugs. By August we will have completed compatibility testing and optimization to combine our two detection technologies, and by December of 2015 our goal is to integrate both detection methods into a functional prototype.