



CEOCFO

Interviews & News!

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Partnerships with Home Depot and Master Lock is allowing bioMETRX to bring their fingerscan biometric products to the market with two of the most highly recognized names in retail and security



Technology
Biometrics
(BMRX-OTC: BB)

bioMETRX, Inc.

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Mark R. Basile
Chairman of the Board and CEO

BIO:

Since founding bioMETRX in 2001, Mr. Basile has been responsible for our overall strategic direction, capital transactions, business development, executive hires, and the management of our overall operations. Mr. Basile has assembled a highly qualified team, completed the in-

troduction of our first products, and developed strong relationships with prospective industry partners. In 1999, Mr. Basile founded and became CEO of Sickbay Health Media, Inc., a publicly-owned company. During his tenure at Sickbay, Mr. Basile led several diverse initiatives and operations, including the repositioning of the company to reflect the Internet marketplace in which it competed directly with WebMD, the acquisition of publisher Healthline Publications and the expansion of the company's health information content and distribution. Mr. Basile left Sickbay in April 2001. Mr. Basile is also one of the co-founding members of the eHI - e-Health Initiative, the largest not-for-profit trade organization that promotes awareness of, and develops platforms for, electronic health. He is also the 1998 Smithsonian Award winner for Advances in Medical Technology and was granted a patent for the use of biometrics for security, portability and retrieval of electronic medical records in 2000. Mr. Basile began his career as a private practice attorney in 1988. Mr. Basile received a BS in Economics and BA in Political Science from Hofstra University in 1985, and a Juris Doctorate from Touro Law School in 1988.

Company Profile:

bioMETRX, Inc. designs, develops and markets biometrics-based products to the consumer, medical devices and small business markets under the common brand name -- smartTOUCH(TM); bioMETRX Technologies, Inc. designs and engineers biometrics-based products for the home security, consumer electronics, medical products and patient medical information markets; smartTOUCH Consumer Products, Inc. tests and markets

the company's biometrically secured garage door openers, thermostats, deadbolts and home alarm keypads and, smartTOUCH Medical, Inc., designs, tests and markets biometrically secured medical crash carts, rolling medicine carts, portable patient medical information devices and, security and retrieval systems for electronic medical records.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com

CEOCFO: Mr. Basile, what was your vision when you started as CEO bioMETRX, and where are you today?

Mr. Basile: "Originally, I wanted to address the potential of using biometric technology in what I call, 'everyday life'. Biometric technology takes a human biological characteristic and transforms it into a code that becomes a personal identifier for that person. You can use your iris, your finger, your voice and even your handwriting. Historically, those applications using the technology have been strictly in the government and wide area network areas. I decided to look at the feasibility of engineering that technology into everyday products such as front door locks, garage door openers, thermostats, home alarm keypads and automobile emission systems. The company started this endeavor in late 2001, early 2002 and today we have developed three market-ready products. I always thought that this idea would attract partners, but I didn't expect them to be The Home Depot and Masterlock."

CEOCFO: Please tell us about your flagship products.

Mr. Basile: “Our flagship product is called the smartTOUCH™ Garage Door Opener (GDO). It is a finger-activated garage door opener that is mounted on the front of the garage door frame that allows users as young as four, and the elderly to simply swipe their finger to open a garage door. There are over 30 million garage door opener mechanisms in the United States and 95% of them use some kind of remote clicker or digital keypad to operate them. Currently, the product is being used by typical American families that have one or two-car garages, two or three kids, maybe an in-law living with them. Because the unit holds up to 20 people, it provides tremendous flexibility for the family or head of household who can enroll or delete various people from the system depending on who needs access, and when they need access. The unit is universal and works with every manufacturer garage door opener mechanism. We believe it is an easy, simple to use device that really enhances a consumer’s lifestyle and makes getting into their garage easier. The product will be flagshipped initially and launched nationally through the Home Depot retail stores. We received purchase orders for all of their stores in the U.S. and we expect to see the product on their shelves some time by late September.”

CEOCFO: Who would be using this?

Mr. Basile: “Homeowners, their families, guests, workers and friends. Traditional devices have a button that usually comes in a remote control unit that sits on your visor of your car or a factory installed button already built in your car such as underneath the rear-view mirror. Our unit does not replace your remote control clicker I your car; it replaces the digital numeric keypad that is installed on the outside of your garage door frame. If you are working around the yard, or if your children are playing with their bikes or if someone else needs to get in the house and does not have a metal lock and key for your front door, the homeowner

can provide them access. Currently, homeowners have to provide housekeepers and children with a numeric digital code (PIN) that would be entered in the device before your garage door would open, because these people would not have access to the remote control button inside your car. Our product simplifies even this task.”

CEOCFO: Home Depot is a great place to get started!

Mr. Basile: “Yes and it is the largest retail home improvement company in the United States. I think they generate over \$40 billion a year in revenue. With 1,864

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locations nationwide and based on its initial orders with us, our first product has a tremendous advantage of being the first widely sold consumer biometrics product. We are very happy with the amount of effort, interest and time that the Home Depot has spent with us analyzing and testing the product, looking at markets, and coming up with scheduled media campaigns to launch the product. We could not pick a better retail partner.”

CEOCFO: How are your products manufactured and are you ready to ramp up quickly to meet expected demand?

Mr. Basile: “When dealing with a ground-breaking new consumer technol-

ogy product, it is hard to forecast right what the sell-through and what the inventory requirements are going to be for the company. However, because of the nature and volume of the Home Depot orders, we have contracted an outside manufacturing firm that is providing everything to us from detailed packaging, shrink wrapping, assembly, component procurement, testing, both environmental, ETL and UL. They are providing us a turnkey package that reduces a lot of the guesswork from our end. Regarding sell-through, we have made some financial arrangements with some of our original investors in the company to provide a certain amount of manufacturing funding that will allow us to keep conservative inventory levels for the first few months until we can get a handle on what the sell-through is going to be for the product. We do know that there are over half-a-million garage door clickers that sold on an annual basis, and Home Depot’s initial commitment of 40,000 units to the company represents almost 10% of that entire market annually. We also examined our pilot program that we have been running for the last two years.

Originally, we only built twenty prototypes that were placed at friends and family homes on a monthly basis. We let them use the product for a month and then our people would go and take the units

away and put them into twenty new homes. We did that for five months and developed a test pool of about 100 families. Almost systematically after a day or two of taking a unit away from a family, we would be called by the wife asking for the unit back. Part of our focus group initiative was to find out whether they felt safer and secure with this technology. The homeowners more secure and convenience because they did not have to give their kids the key to the house anymore. Families started using the garage door as the main point of entry into the home. After over a period of two to three months we started realizing that not only

is the product more secure than a traditional garage door opener, it simplified the homeowners lifestyle. Therefore, it is more convenient and allows families to provide access to their homes to young children, housekeepers, workers, elderly parents, and for themselves as well. They do not have to fumble for a key and constantly remember pin codes, which we do on a daily basis from dialing into phones systems, voicemails, and going to an ATM machines."

CEOCFO: How simple is it to set up and use?

Mr. Basile: "The garage door opener takes about fifteen minutes to install with simple tools. There is a bi-lingual instruction manual that is a page and a half long. We provide templates and suggestions. We also have a detailed online tutorial installation video at our website. Once past the physical installation, it is easy to program and operate the unit. As with the garage door opener, our entire product line is programmed exactly the same way. We provide a hand-held programmer that plugs into the finger product and the programmer walks you through on an LCD screen the steps you need to enroll a user or an administrator into the system. Once you are done enrolling yourself, your spouse and your children, you unplug the programmer and put your finger across the sensor and it recognizes you and it will open the garage door or close the garage door depending on where it is in the garage door cycle."

CEOCFO: You have a number of initiatives as well!

Mr. Basile: "Yes we do. We also will be bringing to market in the next sixty days, a USB drive called the smartSTIK that is biometrically enabled. We provide a very simple user interface on this USB stick, which is a mass storage device where you can download medical records or important corporate or client documents. Students in our pilot program have been actually using the stick to store reports making them mobile between their home computer and the computers located at school. The only difference is before you can access the information on the stick, you have to swipe your finger on it, which opens the secure drive and allows

you access to the information that you put in. We are also in the process of finalizing our smartSTAT thermostat.

A lot of technical people would want to know why you would need a biometric sensor on a thermostat and there are two reasons. First, there are a lot of homeowners like myself, that have children in the 14-16 year range that decide they would like to keep the local power authority in business. I have a son that has his room on a separate floor in my house, so if he is a little chilly in the winter, he will raise the thermostat up to 90 degrees thinking it will heat his floor a lot quicker. The only problem is he falls asleep without changing it back and at nine o'clock in the morning when everybody comes down to breakfast, everybody is dripping wet in the house. One morning my younger son said, "daddy if you put one of your finger things on the thermostat, Chris would not be able to play with it anymore". I thought about that and that evening while I was out to dinner with a few friends, a friend of mine asked the busboy to raise the temperature because his wife was cold. I watched the busboy go to the thermostat and turn it up. I was thinking from a business perspective that the manager at the restaurant does not know when an employee is raising or lowering the temperature. The experience with my son, and the same day seeing a potential abuse of a thermostat is where that idea was borne. I thought that would be a good idea so we engineered a biometric thermostat and on top of that, we acquired a patent that covers all biometric and digital security of an HVAC or thermostat controller.

Unlike any other biometric product that your readers can think of, smartSTAT will be the first biometric product that has a direct cost savings because every one degree of unauthorized temperature change translates into a 10% increase in energy cost. Not only does this product prevent people from accessing the thermostat and changing the temperature, it has a direct economic benefit associated with it. Our suggested retail price of \$229.00, is competitively priced. The premise of the product creates a good business reason for using it."

CEOCFO: Development is usually quite costly; what is the financial picture today?

Mr. Basile: "Since our inception in 2001, we raised a total of \$6 million. Initially we raised about \$1 million through friends and family. We had the opportunity to merge our private company into an existing public company and we did that in 2005. Since then we raised a little over \$5 million of which 65% of the funds have been dedicated towards development, engineering and prototyping. Resources were also allocated to different components and looking at various architectures that could be seamlessly put into almost any household electronic product. Currently the company has about \$400 thousand in the bank and we have credit lines available to us. We have several investor groups that are now looking at the company and are considering additional financings for the company. We believe that would be a good intermediate step while our products are concurrently brought to market.

We also just entered into a comprehensive relationship with Masterlock. I am sure that you can recall that almost every student in the US at one point or another used a Master Lock combination lock to secure their lockers in school. Master Lock owns 95% of the entire combination and padlock market globally. They are a multi million dollar company that has expanded into front door locks, auto systems, trailer locks and tool storage. Master Lock is owned by a company called Fortune Brands, which is a NYSE company that does about \$14 billion a year in revenue. Master Lock came to us in March understanding that we were developing several products for the consumer electronics and consumer security market, and asked us if it would be feasible to look at their product line to see what products will benefit from biometric technology. In a short time, we signed a development agreement with Master Lock wherein we contribute all of the digital technology and Master Lock contributes its mechanical expertise in developing a residential front door lock.

From that initial agreement, we have expanded our relationship with Master Lock on a broader level. Any product that

we develop in conjunction with Master Lock will be co-branded a Master Lock smartTOUCH™ product; smartTOUCH™ being our brand for recognizing finger activated utility in consumer products. We have expanded the Master Lock smartTOUCH™ brand to our garage door opener and it is called the Master Lock smartTOUCH™ GDO.”

CEOCFO: Is your team in place?

Mr. Basile: “Normally when you take your giant step from being a development stage company to a market entry company, there are all sorts of additional positions that need to be filled. In our case, we have the ability to work with Master Lock, utilizing a co-marketing and co-branding program through its 70 years of branding and sales experience. Most consumers know the name Master Lock has

been associated with trusted, dependable, quality security products that help safeguard consumers. It is one of the most recognized brands in consumer security today.”

CEOCFO: Why should potential investors be interested now?

Mr. Basile: “I think an investor has to look at some of the fundamentals of the company in context with its first orders as well as its ability to develop products. We have proven that we are able to design, engineer and manufacture products that are commercially viable and acceptable in the various markets. We have developed three products on our own; have 3 more exclusive products under development, as well as co-development initiatives ongoing with Masterlock. We can also sell our products. Our first product enjoys orders

and commitments from the Home Depot in excess of \$3.4 million. I think Home Depot understands its customers and the consumers want to see new technologies, but in a way that simplifies their lives and they are willing to pay for that. I think while bioMETRX represents a potentially good investment opportunity. However, each investor has to determine the level of risk that they are willing to undertake. We have worked hard the last few years at a slow and steady pace to create a company that is poised on establishing not only a brand for a new generation of products in various markets, but also a platform to continue sustained growth.””

POWERED BY  smartTOUCH™

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