



(Ed) Presentation opening slide.

Briefly Discuss Advanced Organizer for presentation.



*HazScan, Inc.*

Dedicated to performance solutions for safe vessel hazmat shipping

**- 10% of containers ship hazmat**

**- 4 billion tons of hazmat per year, valued at \$446 billion**



(Ed) Explain who we are. (John) Highlight statistics on Hazmat. Define what hazmat is and what it is not (Hazardous waste, hazmat safety response).

- We are a small online transportation safety business focused on shipping hazardous materials (hazmat) by sea.
- Founded in 2007, we provide compliance strategies and shipping solutions, online training, and easy-to-understand hazmat shipping regulation applications when you need it.

Performance improvement through context authentic, relevant and easy to understand online training modules and software that incorporates the latest in ALL shipping regulations for hazmat in containerized cargo.

- \$140 billion is more than the GDP of Venezuela, or more than the GDP of Egypt, Ecuador and El Salvador, combined.



## *About Us*

**Ed Beale, President**

- Coast Guard background
- Aviation & ship operations
- Instructional Designer

**John Bannon, CEO**

- Coast Guard background
- Marine Safety Officer
- Performance Technologist

(Ed) With a diverse background in business, marine safety, instruction and performance, we are prepared to provide industry leading innovative solutions to improve the safe shipping of hazmat by vessels.

We are led by:

Ed Beale: President, retired Coast Guard officer, Deck Watch Officer aboard the Coast Guard Cutter Healy, 10 years as helicopter pilot, 7 years as an instructional designer.

John Bannon: Chief Executive Officer: Retired Coast Guard Officer, 8 years in the Marine Safety Field as a container, vessel, and facility inspector, 6 years in performance improvement consulting.

We have the skills, knowledge, and network associations to bring in the best and brightest consultants to make HazScan the industry leader in Hazmat shipping and online training.



## *The Opportunity*

M/V HYUNDAI FORTUNE  
*"Now more than ever"*

**1998-2006: 10+ major  
Hazmat catastrophes**

(John) Explain the opportunity: Hazardous materials shipped by vessels.

The opportunity: Converge the latest information changes in regulations, expert databases, and online training modules in an affordable, custom tailored, easy to access database. Making everyone smarter faster and better, cheaper and quicker.

Consequence of error is serious.

Specifically:

- Regulations continue to grow.
- The cost of shipping and errors are significant.
- Shipping hazmat is inherently dangerous

From: Ken Burgess, Dangerous Goods briefing, SeaTrader magazine May/June 2006

- Despite the changes in international regulations, losses from dangerous goods incidents in container ship operations continue to mount.
- Is there a problem, asked to the UK P&I club. They gave the answer: YES.





*Snap-shot: The regs.*

 **Code of Federal Regulations (CFRs)**

**2. International Maritime Dangerous Goods (IMDG)**

- Provide safe shipping guidance
- Data is complex—(Packaging, labeling, stowage, segregation, classifying)

(John) We live in a world governed by safety regulations. Regulations include CFRs and IMDGs.

Regulations are constantly updated and changed. Recent focus since 9/11 has been on hazmat security, but the safety side remains a major issue in light of security reasons.

“If people could remember everything, then performance support would not be necessary” (Rossett/Shafer, 2007)



## *Snap-shot: The Industry*

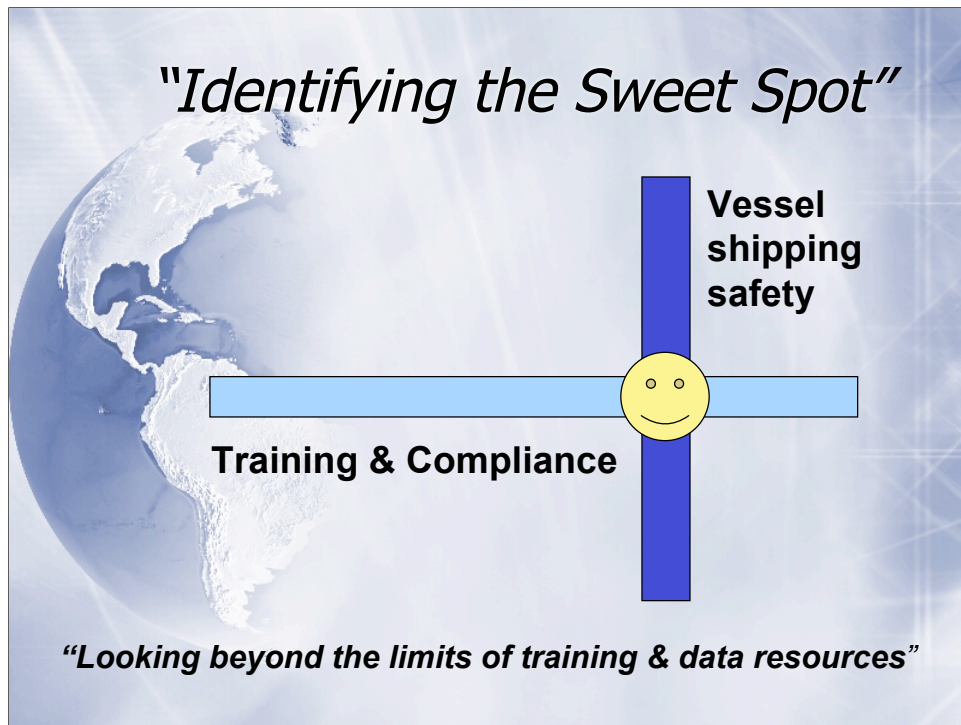
**The Players:**

- ✧ Shippers
  - ✧ shipping lines
  - ✧ Consolidators
- ✧ Enforcement agencies
  - ✧ USCG
  - ✧ International Maritime Org.
- ✧ ***Commercial trainers & consultants***

(John) Explain the players in the field of hazmat shipping. We know hazmat is shipped; we know there are regulations—but who else is involved?

The following slide is a snap-shot of the vessel hazmat shipping industry. It is comprised primarily of shippers, enforcement agencies, and support industries.

1. Shippers (Need to know info). Office workers and warehouse managers
  - large (Matson, Hanjin): knowledge is confined to a few
  - small (mom and pop warehouses): knowledge varies
2. Enforcement Agencies (Need to know info)
  - Coast Guard and intl. equivalents
  - National Cargo Bureau and equivalents in port states
  - P&I clubs, insurance underwriters...
3. Commercial trainers and consultants
  - help to understand and comply to the regs. Currie and Associates, Hazmark



Identifying the Sweet Spot:

- Vertically, transportation safety is a large industry. The predominant form of business is outsourced consulting and instructor led training.
- Horizontally: Compliance and training is again based primarily on consulting and outside training.

Future expansion into other vertical hazardous materials shipping markets

- Railroad
- Truck
- Aircraft
- FEDEX
- USPS

Horizontal markets

- Regulations compliance in other vertical markets: Adapt their regulations to our system
- Supply chaining: adapt our system to allow warehouse personnel to

## *Current Hazmat Support*



2006 survey: 1 in 10 hazmat containers had deficiencies

### **Costly**

- ✧ Instructor led training & webinars
- ✧ Hazmat consultants

### **Data Rich**

- ✧ Information is tough to digest in one sitting

(Ed) Hazmat shipping information and support today surrounds:

- Hiring people (hopefully) that already know the complicated regulations
- Sending warehouse, field and office personnel to instructor led training
- Tracking training in paper-based or single-point databases (marginal search & retrieval capability, limited customization of reports, no automatic 'cuing' of expiring qualifications)

Training is often annual—and fails to always incorporate all of the latest U.S. or international shipping changes. Training is also expensive, in both direct dollars and in time away from the job.

\*\*\* Existing electronic distribution of regulations in a point-of-need searchable format coupled with an e-learning delivery and knowledge management system is limited. Online help exists, but limited in global use with incorporating and harmonizing U.S. and global regs.

**This is where we come in!**





(Ed) Existing companies focus on consulting, large scale seminar training, and expensive online support.

We are not alone. Several existing companies provide similar services. However, they all focus in separate arenas: Online regulations, instructor led training, international law consulting, etc.

We propose a planner and sidekick based solution! (Explain “sidekick” and “planner”)

We believe the convergence of existing capabilities is a better product:

- Recapturing data in easy to use formats using technology and performance improvement strategies
  - Providing leading instructional designed training on how to best use the data, not memorize data.
  - Giving the best and latest information, access, and support when you need it
- 
- Another vertical market: International Air Transport Association (IATA)
    - Two types of self study courses (initial and recurrent), basically classroom training turned into elearning. Allows supervisors to track progress of students, but no individual awards and incentives.

## Bridging the Gap

- ✧ Consolidated data
- ✧ Common language
- ✧ Accessible

(John): We propose to bridge the gap between existing training solutions and OUR SOLUTION.

Use of technology to enhance job performance. Convergence of training and performance support.

Tailored, Timely, Engaging, and Effective!!!

Instead of reading regulations like this CFR “dry” text page, the regulations are delivered in plain, easy to understand language, direct to your desktop, laptop, or handheld device



*Our Vision: One stop shopping!*

**Integration:**

- ✧ Industry tips and best practices
- ✧ Access to ALL regulations—tied to engaging easy to use training modules

**Services:**

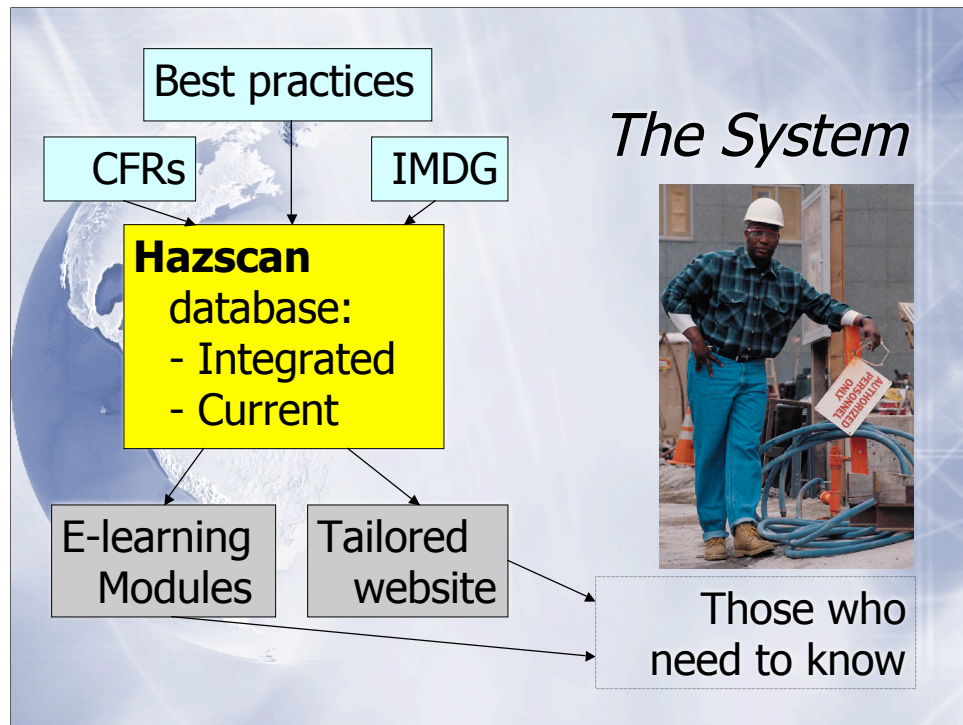
- ✧ Affordable relevant online training
- ✧ Sell 24/7 access to HazScan resources
- ✧ Incorporate lead advice & top solutions

(John) This is how we intend to do it: HazScan combines the best of existing training and databases in an easy to use and access format. Our services integrate need to know information and training.

Here's a scenario. An inspector in the field checks a container and notices some damage. In the old world they might have a printed copy of the CFR with them, and could look up whether the damage was significant to alter or condemn the shipment. They might remember hearing something about it in training several months ago. In the HazScan world, the inspector would type "shipping container damage allowances" into her handheld, and be returned a series of diagrams with allowances clearly marked. Even better, the diagrams would be guaranteed current as of the most recent update, and be cross referenced with both CFR and IMDG requirements. The inspector would have the perfect answer, faster, without having to remember a thing.

In this scenario, the system would also know that the inspector was due for refresher training on shipping container damage allowances, and automatically offer to present a quick module about this particular topic. Upon completion, the inspector's record would be updated to reflect completion of the latest training.

Another scenario would be for a warehouse freight consolidator. They



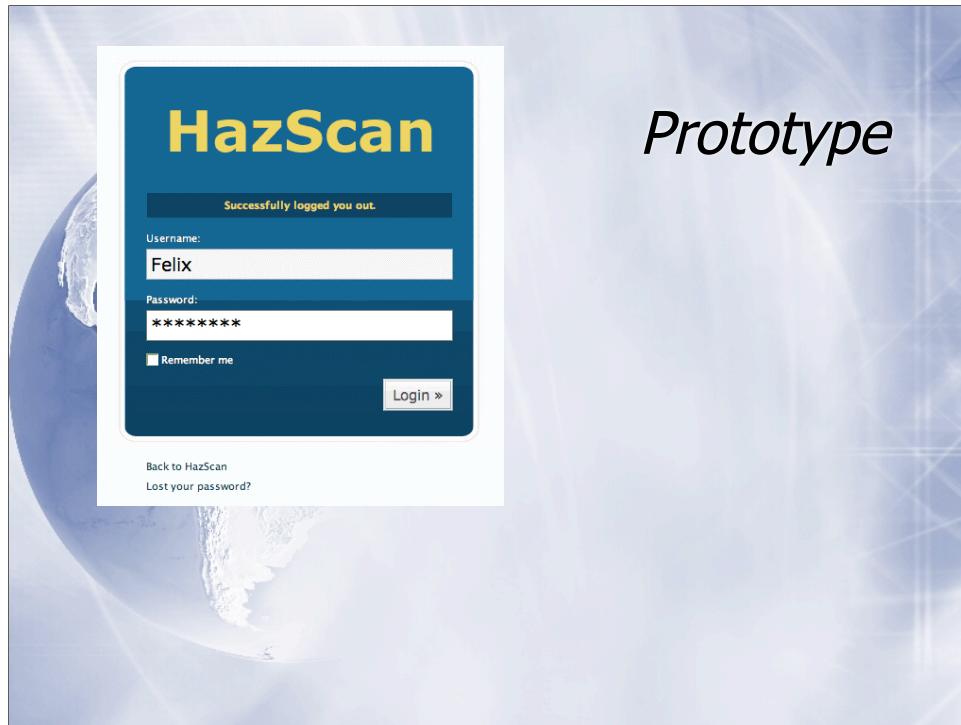
(Ed) Overview of the system.

The HazScan data base incorporates all the regulations, international (IMDG) and U.S. (CFRs), with leading best work practices, multiple question format, tailored questioning, FAQs, etc.

The result is online learning modules—leading to a certification  
Tailored website: Ask your question, query a database

Audience—those who would pay to know, but would like to pay less.

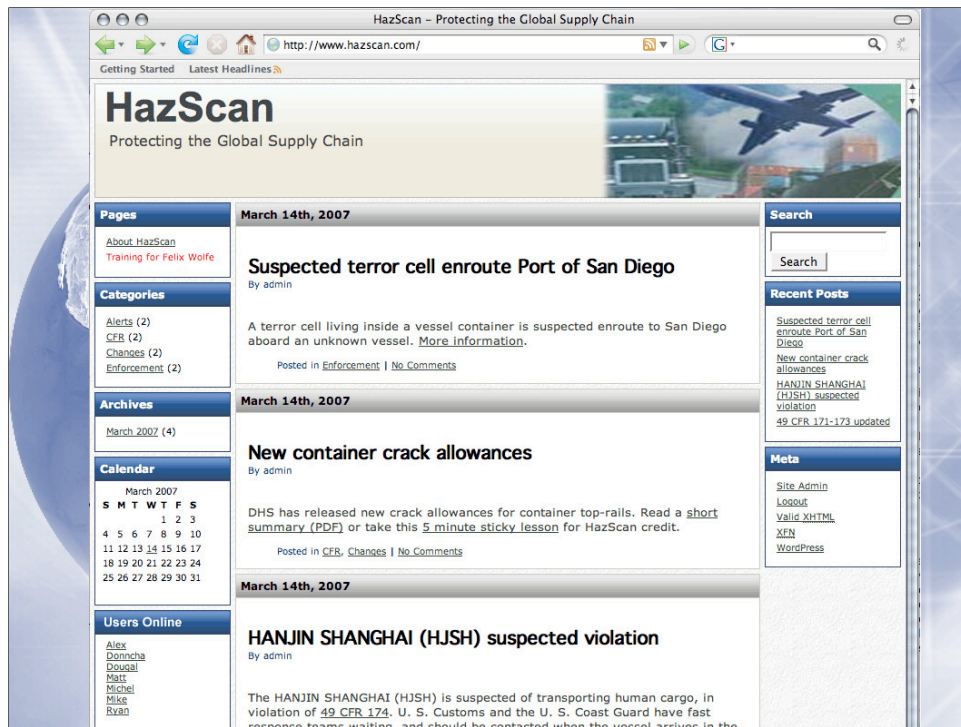




*Prototype*

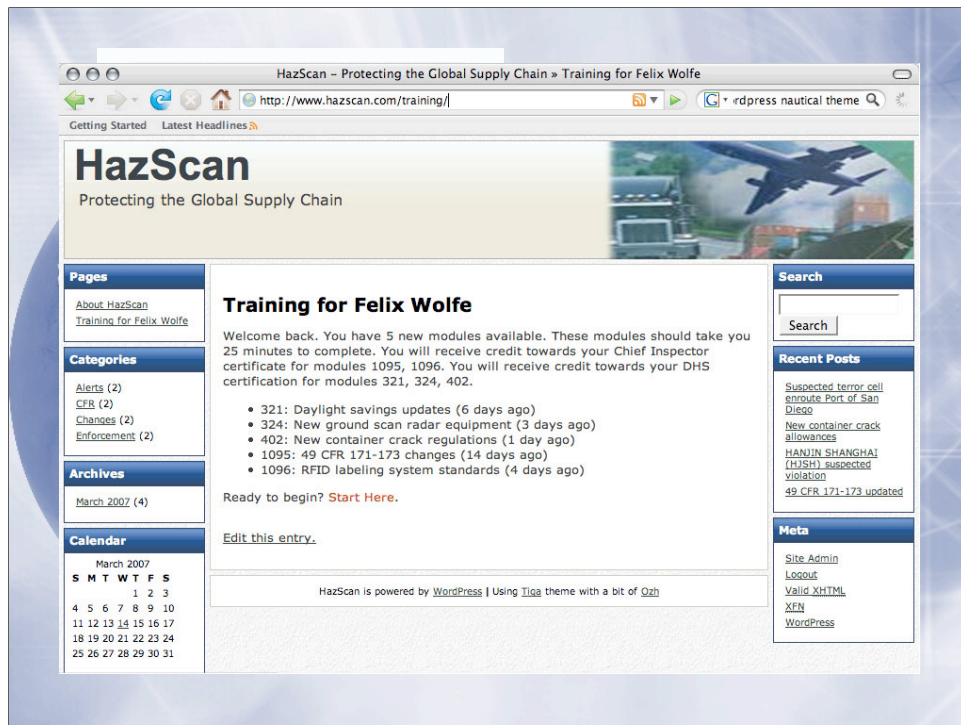
Website look and feel (must “View Show” and click to see each screenshot)

- Integration of Both IMDG and CFR regs.
- Links to tailored training: short and context authentic, relevant
- Links to need to know information specific to port/industry
- FAQs
- Leading notes from industry
- Search engine function for your topic: Integrates information and regs



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## *Market Research*

**Enforcement Industry**

- ✧ Coast Guard
- ✧ National Cargo Bureau
- ✧ California Highway Patrol

**Shipping Industry**

- ✧ Matson Shipping Lines

*“Having an online tool accessible in the field that provides the regulations & solutions is invaluable”*

--Supervisor Irvin Jacobs, CHP

(Ed) Market research slide:

“We talked with Marine Science Technician Chief Gary Brunet about the state of today’s training for inspectors. He told us “Training is often lacking due to expenses and time away from the office. Having an online database and relevant, easy to understand online training would be a huge benefit for all enforcement agencies and the shippers themselves. It would put all of us on a level playing field.”

Further research with California Highway Patrol officer Irvin Jacobs, a 15 year hazardous material inspector stationed at the San Onofre check point, added: “The current system is to try to remember as much as you can. New regs and constant changes make it difficult. In the field, we carry our time worn 49 CFR copies—that includes notes and latest cut and paste changes. An online tool, capable of being hand-held or accessed from our truck computer sources would increase our efficiency and accuracy.”





## *Ideas to Action*

### **Measure and Assess**

- ✧ Complete content analysis
- ✧ Contract leading industry consultants

### **Align and Design**

- ✧ Contract/outsource design/development

### **Develop to Deployment**

- ✧ Prototype with test market
- ✧ Advertise

**= Results:**

- ✧ Show the tie to safety & financial savings = Value
- ✧ Measure success by growth

(John) Lets talk specifics. We intend to

- Measure and assess need to know information provided by key industry sources
- Align and design: Use key ISD and PT support to development
- Prototype with real data



## *Strategic to Tactical*

**Investment start-up costs: \$ 775k**

- ✧ Hire consultants, developers & designers
- ✧ Industry advertisement, initial free targeted trial service

**FY 07: Begin contracting & developing**

- ✧ Online FY08
- ✧ Profitable: 5<sup>th</sup> operating quarter
- ✧ Win through: Standardization, excellence, efficiency & training/bottom line savings
- ✧ Measure success, incorporate feedback

(John) Our business strategy

Financial Needs: \$775,000 start-up costs

- Executive Overhead-Startup and planning: \$100,000 (for 2 people)
- Project Manager: \$50,000 – 500 hrs @ \$100—6-10 months (Relieved by Operations Officer)
- Performance and Task Analysis (outsourced \$50,000)
- 2 software Programmers (outsourced; contract maintained) \$100,000
- 4 technical consultants: Enforcement and Shipping (500 hrs. each @ 75.00 hr): 150,000
- 2 Instructional Designers (Modules and format data base) Outsource: \$100,000
- Graphic Artist: Format pictures/art: outsource \$50,000
- Business Manager \$75,000
- Advertising 50,000
- Evaluation & Testing: Outsource \$25,000

Access to database and online tools: \$1k to 5k per year/ discount for multiple applications

•Targeting first year subscribers: 500 @ 1,250: \$1.2 million



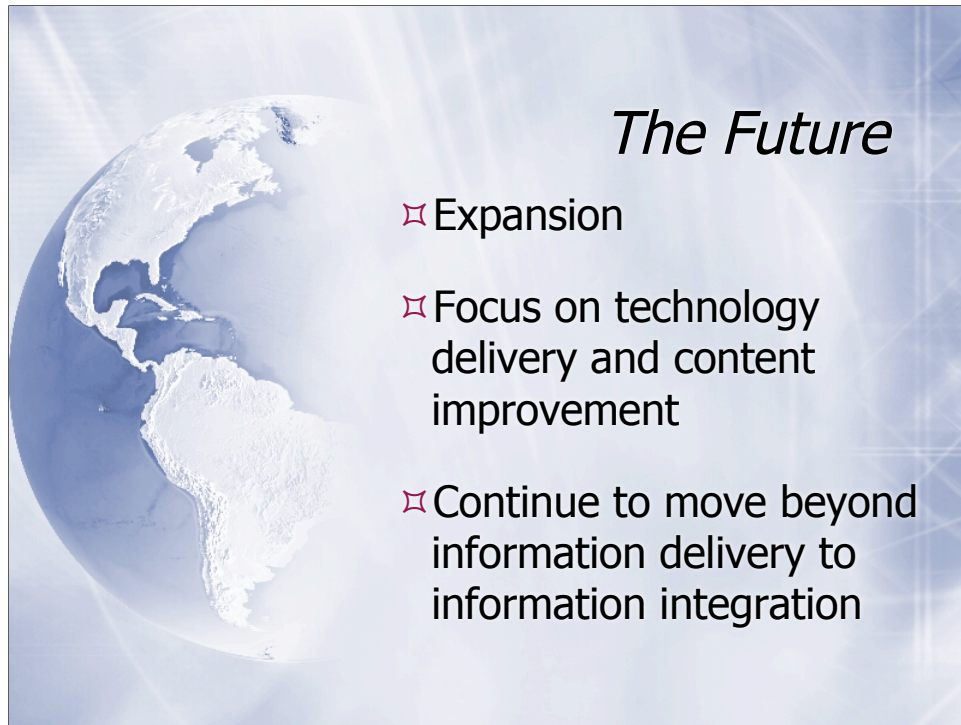
## ***Our Mission***

***HazScan protects the global supply chain by equipping transportation professionals with accurate and timely information through easy tools and tailored instruction***

- ✧ **Core Values**
  - ✧ Integrity and Customer Service
- ✧ **Vision**
  - ✧ Provide integrated compliance support to maximize shipping safety worldwide
- ✧ **Strategic Goal**
  - ✧ To be the Number One supplier of hazmat support

(Ed): Mission Statement. We have given a lot of information this morning. Our mission statement includes:

- Core values
- Vision
- Strategic goals



(John) Growth Potential Slide

- Moving beyond laptops to better handheld PDA applications
- Moving beyond information delivery to information integration, where a worker could scan a container, and the database would send back instant data about applicable regulations and loading considerations, allow for international differences, and replace the “best guess based on experience” with “verified by the regulations in real time”.





Conclusion.

Any questions? Thank-you for coming--We accept cash, Mastercard, Paypal and Diners Express cards.