NDIA Disruptive Technologies Conference

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Forward Looking Statements

• Certain statements made in this presentation that are not based on historical information are forward-looking statements which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

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Disruptive Technologies Timeline

Massive disturbances occur with the introduction of disruptive technology. Life before and after a disruptive technology is fundamentally different.
Disruptive Technologies Timeline

Fire
60000BC
CROSSING THE CHASM

High-Tech Marketing Illusion
The Revised Technology Adoption Life Cycle

“Crossing the Chasm” by G. Moore, Harper Business Essentials
PackBot #129
Killed In Action
Iraq
PackBot w/ Recon kit, Afghanistan, 2003

PackBot w/ EOD kit, Iraq, 2006

PackBot w/ Recon kit

PackBot w/ Advanced Recon kit

PackBot w/ EOD kit

iRobot SUGV for FCS Exp. 1.1, WSMR 2007

iRobot Warrior X700
Roomba®

- Introduced in 2002
- 2 million units sold
- 1% market penetration
Scene: 09 Dec 2005 -- The experimental force commander and five of his team (from team leader to trooper) at Q&A session chaired by Gen William S. Wallace (new TRADOC 4 star)

- First question: "Captain, of all the new technologies and capabilities you've used during this AAEF experiment, which one single piece would you deploy today?"

- Answer: "Sir, the Packbot (Explorer.)"
Digital Architecture & Systems Integration
“FIDO was able to detect explosives 80 feet away. This allowed separation of the Soldiers and dog from the bomb, thus saving lives. . . .”
Market Maturation of Unmanned Military Vehicles
Computers 1978 = Robots 2001

- Locked away from public
  - too dangerous for computers
- Used inside large companies
- Operational use in military
- First few “home” computers
  - in the form of games
- Computer hacking clubs
- How-to-build-your-own books
- Undergraduate majors appearing
- First mass market “serious” home computer attempts

- Locked away from public
  - too dangerous for people
- Used in manufacturing plants
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Military Engagement – The World is a More Dangerous Place

• High tempo military operations and a dramatically lower tolerance for causalities and POW’s.

• U.S. volunteer force resources are being stretched

Need for Operations

Ability to support them

• The US cannot afford to spend our way out of this problem using current technology and doctrine

We have over 350,000 SOLDIERS overseas in 120 countries
Long Term Driver

• Our current ability to care for the elderly is barely adequate and in decline

• A massive increase in the number of elderly people is imminent

• We cannot simply spend our way to a solution.
Europe - 1950

(Population: 349.8 million)
Europe - 2000

(Population: 451.4 million)
Europe - 2050

(Population: 401 million)
The Robot Industry

- Military
  - UUV
  - UGV
  - UAV

- Home
  - Mowing
    - Mop
    - Vac

- Security
  - Home

- Hospital
  - Long term care
    - Home care

- Health

- Energy & Utility
  - Mining
    - Oil & Gas

- Industrial cleaning
  - Wet
    - Dry

- Toys

- Farming
Soldiers will find more missions for robots than expected
Consequences

• Potential to completely change the world’s labor markets from the way they have developed over the last 50 years
  - change the need for low-cost labor migration
  - change the face of out sourcing
  - significantly impact the labor requirements for elder-care in societies with changing demographics
  - CHANGE THE WAY THE MILITARY OPERATES

• Potential to create an economic tsunami that rivals or surpasses the silicon valley experience