



## Kenji Marketing Strategy

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## Kenji – Marketing Overview

Exmovere Holdings has developed a new app for mobile smart phones based on proprietary algorithms and sensors that can be used to interactively turn the phone into a life coach and self improvement assistant. In addition to emotion detection capability, the app – initially designed and built for the iPhone – will have the capability to interactively track, analyze and recommend behavior modification and feedback for the iPhone owner. For each individual or user who downloads and installs the app – called Kenji – the phone will:

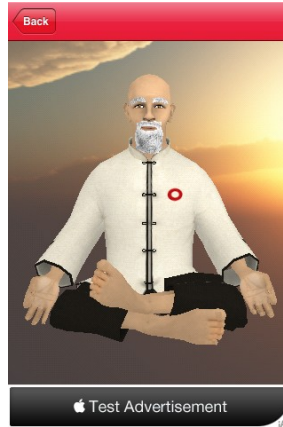
- Use the phone’s native technologies and sensors to create a life affirming environment for the user
- Create a soothing voice persona to coach the user on relaxation, de-stress and meditation techniques
- Track and report vital signs (with user input), movement, medication routines, and other related healthcare needs
- Coach the user on self-improvement opportunities

The Kenji app is strategically positioned within the company as another product which detects and reports human emotions, biophysical states, and helps improve people’s lives. Exmovere’s overarching strategic positioning of “We know how you feel” will be transformed to “Your iPhone knows how you feel” with Kenji.

The Kenji avatar is based in the company’s history as far back as 2006-2007 and was originally developed for use online and over the internet. Given the popularity and daily use of smart phone technologies available in iPhones, Android phones, Windows phones and other smart phone devices the company decided to revitalize the avatar for use with the Kenji brand. Engineering and development of Kenji into a downloadable mobile app serves the original purpose of the avatar but updates the offering to capture the attention of users of the latest available technologies and tools.

Kenji will be available in what have become standard app stores and download locations. Consistent with best practices in the mobile app market, the first-release versions of Kenji will be available for free with potential updates to a “for sale” app eventually. The app itself, once downloaded to and installed on the user’s phone, will run in the standalone smart phone environment. Updates and new versions of Kenji will be made available to buyers free of charge over the lifetime of the app.

One of the key ideas behind Kenji is to provide users with an interactive coach or instructor that can help them relax, meditate and take the stress out of their everyday lives at a time most convenient for them. As part of the offering and app use, detailed question and answer sessions will be used to capture, record and use biophysical markers like breathing rate, vital signs from extra devices like blood pressure meters, thermometers and pulse rate counts. The functionality and effectiveness of Kenji will require user input, but the app learns over time by tracking and analyzing inputs from the user and data streams from the phone.



Kenji will initially be positioned as a wise, guru-level intermediary who knows how you feel and helps you with your lifestyle and self improvement needs. Several app extensions and tools for specific segments, niches or disease states are being considered for potential introduction and co-branding in the future. For example, individuals with chronically high blood pressure can be encouraged to take blood pressure readings, enter them into the Kenji platform and thereby have a record of trends. Any additional extensions of Kenji into direct healthcare or mobile medicine areas will be fully compliant with the recent US Food and Drug Administration proposal to regulate such apps. (The FDA Press Release can be viewed [at this website](#).)

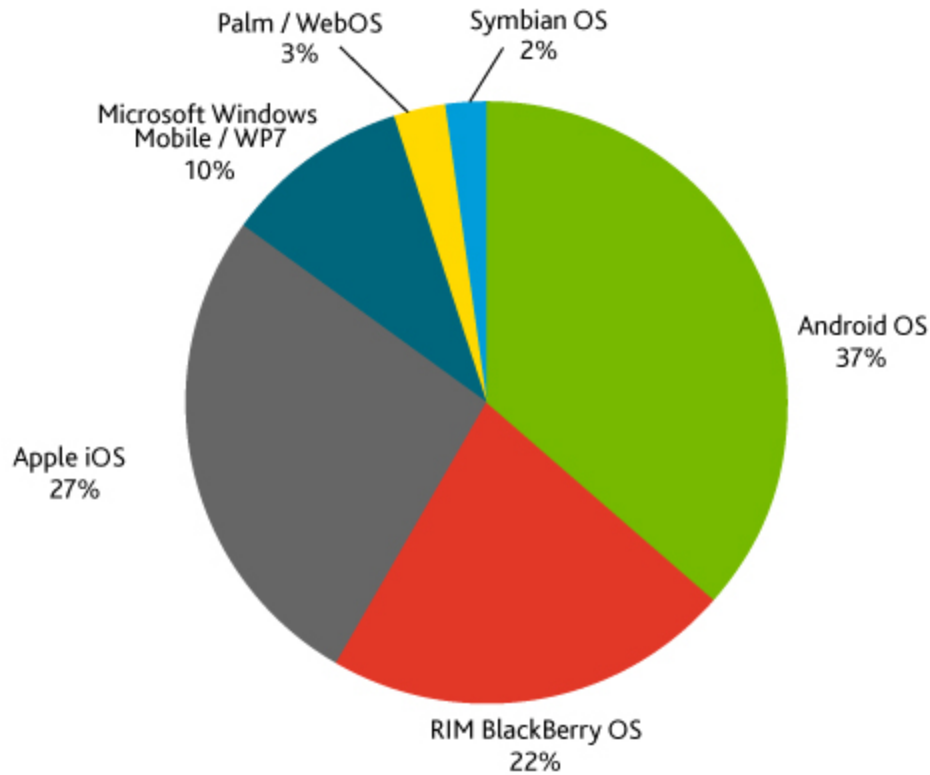
Companies that are already making non-medical stress and tension relief products or products that address any of the tangential side effects of too much stress or tension will be approached as part of the initial launch strategy used with Kenji. Corporations and businesses in the stress and tension relief market will be offered an opportunity to build their own, branded version of Kenji for the iPhone app market. For example, Amway is a good example of a company that makes skin care products which help the user deal with the impact of stress and tension on the condition of their facial skin, particularly around the eyes, forehead and mouth where "worry wrinkles" appear most often. Avon is another example. Both of these companies are good candidates for a branded version of Kenji to offer through their direct sales networks. Similar opportunities to offer branded versions of Kenji – to both US and International companies will be pursued in order to broaden the reach and use of the app.

All smart phones – including 'Droid, Windows phones, Blackberry (RIM), and other phones like Nokia's Symbian – have the hardware and advanced technology included in them that Kenji will use. However, based on recent trends and market share, as well as ease of engineering and development, the Kenji app will be made available on Apple's iPhone.

The latest market share statistics from Stream Media show that the iPhone – including 3G and 4G phones – holds about 28% of the overall market. The report from June 2010 can be [viewed at this website](#). A summary chart of the latest results is below.

## Smartphone market share

March '11, Nielsen Mobile Insights, National



Source: The Nielsen Company.

nielsen

According to Apple's quarterly business reports, and tracking iPhone sales, there are over 125 million iPhones in the market. The total includes all versions of the iPhone. Excluding sales of the original so that the total includes only the 3G, 3GS, and 4G, brings the estimate to just over 120 million. By producing Kenji for these platforms, Exmovere will tap into a large, international market – also consistent with its core strategy and product development emphasis.

Current statistics also show that there have been billions of downloads from Apple's iPhone app store. Apps are delivered for immediate download to users through online or internet-based stores as well as through company specific website downloads. Through the iPhone app store, since its creation in 2007, there have been 15 Billion app downloads, according to the latest company news release in mid-2011 ([viewable here](#)). And the latest count shows over 425,000 apps available for download by iPod, iPhone and iPad users. However, none of the current apps incorporate all of the technology available in the phone, nor do any of them present the user with a truly interactive emotion detection, life coach or self improvement experience.

**Kenji – the world's first interactive smart phone app designed to be your life coach and self improvement guru. Your iPhone knows how you feel.**

## *The Technology*

In developing Kenji, Exmovere engineering and design takes advantage of the all of the built in technology in the smart phones. For example, there is an accelerometer in every phone. This sensor is used to detect and record the user's movement. The most used functionality in the accelerometer flips the view from portrait to landscape (vertical to horizontal) when the user rotates the phone, as shown below. But, the accelerometer captures much more information than the angle and pitch of the phone. All of the data collected will be used to create inputs for Kenji to analyze and interpret.

### **Accelerometer Flips the Image**



Many smart phones, including iPhones, Android phones and Windows-based phones have other sensors and technologies included which will be used by Kenji to support self-improvement and relaxation coaching:

- Microphones are used for tracking and analyzing sounds and voices
- Video cameras and recording capabilities can be used to evaluate environments
- Clocks and timers will also be used to track duration of activities and compare to user intent or self improvement benchmarks

This combination of sensors and recording technology available through iPhones (or any smart phone) will be especially powerful in the new Kenji app.



Exmovere Holdings, Inc. will build the first version of Kenji for the iPhone and use the technology and features of the iOS platform to start with. The next generation version, though, will be based on the Android phones. With the 'Droid technology, Exmovere engineers will have access to more technology on the phone that will support additional flexibility in the design and creation of the next version. For example, the 'Droid platform allows engineers to access the microphone for voice tonality, dynamics and stress analysis. With the 'Droid, engineers and designers can also add the capabilities to analyze the end user's emails, texts and calendar for more information on the person's pace, level of activity, communications and behaviors which can translate to various emotional states.

The company does plan to start Kenji offerings for the iPhone but will quickly diversify into the 'Droid platform and phones. While this move will allow for software engineers and developers to integrate more features into Kenji for the next version, it will also capitalize on the recent popularity of the Android phone. According to the latest market research from ACNielsen, about 31% of consumers who plan to buy a new phone in the last half of 2011 want an Android phone. That compares to 30% who want an iPhone and 13% who want a Blackberry. You can see the latest statistics [at this website](#). By diversifying as soon as possible, Kenji will be made available to a much broader audience, representing nearly two-thirds of the smart phone target market.

There are lots of ways Kenji can be used to help take the stress out of your life. For example, say you enter your meeting times and schedule on your mobile phone calendar. Kenji will help keep track of your meetings and remind you to relax a few minutes before or after the meeting. One of the key reasons for having Kenji on your iPhone, though, will be to help you plan and schedule relaxation and meditation times. With today's hectic lifestyles, it's often a challenge to find those 30 minutes or 1 hour for your own relaxation and de-stress activities. After you provide inputs for Kenji on how often and the best time of day for you to relax, the calendaring function of the app will arrange that time on the phone's calendar.

Coaching from Kenji goes beyond just the voice too. Using the accelerometer Kenji detects movement. Using the camera and microphone Kenji detects and interprets video and voice. When you talk into the phone, Kenji can tell if you are getting tense or angry. This data will be collected and used as input for your next coaching session. Using the internal phone clock, Kenji tracks time of events like meetings, phone calls and other phone use. All of these details will be used as input for your next coaching session as well. When it's time to relax, Kenji will provide specific instruction on relaxation techniques, meditation techniques and related stress elimination tools you can use.



The internal algorithms and methods used to build the Kenji app are all part of Exmovere's intellectual capital and bio-med engineering toolkit. Based on many years of experience and knowledge about detecting and reporting human emotions, the company focuses on creating products that use sensors and emotion monitoring software to improve human comfort, safety and performance. Human emotional states have been shown in many studies to be reliable predictors, if not symptoms, of changing medical condition, attention level, and productivity. By developing Kenji, the company is taking its best tools and strategic vision and delivering it for everyday use to help change people's lives.

Kenji is designed to provide interpersonal, life-enhancing interaction in a 1:1 environment. Your smart phone can take on a role as your best friend and coach with regular use. And, Kenji "learns" over time. The more often you use Kenji the better able the app will be to interpret the data it gathers on your movements, tone of voice, discipline and scheduling as well as correlate other factors that have an impact on your stress levels.

One of the nicer attributes of Kenji, too, is the capacity to "remember" built into the app. It won't be like your hairdresser, yoga instructor or masseuse whom you have to remind about you, who you are, and what you need every time you see them. Because they see so many other people, it's often difficult for these service professionals to remember you individually. Kenji knows and keeps record of your past relaxation sessions, tracks your inputs over time, and starts the next session from the exact point you left off the last time you and Kenji met.

**Kenji is your own private guru. Kenji knows how you feel.**

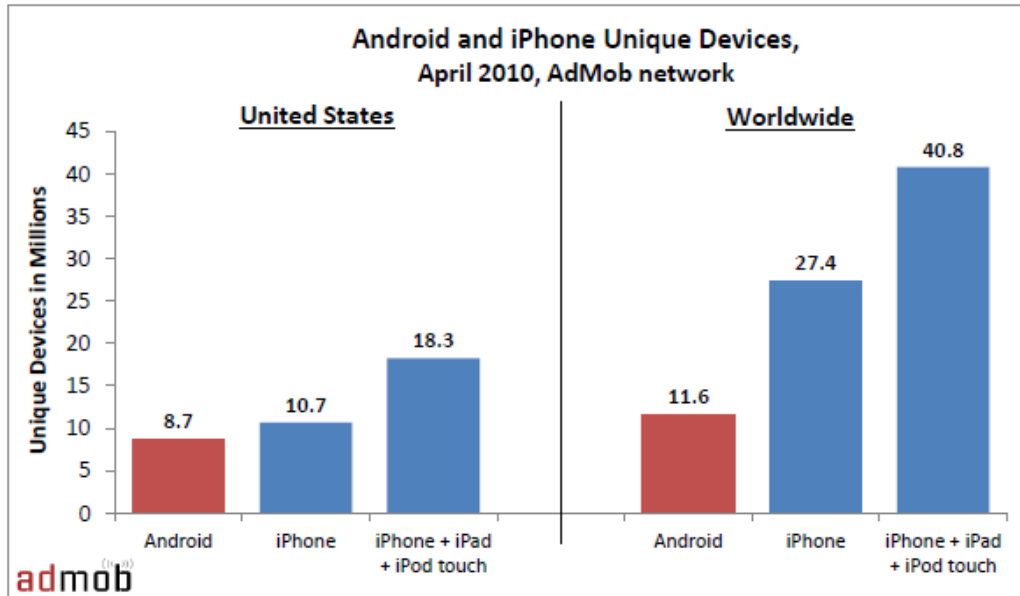
## Marketplace Summary

To market and sell Kenji, the company expects to use online app stores and supporting online marketing tactics. The mobile app market is growing at tremendous rates worldwide and across nearly all platforms, including Apple's iPhone, Google's Android phone, Microsoft's Windows phones and other smart phone brands. According to the latest statistics from July 2011, there are:

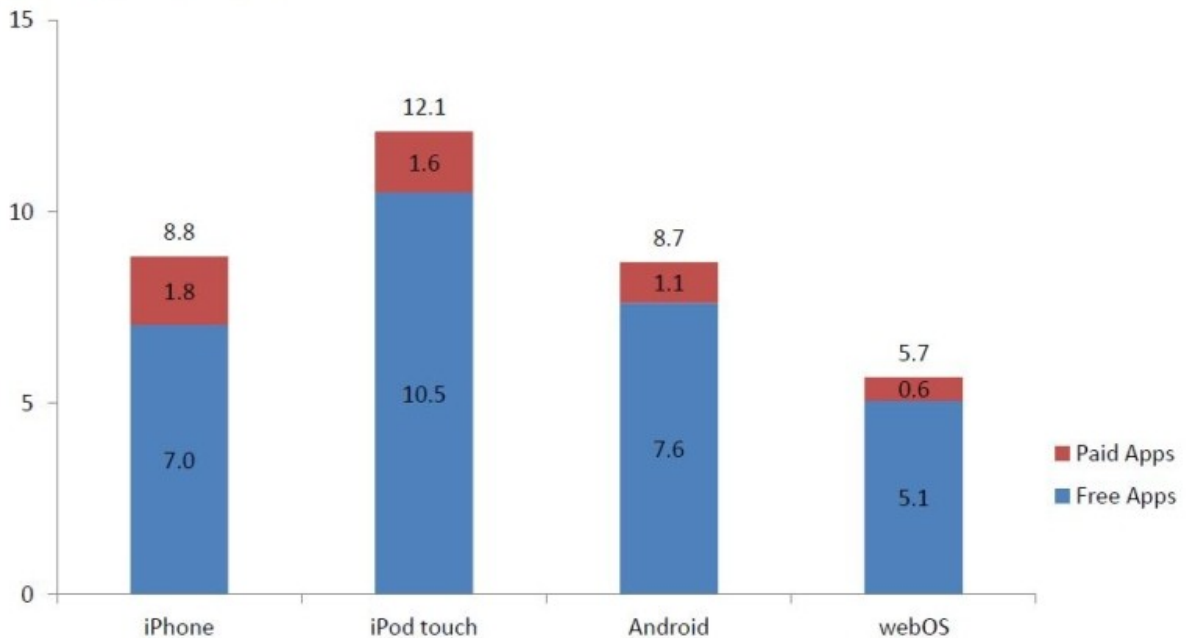
- Over 450,000 apps available for download in Apple's iPhone and iPad store
- More than 150,000 apps available for Android phones across multiple online stores
- Less than 10,000 apps available for the Blackberry (RIM) platform
- Thousands of related smart phone apps, ringtones, and wallpapers

All of the apps and related mobile phone tools are primarily used to enhance the user experience of the individual phone owner or customize the "look and feel" of the mobile device. The number of mobile apps overall creates a large market for introducing Kenji. Primarily because of the size of the potential market, but also because it requires less programming and coding, the iPhone version of Kenji will be introduced first, followed by the Android version, then versions for the other platforms and mobile operating systems.

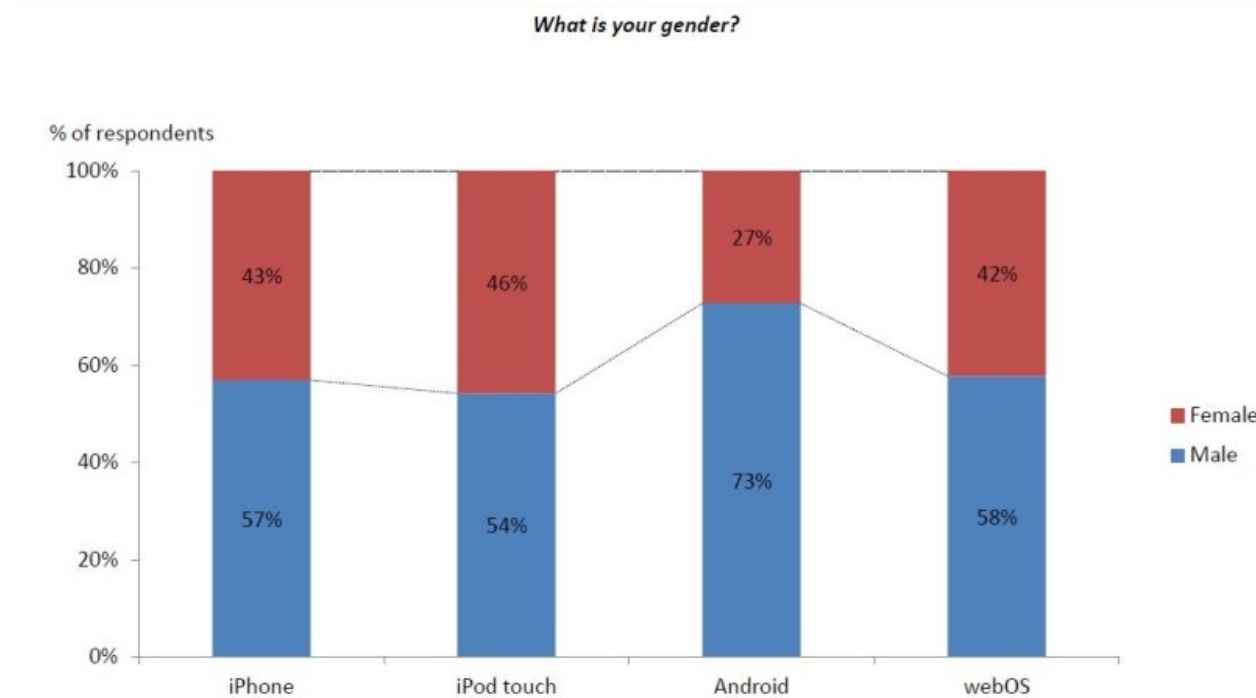
Along with the number of apps, it's equally important to understand the number of actual phones, tablets and mobile devices in use. And, relative growth in platform market penetration and use helps create a sense of what's most important for marketing and selling the Kenji app. The iPhone market worldwide totals over 68 million devices, including iPhone, iPad and iPod Touch devices. And, on average, each user downloads 10-12 apps per month, the majority of which are free.



Average number of apps downloaded per user per month



Equally important, the market for iPhone apps in particular is about equally split between men and women, with men owning slightly more than half of the devices in the marketplace today.



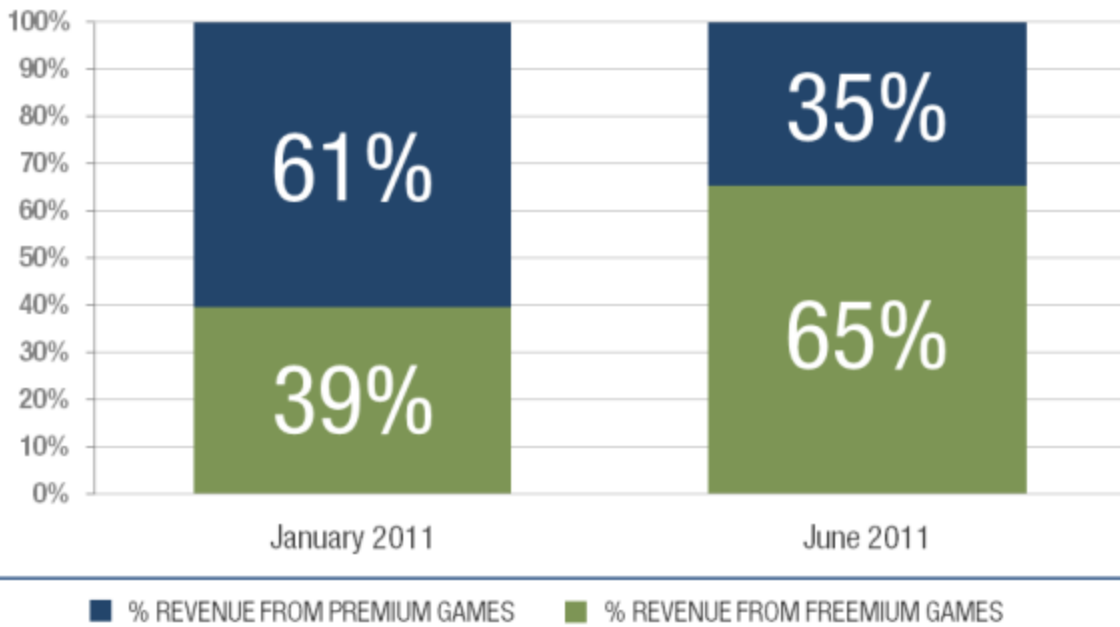
## Kenji Marketing

To effectively promote Kenji, several strategic implications from current app store and mobile download trends are important to recognize.

First, even though it seems counterintuitive, more apps make money through downloads by first offering a free version. Free iPhone and iPod touch games generate more revenue than their paid counterparts on Apple’s 15 billion download-strong App Store. This new finding comes from mobile analytics company Flurry. It analyzed the revenue generated by the top 100 grossing games on the App Store in January and June.

As it turns out, freemium, or free-to-play games generated 65% of all revenue from the top 100 grossing games in June. The majority stake represents a near complete flip-flop from January according to Flurry’s data, when 61% of revenue from the top 100 was coming in from premium, for-charge games.

## Revenue Generated, U.S. App Store Top 100 Grossing Games

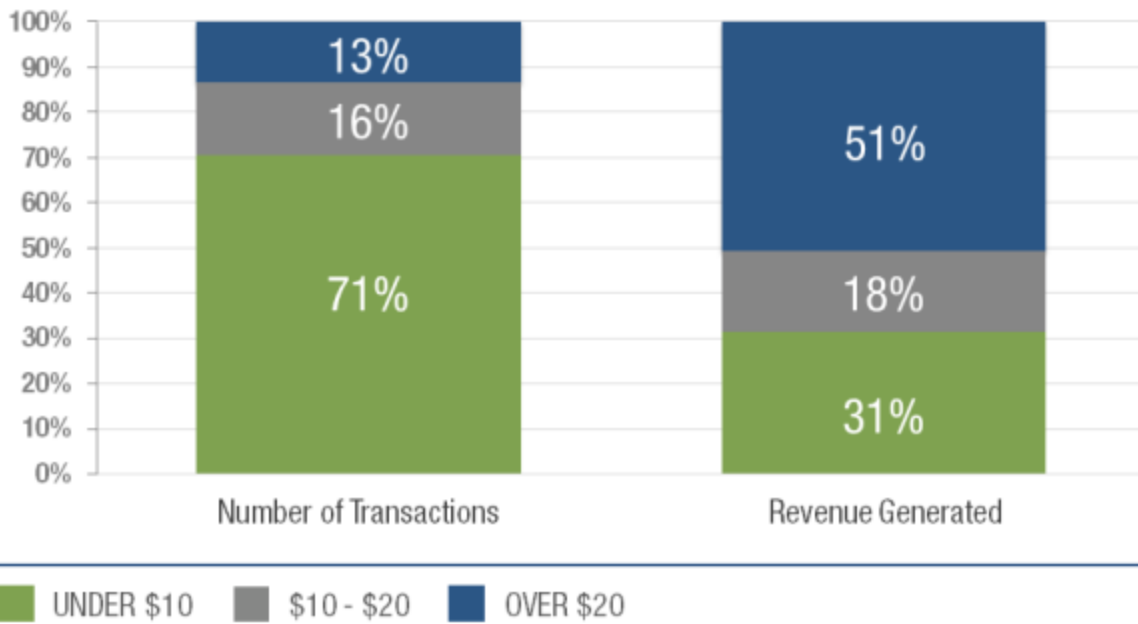


Sources: iTunes App Store, Flurry Analytics, Flurry Analysis

*Implication: The best strategy for Kenji appears to be offering a free, lite version that includes advertising and in-app upgrades to generate revenue.*

Part of the development strategy for iPhone apps includes in-app advertising and purchase opportunities. The reliance on revenue streams from these mobile sources has been productive by generating average revenue of \$14 per transaction. According to the latest research from Flurry, a mobile analytics company:

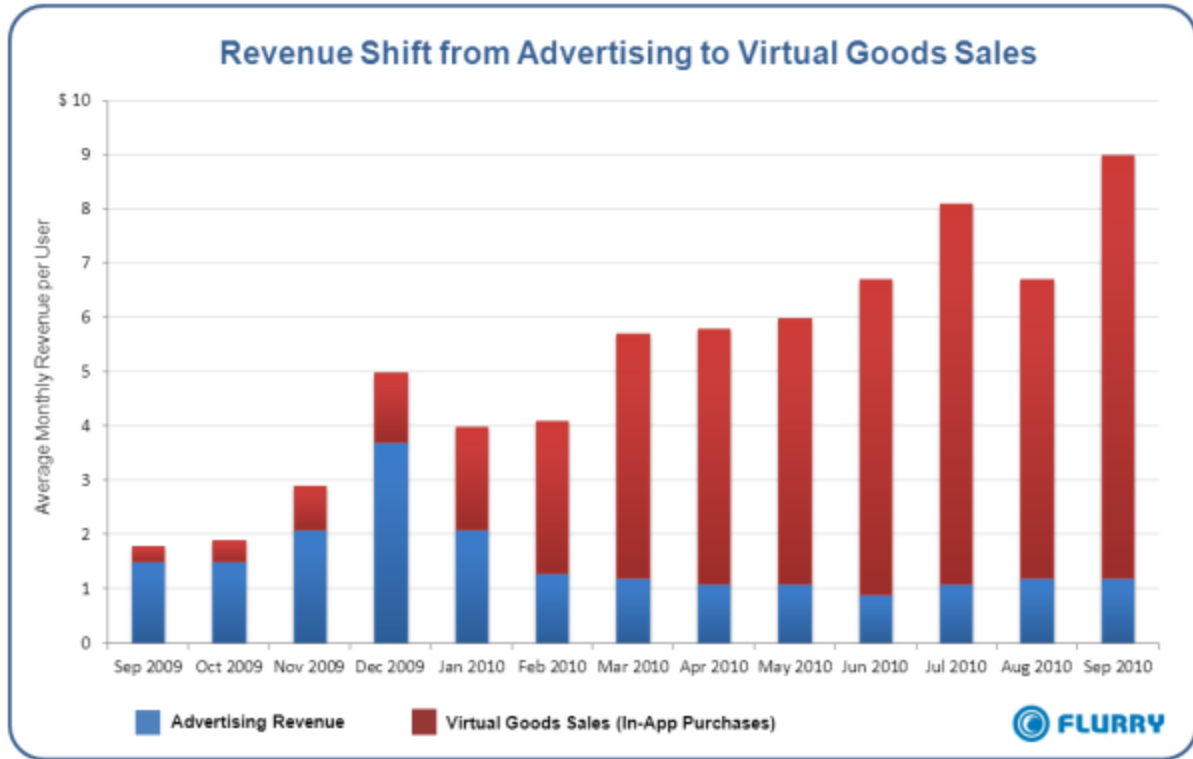
## In App Purchase Transaction Sizes vs. Revenue Generated



Source: Flurry Analytics, Top iOS & Android Freemium Games, 3.5M User Sample

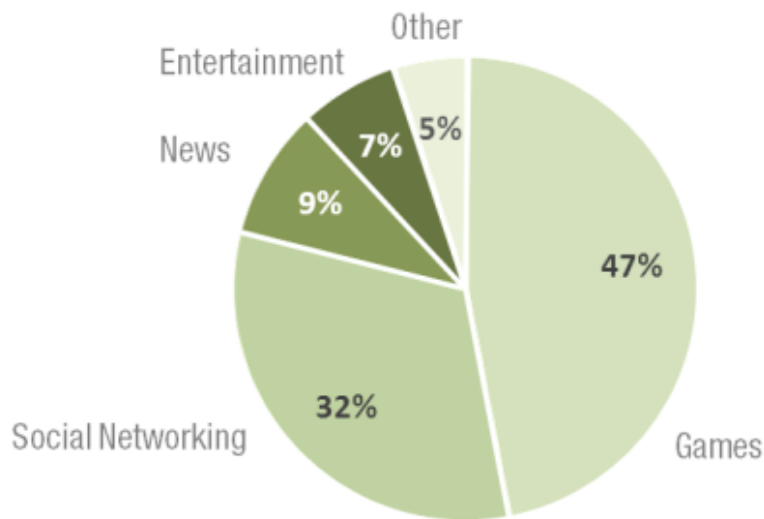
In the mobile app market, approximately 30% of all transactions account for nearly 70% of the revenue.

Within the mobile app market, there has been a pronounced shift from advertising revenue to the sale of “virtual goods” as the major source of earnings. During the holiday season, as expected, responses to advertising generate more revenue. However, since the beginning of 2010, direct in-app sales of virtual goods have been a primary revenue generating tool.



Most of these statistics apply to either social networking apps or mobile gaming apps. There continues to be a concentration of usage by iPhone and smart phone users in these two categories.

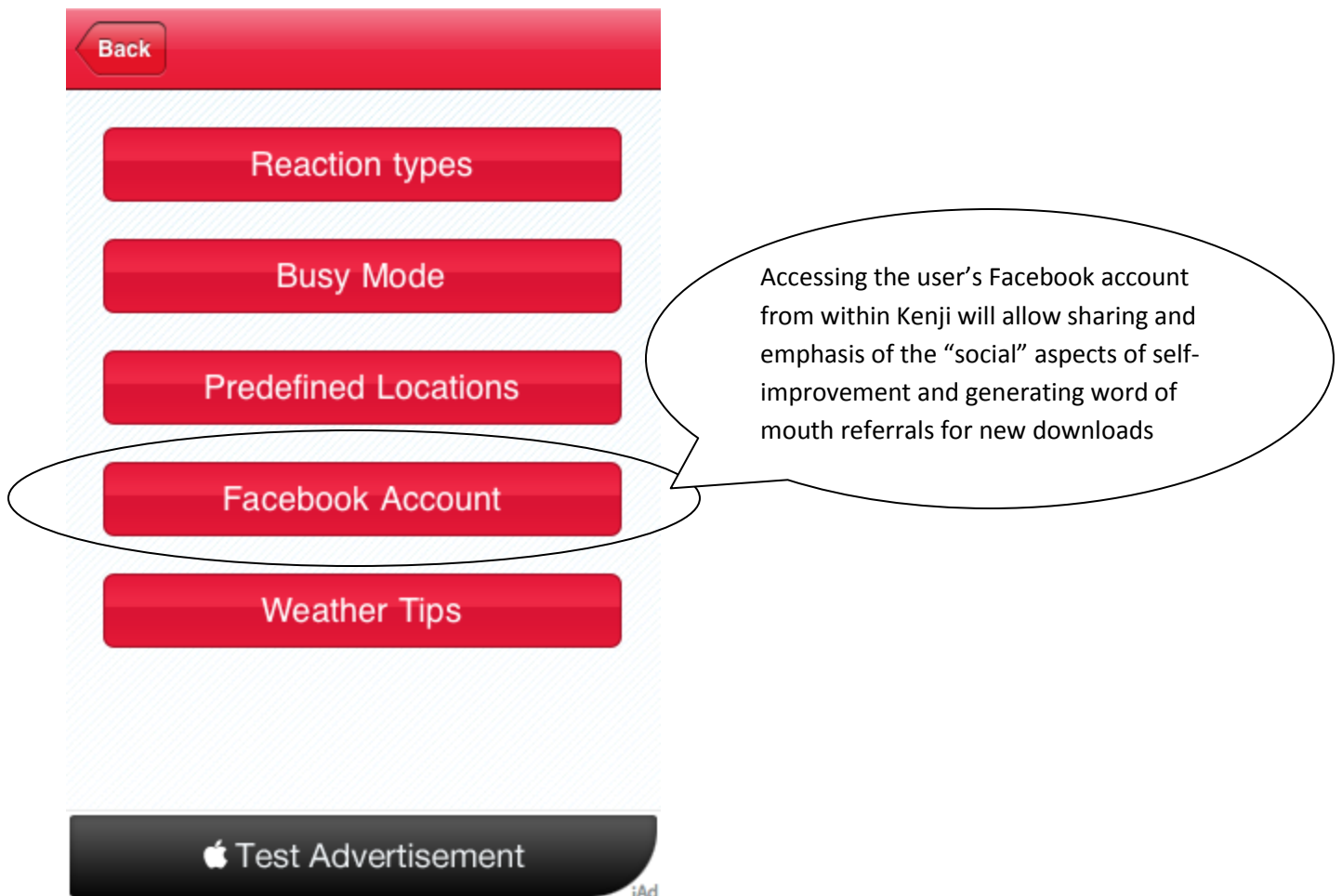
## U.S. Mobile App Consumption, Time Spent per Category



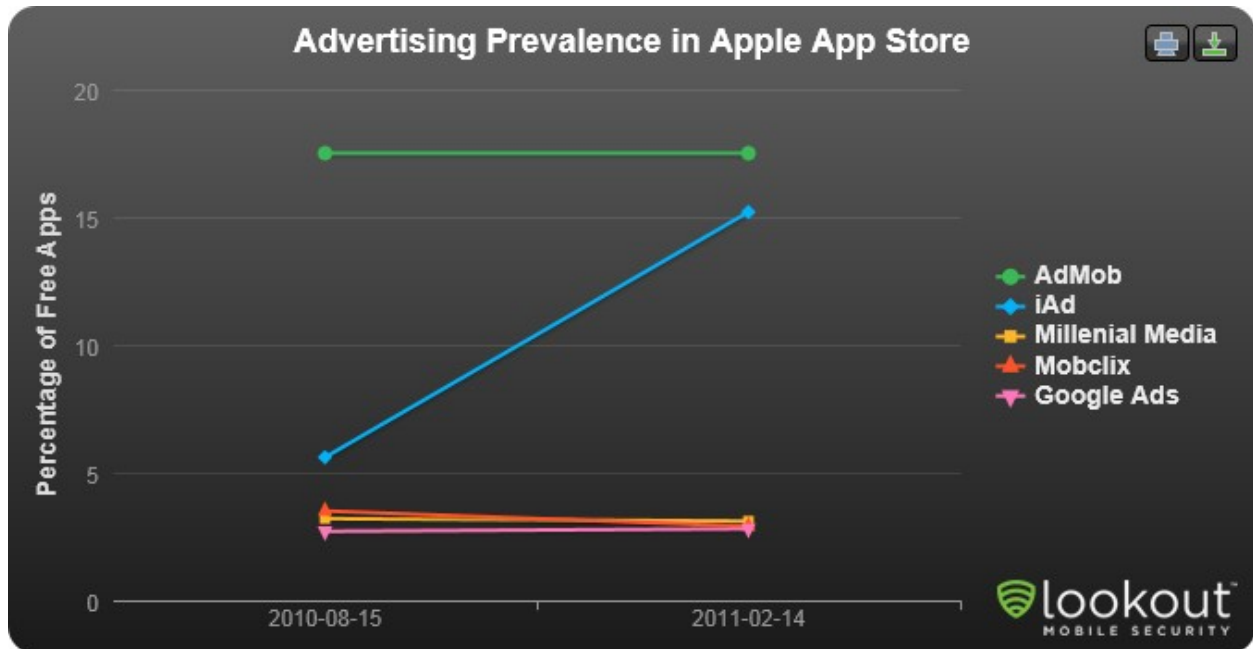
## Kenji Positioning

These latest market facts help point the way toward a proper positioning for Kenji in order to attract the most downloads and generate the most revenue.

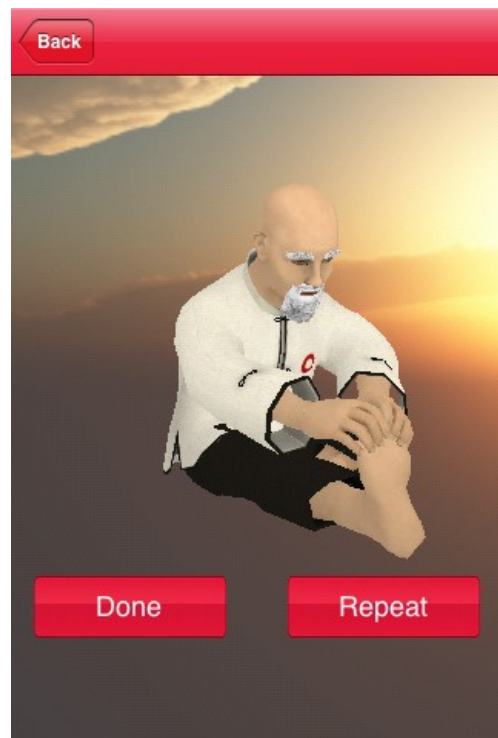
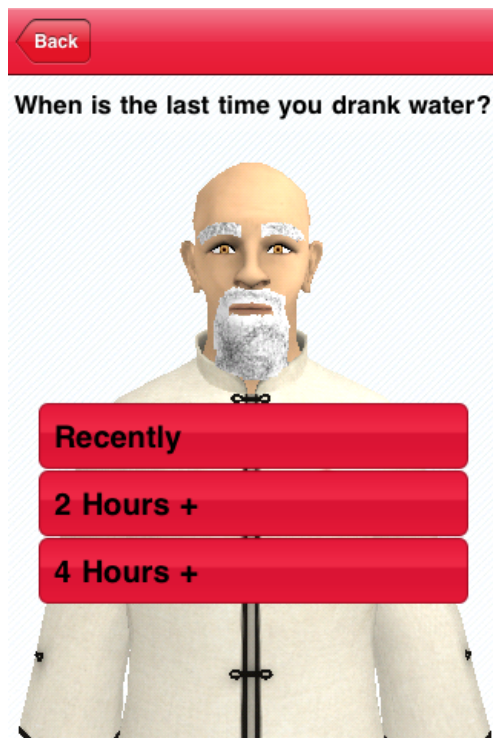
Based on the current Keji design and user interface (UI), connections to social networks can be an important point to emphasize in the marketing communication and strategy.



To recruit advertisers, the Apple iAd network has grown substantially over the past year, especially compared to Google’s AdMob capabilities.

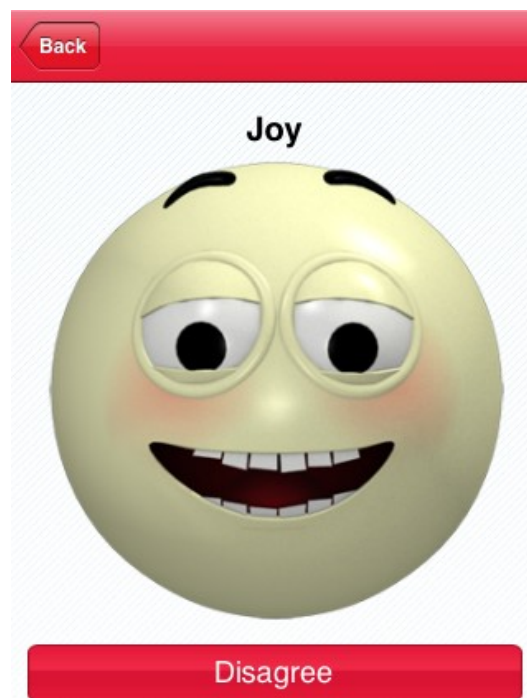


Key advertisements can be tied to specific activities within the Kenji app. For example, during the day, Kenji will ask users if they have had enough water to drink or suggest specific exercises for relaxation to help remove stress and tension the user may be feeling.



These activities or locations with the app represent prime opportunities to present advertisements. To the extent that specific content ads can be served – for purified drinking water or for yoga exercise mats – then Kenji revenues can be a function of ads served.

Selling virtual goods through Kenji – rather than generating revenue through advertisements – is an area that needs to be explored further. Within the app, there are several opportunities to promote and “sell” goods or points to generate revenue. In the examples above, part of the functionality can serve to offer the user an opportunity to buy “water” points or “exercise” points. Accumulation of point totals can then be translated to key emotional states, such as joy or be used to combat more negative emotions such as sadness.



By incorporating virtual rewards as well as advertising, Kenji can also capitalize on the “games” aspect of most app downloads as well as connect with a user’s “social” side.

However, these should be viewed as additions to and not replacements for the overall Kenji marketing strategy and positioning of offering a smart phone app which engages the user in life coaching and self-improvement routines and exercises. The primary Kenji offering and downloadable app provides a mechanism to help smart phones be more intuitive and know how the user feels.



## Kenji Future Developments

Part of Kenji's future and the revenue realized by Exmovere Holdings, Inc. can be supported by more biofeedback and medical support variations of the basic app.

For example, there are several medical prescriptions and drug therapies which require monitoring over time – both in terms of dosage administration and regulation as well as potential side effects. Kenji can help physicians and patients monitor and manage medications as well as symptom levels. If a person suffers from chronic pain, a physician may prescribe one or more medications to help alleviate the pain at least temporarily. Kenji can be programmed to provide a human body picture. The patient can then put an X where pain exists, as well as record the level of pain. At the next office visit, the physician can review these records as part of their overall patient evaluation.

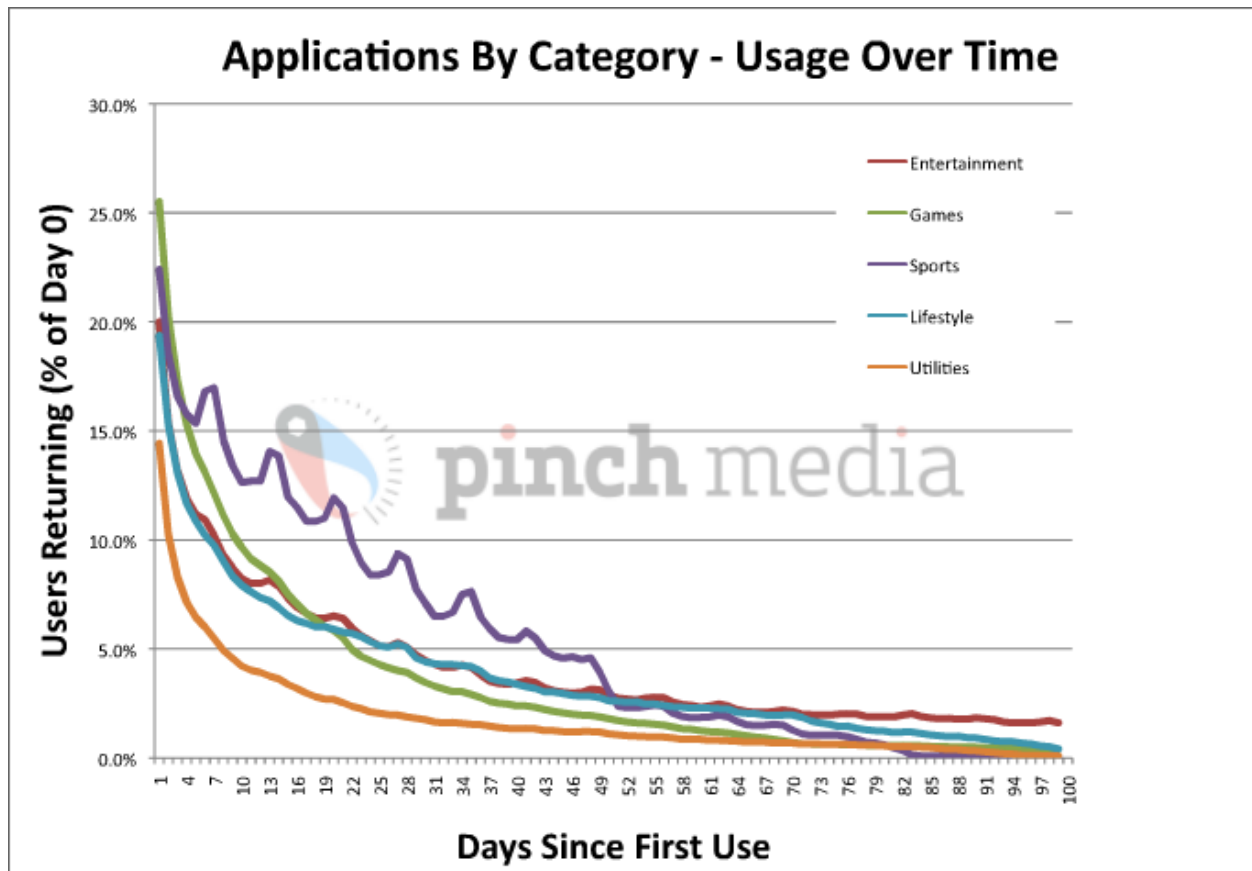
As another example, if a person suffers from high blood pressure Kenji can signal the user to take their blood pressure at regular intervals – daily or weekly – depending on how the user or physician sets up the program. If an in-home blood pressure device is not available, Kenji can encourage the app user to “go to the nearest pharmacy and take your blood pressure” as part of the treatment and monitoring regimen. If the user enters their blood pressure readings when taken, Kenji will keep track of these measurements and report trends over time. Physicians then will have a detailed, timely record of a patient's blood pressure experiences between office visits.

There are a number of ways Kenji can play role to help users feel better, work on self-improvement and track results. Kenji can offer advice and help users with almost any medical, personal, or situational condition where a coach, advocate, sponsor or guru would be useful. This makes smart phones more and more useful. Kenji in an iPhone app takes emotion detection to a new level of usefulness, by helping correlate with or predict what may be wrong and provide suggestions for how to feel better. Not intended to be a diagnostic tool, and only as good as user willingness to provide inputs and consistent use, Kenji works alongside of users, their physicians and medical equipment that already exists – like any good life coach or self-improvement guru.

# Kenji Revenue Scenarios

## Basic Outcomes

On average, the biggest apps in the iPhone store have an average of 3 million downloads, with a short-term active user base of only 15% -- in the first 30-60 days. After 90 days, the active user base declines to just 1% for most, but the Entertainment category remains closer to 2-3% of long-term usage.





PROJECTIONS: Basic Kenji Free – First 12 Months

Downloads: 1 million (conservative assumption)

First 60 days: 7% active users

Average \$ per Active User: \$14

After 90 days: 1% active users

Average \$ per Active User: \$10

Results:

		<b><u>BASIC OUTCOME</u></b>
	Downloads	1,000,000
	Active Users (7%)	70,000
60-90 days	Avg \$ per Active User:	\$14
	<b>Total Earnings - 3 months</b>	<b>\$980,000</b>
90 days plus	Active Users (1%)	1,000
	Avg \$ per Active User	\$10
	Revenue per Month:	\$10,000
	Remaining 9 Months:	\$ 90,000
	<b>TOTAL YEAR</b>	<b>\$ 1,070,000</b>



PROJECTIONS: Medium Outcome with Virtual Sales Revenues and Higher Engagement

		<b><u>MEDIUM OUTCOME</u></b>
	Downloads	2,000,000
	Active Users (7%)	140,000
60-90 days	Avg \$ per Active User:	\$14
	<b>Total Earnings - 3 months</b>	<b>\$1,960,000</b>
90 days plus	Active Users (2%)	4,000
	Avg \$ per Active User	\$15
	Revenue per Month:	\$60,000
	Remaining 9 Months:	\$ 540,000
	<b>TOTAL YEAR</b>	<b>\$ 2,500,000</b>



PROJECTIONS: Aggressive Outcome

		<b><u>AGGRESSIVE OUTCOME</u></b>
	Downloads	3,000,000
	Active Users (7%)	210,000
60-90 days	Avg \$ per Active User:	\$14
	<b>Total Earnings - 3 months</b>	<b>\$2,940,000</b>
90 days plus	Active Users (2%)	6,000
	Avg \$ per Active User	\$25
	Revenue per Month:	\$150,000
	Remaining 9 Months:	\$ 1,350,000
	<b>TOTAL YEAR</b>	<b>\$ 4,290,000</b>