

Letter from JB on AviSight

The one question I get asked the most as the CEO of AviSight is... “How do we do it? “We are regularly asked how we stay at the front of the pack competing against companies that have a year or two head start on us, and many have out-raised us by a factor greater than times 10.

So here is our secret and it’s woven into the fabric of our success. While everyone else in the industry is using a crystal ball, AviSight is using a rearview mirror. This story starts back a little farther with a small group of US Air Force test pilots, engineers, and programmers from Nellis AFB. They flew just about every experimental aircraft that the Air Force considered during their tenure, so when drones came under evaluation, of course they ended up at Nellis with this test group. Heading up the testing was James “Heidi” Fleitz and like any self-respecting pilot, drones looked like a flying lawnmower to Heidi. He was certain that the use for UAV’s (if any) would be minimal. Over time, Heidi’s group under the leadership of General Hoot Gibson discovered numerous uses for drones and the technology they could provide. Together they developed the Air Force’s drone program from scratch and also lent their experience to a few 3- letter agencies with their drone program.

The AviSight team has not only flown more unmanned BVLOS miles than any other pilots on the planet, but through the billions of dollars spent by the Military and thousands of engineering solutions they had solved from the missions flown, they realized one big thing. UAV’s were best at looking for changes in terrain from day to day and protect troop movements. Yes, you hear about the “Kinetic Missions” (where they weaponized a drone and use it to attack a target), and the great surveillance our guys provided the night they killed a certain really bad global terrorist figure, but in the end, over 90% of the missions were terrain appraisal to look for IED’s along routes the troops moved. When their military service was nearing an end, the group decided to take what they had learned on UAV’s to start a commercial venture. Right around the same time, the FAA created NIAS, as a test site in Nevada, and AviSight was honored to become a node. This gave our team the chance to work closely with the FAA and test site to help develop safety and use cases for UAV’s commercial application as they had done in the military.

Like any young company, in the beginning AviSight tried its hand in any drone work it could get, which led to the chance encounter that changed the company’s trajectory forever. AviSight was flying for Vince Neil’s Arena League Football team, and as Vince’s only friend in sports, I was there trying to help him in any way I could. I was amazed when I first saw the drone operating. It was there the whole game and the footage was mind blowing. The referees would come over for replays and say, “Only show me the drone footage, everything else is crap”, so my immediate thought was that AviSight could replace cable-cam in sports. I knew that cable-cam can cost about \$85K a game, kills seats, requires a lot to operate and only covers 60% of the field. At that moment, I began thinking that with all my connections, this is feeling like \$100M business. I made an investment early on in the company and helped complete the capital raise this past year.

We were on our way, except I had not anticipated how steep the climb would be to get drones into an NFL stadium. In fact, when I spoke to the commissioner, he told me that he was more interested in anti-drone tech and did not foresee drones over games for a long time. Sometimes in life you have to take a step backward to take two steps forward. I feared the investment might be lost, but during that time, the AviSight team educated me on the Industrial inspection market and how outdated and costly it was. Companies were not getting the data that could end up saving them hundreds of millions of dollars, and the current inspection platforms were extremely unsafe. Hundreds of people are dying each year, and thousands are injured. Now, this is sounding like a Billion-dollar business, so I simply

asked, “what do you need to make it happen?” I was a little surprised at their answer, which was to ask me to take over as CEO and Chairman of the company. I jumped at the chance and here we are today as the leading UAV critical infrastructure drone company worldwide for the energy sector.

My entire career is based on leveraging generational paradigm shifts within industries. Whether it was my time at Upper Deck, Procter & Gamble, a Nutraceuticals company or even Million Dollar Arm, my experience is that when you get these evolutionary moments in a category, not only is it a chance to build a business, there is an opportunity to take a step forward for humankind. What we are doing in industrial inspections is taking the business from the Flintstones model to the Jetson’s.

We are leading the way on the regulatory front. Our team is working closely with clients in the Oil, Power, and Gas industries to partner with the FAA and develop the work flows to inspect their infrastructure with drones flying BVLOS safely, in the national airspace. Together we are ushering in a new age of data collection and actionability that will play a role in restoring, maintaining, and providing emergency response throughout the grid of U.S. and global critical infrastructure.

Products like our Live Look Fault Vision™ virtually transport our clients to the site of inspection in real time, to quickly and confidently diagnose faults. Then of course, our proprietary C3UBE™, which is the most advanced commercial mobile command center for drones, was launched in 2018 by live-streaming a rig inspection from Galveston, Texas to a luncheon of industry executives at the Petroleum Club in Houston. This evolution of data actionability, will not only yield massive cost savings, but more important it will increase safety exponentially in these very dangerous inspection jobs.

To all our investors, employees, clients, and the ultimate customers they serve, we pledge to do whatever it takes to position and keep AviSight at the leading edge of this industry revolution.

Regards,

A handwritten signature in black ink, appearing to be 'J.B. Bernstein', with a stylized flourish at the end.

J.B. Bernstein
CEO & Chairman
AviSight, Inc.