

# DRIPTTEK: EXECUTIVE SUMMARY

## OVERVIEW

DRIPTTEK is a patented wire rope lubrication system for elevators that virtually eliminates downtime related to wire rope lubrication, increases lubricant efficacy, and extends useful life of wire rope.

## VISION

DRIPTTEK aims to be the world leader in wire rope lubrication in all industrial applications.

## PROBLEM

Elevator wire ropes need proper lubrication to protect from premature wear and tear. Wire rope can cost \$100,000 to replace and proper lubrication can increase the life of the wire rope by 100%. Existing automated lubricators on the market are ineffective. So much so that the most common method for lubrication of elevator wire ropes is a technician riding on top of the elevator car applying the lubricant with a paint brush. This is obviously time consuming and not optimal as this simply coats the outside of the rope with lubricant and does not penetrate the core.

## PRODUCT

Unlike other lubrication methods, DRIPTTEK lubricates the wire rope at the optimal point in the system: where the rope passes through the pulley. It is here that the rope is at its tightest bend radius and therefore the core of the rope is exposed. The DRIPTTEK utilizes an easy-to-replace lubricant cartridge that greatly reduces time on site for elevator maintenance companies.

## CUSTOMERS

DRIPTTEK will enter the elevator market by targeting elevator maintenance companies. In most markets, many elevators are maintained by a few companies, which will lower customer acquisition costs.

## MARKET

The global lubrication market is worth \$126B (TAM) and the U.S. lubrication market is worth over \$14.9B (SAM). The serviceable obtainable market for DRIPTTEK will enter is worth \$745M (SOM). There are 1 million elevators in the U.S. alone.

## COMPETITION

Large companies such as Castrol and SKF produce automated elevator wire rope lubrication systems. These systems are so ineffective that most maintenance companies resort to manually lubricating the wire rope with a paint brush while riding on top of the elevator car.

## BUSINESS MODEL

DRIPTTEK's replaceable cartridge technology will greatly reduce on-site time for maintenance companies allowing them to reach more elevators in a work day. Also, guaranteeing a longer lasting wire rope will be a strong selling point to building owners.

DRIPTTEK is priced competitively at \$1,500 per unit and it will cost approximately \$1,000 per unit to manufacture (33% gross margin). DRIPTTEK's lubricant cartridges are priced at \$100 per unit and will cost approximately \$25 per unit to produce (75% gross margin).

## GO TO MARKET STRATEGY

DRIPTTEK will first gain a footing in the St. Louis market by selling directly to the maintenance companies in the region. Once established in St. Louis, DRIPTTEK will then break into the NYC market.

## FINANCIAL PROJECTIONS

DRIPTTEK projects year 1 revenue of \$22.5M with a gross profit of \$11.3M and \$9.1M net profit. Year 5 revenue is projected to be \$90M. Year 5 gross profit is projected to be \$39.4M with \$29.9M net profit. .

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### TEAM

The DRIPTek team consists of two MBA students from Washington University in St. Louis with backgrounds in Accounting and Engineering. Kirk Pohl, owner of Century Elevator in St. Louis, serves as an advisor to the team.