

**Black
Ink
Business
Services**

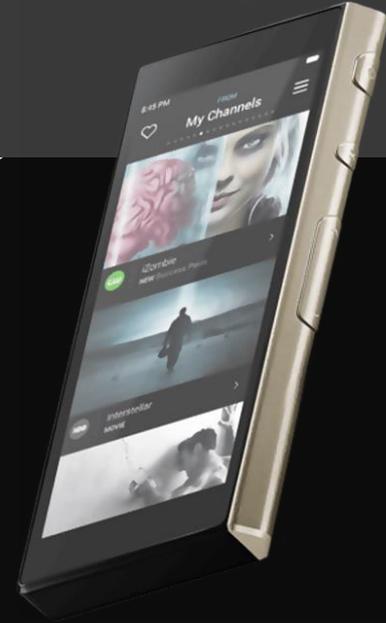


How Black Ink Business Services helped Ray launch, grow and exit

When the founder approached Black Ink with the idea of starting a new venture and with the vision of bringing a consumer electronic product to the market, Black Ink kicked into gear. Based on the founders' prior experience successfully starting and exiting a company, he knew his time would be best spent on the product and talent. Black Ink handled a large portion of the day to day operations that typically eat up a lot of the founders bandwidth. Black Ink advised on how best to start the operations as well as how to never lose focus on building all functions to scale. As an exit approached Black Ink took the lead on all aspects of getting the company through Due-Diligence and to a deal.

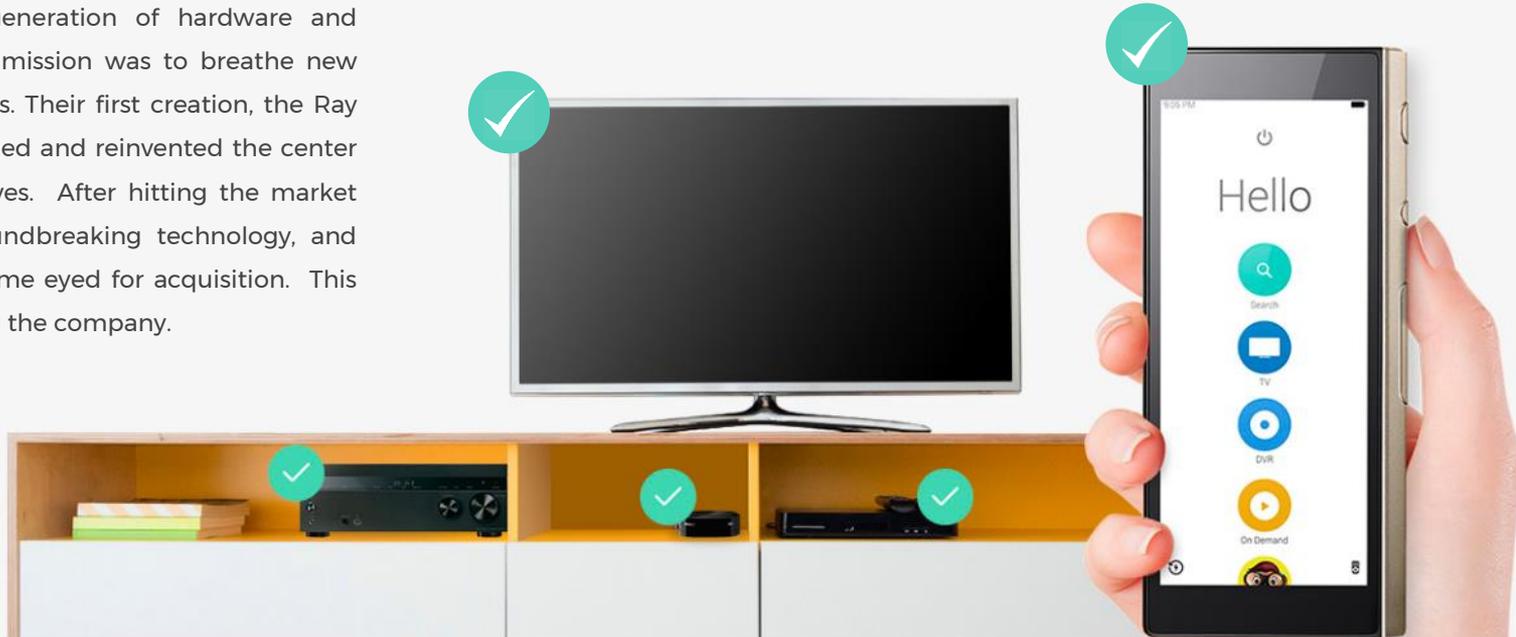
Ray

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Ray's Background

Ray was a consumer technology company focused on developing the next generation of hardware and software products. The mission was to breathe new life into everyday objects. Their first creation, the Ray Super Remote, reimaged and reinvented the center of our entertainment lives. After hitting the market with rave reviews, groundbreaking technology, and many awards, Ray became eyed for acquisition. This led to Amazon acquiring the company.



THEIR CHALLENGE



Where to Start

When the founder came up with the idea of the Ray Super Remote, he had a strategy for the product and company. But, he needed to dive deeper into the administration of logistics such as manufacturing, distribution, inventory. It was also crucial to form the right legal entity and company structure for the business.



Solid Foundation to Facilitate Growth

The founder knew that no matter how great the product was, the company's success depended on seamless product delivery and the ability to support their customers. Within a very short period, the Ray Remote had gone from R&D to development to the production cycle; it needed a foundation that could support such rapid progress



Protect What They Built

Ray Enterprises Inc. was building a product that required protecting Intellectual Properties and the Patent of the product's design. A lot of the value would be in the Intellectual Property.



A Seamless Supply Chain and Inventory Control System

The founder was aware that once the product was developed, managing different moving parts of the finished product inventory would be challenging - from ordering raw materials to delivering the final product to customer's doorstep.



Attract and Keep the Best Talent

Ray had the need to attract key talent in a competitive hiring environment where you must compete for it based company values, work environment, and equity opportunities.



To Be Ready For an Equity Event

With the founders eye on a future investment, or an exit, there was a demand to always have the company ready for an outside party to start due diligence.



OUR SOLUTION



Start-Up & Creation

The Black Ink team met with the founder to understand the company's mission and road map for the future product. Based on these conversations, the Black Ink team provided recommendations on the best entity structure which would meet the founder's goals. After deciding the entity structure, the Black Ink team managed the entire formation process of Ray Enterprises Inc. as well as maintained all compliance.



Build to Scale

While building the finance and operation system for Ray Enterprises Inc., the Black Ink team kept in mind the goals shared by the founder every step of the way. Black Ink knew from the beginning that Ray Enterprises Inc. would be dealing with international customers and vendors in high volume. Black Ink considered all of this while selecting the right GL Software as well as stand-alone AR, AP systems and inventory management systems. It was important to automate as much as possible so that the company could scale as fast as possible. All systems needed to sync with the website instantaneously to keep inventory up to date. Then the systems needed to swiftly pass information to the order fulfillment team so that orders were shipped on a timely basis. All this must be completed while populating the General Ledger in real-time.



Key Employee Retention

The Black Ink team took the lead in designing employee benefits packages - including the construction of the Employee Stock Ownership Plan, selecting employee health/vision/dental insurance plans, and managing the 409a valuation process. The team was also able to help evaluate compensation packages for key employees.



Inventory Management

The Black Ink team helped vet inventory management systems that could handle different moving parts in the assembly process. From the PO creation, to invoicing for a sales order upon the delivery. All while at the same time keep the accounting system updated with COGS and Inventory value while maintaining GAAP. The Black Ink team assisted Ray in obtaining insurance specific to transporting the lithium battery material used in their device. This way, Ray could both protect themselves from potential liability and protect their inventory.



Prepare for an Exit

Black Ink invested upfront to perform pre-diligence and have a ready-to-go data room. This included having a strong accounting manual, up to date IP record-keeping, managing ESOP paperwork, and timely 409a valuation which allowed for Ray Enterprise to have an efficient due diligence process. Black Ink led the company throughout the due diligence process by taking the lead and acting as the main point of contact for Investment Bankers and Potential Investors. Black Ink was able to provide and fulfill all requests, and limited the founder's involvement when they were not needed. This way, founders were able to focus on their day to day business operation and get through the transaction with unnecessary distractions.

IP DELIVERABLES

Lead team for all Patents and Trademarks

Black Ink helped Ray with protecting IP and securing patents by both managing the relationship with the legal team and maintaining internal record-keeping of all the documents. Black Ink provided an IP strategy for Ray including comprehensive patent trademark and copyright advice, along with preparation of all filings for patents, trademarks, and copyright as Ray's business expanded.

- Founder pre-existing IP
- Employee Confidential Information & Intellectual Property Assignment agreements
- Independent Contractor/Consulting Services agreements
 - Protecting IP ownership
- Licensed IP and modifications/improvements
- Current or previous employers
 - Strategic IP Portfolio
 - Patents
- Led and oversaw all Provisional Patent application
- International protection
- Offense and defense against patent trolls
 - Trade Secrets
- Preserve confidentiality
- Limit and control access
 - Trademarks
- Check USPTO trademark database
- Secure federal trademark registration for enforcement
- Not merely descriptive
 - Copyright
- Original work of authorship
- Secure federal copyright registration for enforcement
- Understand 'Fair Use'





Aug 2014

ESOP

Met with founders and vetted equity options for key employees

Feb 2013

Structure

- Black Ink met with founders prior to the creation of an entity and evaluated the best company structure in line with the goals of the company
- Black Ink assisted in filing all necessary State and Federal Paperwork

01

Was the main point of contact with outside legal team to create all necessary plan documents for the Employee Stock Ownership Plan

Onboarded Anvil Analytics to perform a 409 a

03

05

Nov 2016

Investment Banker Cyndx brings Amazon to the table

07

Acquisition from Amazon

Apr 2013

Black Ink takes on the roles of Controller and CFO

02

May 2016

Onboard the M&A team from Cyndx Advisors

04

06

Dec 2016

Lead Due Diligence with Amazon

Post Transaction with Amazon

Ongoing Support with Amazon as Client



THE DELIVERABLES



Formed Ray Enterprises Inc. as well as necessary holding companies



Built strong and efficient accounting department from the ground up and played CFO and Controller role for Ray Enterprises Inc.



Launched Employee benefits including from designing the ESOP to managing ESOP plan on a regular basis.



Pre/Due Diligence

- Played a key role as the main point of contact on behalf of Ray Enterprises Inc. and handled all accounting related requests.
- Black Ink built financial model/investor deck along with Cyndx to present to potential investors.
- Played a supporting role and helped Ray Enterprises Inc.



Ongoing support since its inception till present



DON'T TAKE OUR WORD FOR IT



« Black Ink helped us start, grow and exit. They were there for us from day one to the due diligence process during the acquisition of our business. When we first started developing our product it was too soon to hire full-time employees to fill all of our operational and financial needs, but we also couldn't afford to let anything slip through the cracks. Whether it be a senior talent we were recruiting or an investor group we were courting, the details matter regardless of your company size or stage of growth. Black Ink represented us in our style, with our brand's personality. Their team crossed the T's and dotted the I's. They delivered when we needed it and when we were in the trenches they kept a lookout around the bend. Being able to have continuity in HR legal, operations, and financial services through all stages of growth has been invaluable.»

David Skokna, CEO and founder of Ray





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