



UNIFYING CRITICAL ACTION™
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CORPORATE BACKGROUNDER

for media



REACT SYSTEMS, INC. *Unifying Critical Action.SM*



COMPANY AT A GLANCE

REACT Systems™, Inc. is the innovator and leader in high performance Critical Response Notification Systems (CRNS) that unify critical actions in emergencies and time-sensitive situations. REACT enables health care providers, educational institutions, public safety agencies, facility operators and corporations to dramatically improve Critical Response Performance by assuring incident readiness and real-time, coordinated response. The REACT system can notify first responders and those at risk anywhere in the world, within seconds, delivering targeted video, audio and text-based information via any mode of communication. It is also the most cost-effective, complete CRNS offering, available as a highly scalable on-demand service or a client-server, enterprise software offering.

REACT SYSTEMS HIGHLIGHTS

- CRNS category leader with a four-year development history and rich base of intellectual property
- Addresses critical and growing need to improve Critical Response Performance to reduce risk, vulnerability, liability and compliance concerns
- Most powerful and cost-effective CRN solutions on the market, with the capacity to instantly and reliably alert those at risk and instruct first responders anywhere in the world, within seconds
- Deployable across public and private sectors, including healthcare organizations, public safety agencies, transportation authorities, educational institutions, public buildings and corporations
- Ideal product offering for diverse channels serving key vertical industries, healthcare, education, government, transportation and hotel markets
- Led by Silicon Valley innovators with successful track records for technology innovation and business venture creation

MARKET DYNAMICS

National and international concerns about emergency preparedness and response are growing in both the public and private sectors. Risks and vulnerabilities associated with terrorist attacks, natural disasters, fires, criminal actions and other crisis situations not only command media attention but are increasingly topics of intense debate and scrutiny in legislative chambers and boardrooms worldwide.

Increased spending on homeland security, public safety and emergency communications, growing regulatory demands and other pressures to improve crisis response and preparedness are major drivers for the adoption of new systems and practices to elevate Critical Response Performance. Examples of these drivers include:

- The U.S. House Appropriations Committee in June 2007 approved \$36.3 billion in Homeland Security spending for fiscal 2008, including an increased budget of \$4.5 billion in grants for state and local agencies.
- Spending by U.S. state and local governments on communications technology for first responders is expected to increase from \$3.2 billion in 2006 to \$4.4 billion in 2011, annually.
- Regulations and guidelines from federal agencies, such as OSHA, FEMA and the EPA, as well as state and local laws, require many businesses to develop detailed emergency plans.
- In 2001, the SEC approved new requirements for continuity plans to address emergencies that could disrupt trading.
- The Sarbanes-Oxley Act of 2002 placed new responsibilities on companies to ensure that critical data is preserved and quickly accessible to decision makers after an emergency
- A 2005 survey by industry analyst firm Gartner found substantially increased spending for disaster recovery and business continuity by companies of all sizes.
- Industry analyst firm Datamonitor recently reported that integrated communications is one of the most critical unmet needs to improve effective emergency action by first responders.

THE CRNS CATEGORY

CRNS is an important and fast-emerging category of system solutions that address the vital need of organizations and communities for reliable, real-time communications and coordinated action in a crisis. Growing concerns about preparedness and response are forcing both the public and private sectors to seek out these solutions to address the risks, vulnerabilities, liabilities and compliance issues surrounding emergency and time-sensitive situations. According to Gartner's expectations, 75 percent of all Global 2000 companies are expected to have some kind of emergency notification system in place by the end of 2007.

CRNS addresses the need for improved Critical Response Performance by enabling new levels of preparedness, automation, speed and effectiveness through increased intelligence and integration across existing emergency alert systems and multiple modes of communications. Leveraging a comprehensive CRNS solution, first responders gain instantaneous notification, targeted instructions and updates, and those at risk are alerted with pertinent information that can save lives, reduce confusion and improve emergency and business critical outcomes.

VALUE PROPOSITION

Unifying Critical Action SM

REACT Systems is at the forefront of CRNS innovation, offering a growing family of commercially-available products and solutions that dramatically improve Critical Response Performance by unifying vital actions in emergencies and time-sensitive situations. The company enables public safety agencies, healthcare providers, educational institutions, facility operators and corporations to assure incident readiness and real-time response for threat or crisis containment.

The company offers the industry's most comprehensive solution for notifying, directing and coordinating all parts of the emergency response chain. No other solution provider has the scope and level of functionality, scalability, security and adaptability, along with fast, easy and cost-effective deployment as REACT Systems.

Features and Benefits of REACT Systems

- Situational readiness, awareness, and simulation
- Automated alerts, instructions and advisories
- Alerts with information defined at the time of an emergency and updated with new information as the situation unfolds and new information is available
- Native language delivery of information
- Instant notification and targeted delivery
- Coordinated action by all critical assets
- Centralized and/or distributed control irrespective of location
- Contextual content with real-time instructions and procedures
- Automated or dynamic triggers for ongoing communication
- Multiple channels of contact and communication
(*voice, fax, email, SMS, IM, video, digital public displays, PC screens*)
- Single button alerts activated from desktops, telephones, wireless devices or embedded alarm systems (*shortens communication chain*)
- Global, assured reach and redundancy
- Secure and verifiable communications
- Rapid and user-directed deployment in any organization or environment
- Easily updates standard procedures

PRODUCT LINE OVERVIEW

REACT Systems offers the industry's most comprehensive and easily deployed solutions for instantaneously notifying, directing and coordinating all parts of the emergency response chain. REACT's product line includes both REACT! Enterprise™ and REACT! OnDemand™.

REACT! Enterprise is a fully scalable, client-server, enterprise solution that can reach millions of users, within seconds. It enables targeted and verifiable notifications and audio/video instructions to be instantly transmitted and updated via multiple channels of communications to first responders and those at risk—reaching anybody, anywhere. It is easily configured into existing public safety networks, alarms and surveillance systems and all standard communications infrastructures to provide the highest degree of protection and compliance in the industry. Administration and control can be centralized or distributed irrespective of location. Notifications and alerts can be launched from desktops, telephones, wireless devices and/or automatically triggered through integration with leading security systems. As information changes, alerts can be continually updated to increase situational awareness, speed response times and optimize resources. Users can receive multiple alerts simultaneously, with the highest priority events displayed as they are sent. (Users can also review instructions and procedures from previous alerts at any time.) REACT emergency managers can automatically provide detailed instructions in any number of languages with Unicode support.

Key REACT! Enterprise Features and Benefits:

- Server failover/redundancy
- Reporting tools with logging/audit trail
- Encrypted, secure communication
- Remote installation and upgrades
- Continuous monitoring of system components
- Online and offline billing
- Customizable “panic button” style single-button alert function
- Requires no dedicated computers or new hardware
- Configurable to any operating environment

REACT! OnDemand offers the same comprehensive functionality, targeted communications capabilities, high-performance, and ease of administration of the enterprise edition, but in hosted, on-demand configuration that makes REACT! even easier to deploy.

Key REACT! OnDemand Features and Benefits:

- ***Always available:***
 - Access anywhere in the world
 - 24x7 customer service
 - Enabled by PCs, PDAs and Cell Phones

- ***Always easy:***
 - Online administration
 - Easy and rapid start-up with IT staffing and training requirements

- ***Always effective:***
 - Scaleable to support millions of users, worldwide
 - Supports two-way communications

- ***Always safe and secure:***
 - Redundant, geographically distributed servers
 - Biometrically controlled access to hosting center
 - AES encryption

TARGET INDUSTRY SECTORS

Healthcare Institutions

Emergency preparedness and patient safety are top priorities among healthcare executives in America's 7,569 hospitals and other healthcare institutions. According to a survey of healthcare CIOs conducted in 2006 by the Healthcare Information and Management Systems Society, implementing technology to reduce medical errors and promote patient safety topped the list of current priorities and was second only to implementing an electronic medical record (EMR) system among future priorities. In the same study, when CEOs were asked to identify the business issues that would affect healthcare in the next two years, patient safety outranked all other issues except patient satisfaction and Medicare/Medicaid cutbacks.

Critical to patient safety is the need for emergency preparedness and quick, effective response to issues and incidents such as CODE alerts, fires, criminal activity and other natural and man-made disasters. A hospital must be able to notify staff and the public instantly and reliably. REACT provides targeted, detailed, and relevant information to specific recipients based on their responsibilities and location during critical events. As information changes, alerts can be continually updated to increase situational awareness and speed response times.

Education

There are more than 100,000 schools in the United States alone, and statistics show that more than 150,000 serious crimes occur in these institutions each year. A broad array of other emergencies also can put students, faculty and administrators at risk, including natural disasters, fires and chemical spills.

As part of an overall preparedness plan, REACT Systems can dramatically improve emergency response and outcomes in these situations, providing effective notification and instruction to security personnel, faculty and students, as well as local law enforcement and public safety agencies. Critical security notices can be delivered via computer desktops, hallway monitors, classroom televisions, phones and other devices.

Public Safety Agencies

Entrusted with a huge responsibility to ensure the safety and security of communities they serve, local, state and federal safety agencies must rely on rapid and effective communications to do their jobs. The emergencies they regularly face are daunting: In 2005, there were more than 1.6 million fires reported in the United States, causing an estimated \$10.6 billion in property loss and killing more Americans than all other natural disasters combined. There were close to 1.4 million violent crimes, including 16,692 murders, 93,934 rapes, and 862,947 aggravated assaults. Improved coordination through rapid and integrated communications is imperative to respond to emergencies and critical time-sensitive situations.

REACT! Enterprise enables the notification and coordination of government emergency services personnel to ensure incident containment and mitigation by reducing response times, improving the quality and relevance of communications, and allowing interconnectivity among all participants in the response chain.

Transportation

Including airlines, mass transit systems, railroads and shipping ports, transportation is a critical industry in the world economy—one that requires increasing levels of emergency preparedness. Nearly 660 million passengers flew on more than 10 million flights via U.S. airlines in 2006. Some 32 million Americans ride trains, buses and subways on an average day, according to the American Public Transportation Association. More than 13 million containers will be shipped into the United States in 2007 from foreign ports. Concerns about sabotage and terrorist attacks—heightened by incidents such as September 11 and the July 7, 2005, London bombings of three subway trains and a bus—are leading transportation and public safety officials to adopt new measures and technologies to protect citizens.

REACT manages emergencies and threats to transportation systems, including airports and air travel, highways, freeways and toll roads, railways, ports and borders. The system enables instantaneous notification and coordination of first responders as well as passengers via existing public display screens and public address systems, in order to ensure public safety throughout all areas. REACT! integrates easily with automated transportation security and communications systems to enhance traveler satisfaction and peace of mind.

Industrial Facilities

There are approximately 15,000 facilities in the United States that produce or store large quantities of 140 highly hazardous chemicals regulated by the U.S. Environmental Protection Agency. According to a study of 125 sites conducted by the Paper, Allied-Industrial, Chemical & Energy Workers International Union, nearly 60 percent of those surveyed believe they face high or medium likelihood of a serious accident and more than half fear a catastrophic event due to a terrorist attack. OSHA standards require most industrial plants, and any facility dealing with hazardous substances, as well as many other employers, to have an emergency response plan.

REACT allows these facilities to automate and make actionable their emergency response plans, ensuring that critical notifications, information and instructions to specific incidents reach those who need to respond, as well as those at risk, rapidly and reliably.

By integrating into existing emergency alert and alarm systems and communications devices and displays, REACT! creates a cohesive and controlled system for alerting and updating those involved in emergency incidents.

Public Gathering Places

Just including the nation's 40 largest college football stadiums, NFL stadiums and major league baseball parks, the nation's leading sports facilities have a total combined capacity of 6.7 million people, more than the populations of any U.S. city except New York and all but 12 U.S. states. Add to this the thousands of other professional, college and high school sports facilities, public arenas and performance halls, and the numbers are staggering. The nation's 20 largest shopping malls have combined leasable space of more than 45 million square feet, where millions of shoppers convene every day. Ensuring their safety and protection in emergency situations is a major concern to operators and public safety agencies alike.

REACT manages emergency communications and response for public gathering places, enabling unified action among public safety and internal security personnel, as well clear, relevant notifications and instructions for crowd control via public display and address systems. This comprehensive, cost-effective enterprise-wide solution improves public safety and minimizes loss of life or injury in an emergency. REACT! integrates smoothly with building security and automation systems and reduces posted signage and paperwork while enhancing visitor and employee satisfaction. The system also streamlines sales communications and branding messages through its public interface.

Corporations

A corporation's ability to quickly and effectively respond to emergencies and other time-sensitive situations can have a major impact on employee and customer safety, business continuity, corporate brand reputation, liability and regulatory exposure, revenues, and other factors critical to the business. These emergency situations go well beyond disasters like fires, hurricanes, violent acts and chemical spills. For example, in its Emergency Management Guide for Business & Industry, FEMA provides a list of additional emergencies for which corporations must be prepared, including communications failures, civil disturbances and loss of a key supplier or customer.

REACT allows companies to instantly inform and quickly direct corporate personnel and outside resources in any emergency via multiple modes of communications – whether the emergency involves a natural disaster, a computer virus outbreak, public relations crisis, or supply chain mishap. By ensuring unified action to address any time sensitive situation or emergency, REACT helps create alert enterprises with the capacity to move quickly in response to critical challenges.



MANAGEMENT

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