

# ENDEAVOR IP, INC.

## IP Firm Could Ultimately Be Worth Hundreds of Millions

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### ENDEAVOR IP, INC. (OTC:QB – ENIP - \$0.65)

Price Target: \$3.00

Rating: Speculative Buy

### COMPANY SNAPSHOT

Endeavor IP, Inc. is engaged in the protection of intellectual property in the United States. The intellectual property covers wireless communication technologies and remote access energy monitoring systems. The Company actively pursues licensing revenues by providing a license to its intellectual property to those entities that wish to acquire a right to use the technology. The intellectual property was acquired from third parties and includes U.S. issued patents and applications.

### KEY STATISTICS

Price as of 10/15/13	\$0.65
52 Wk High – Low	\$0.84– 0.28
Est. Shares Outstanding	42.8M
Market Capitalization	\$27.8M
3 Mo Avg Vol	NMF
Exchange	OTC:QB

### COMPANY INFORMATION

Endeavor IP, Inc.  
36 Fairway Place  
Half Moon Bay CA 94019  
[www.enip.com](http://www.enip.com)  
650.421.3089

### INVESTMENT HIGHLIGHTS

**The value of intellectual property (IP) owned and licensed by firms in the communications industry is in the tens of billions of dollars.** Some of the biggest wireless technology IP acquisitions and licensing deals include the \$12.5B acquisition of Motorola Mobility by Google (NASDAQ – GOOG) and the recently announced Microsoft (NASDAQ – MSFT)/Nokia (NYSE – NOK) deal.

**Endeavor IP owns unique IP that could ultimately be worth in the hundreds of millions in licensing revenue.** The Company owns patents that cover key segments of the wireless communications and fast-growing smart energy meter monitoring spaces.

**The Company has already entered into 4 settlement and license agreements generated by the patent portfolio currently being enforced by Endeavor IP's wholly-owned subsidiary, Endeavor Meshtech Inc., which confirms there is meaningful IP value inside the Company.**

**ENIP has filed multiple patent infringement lawsuits, including against the well-known Con Edison Solutions.** The Con Edison Solutions suit has been included in the federal patent pilot program which may lead to an expedited resolution.

**With the execution of its patent enforcement program, along with the potential of additional IP acquisition and licensing opportunities, we believe that ENIP is a great pure play technology IP stock with huge potential.** As the model moves forward, we believe ENIP will enjoy success similar to noted technology IP stocks Vringo (NASDAQ – VRNG) and Wi-LAN (NASDAQ – WILN) which carry markets caps in the hundreds of millions. We rate ENIP Speculative Buy with a \$3.00 price target.



## ENDEAVOR IP, INC. (OTC:QB ENIP)

### COMPANY OVERVIEW

Earlier this year, Endeavor IP, Inc., following the disposition of a wholly-owned subsidiary operating in a different industry, elected to take advantage of opportunities in the business of the commercialization and development of intellectual property assets. The Company's primary focus is the acquisition and development of patents through internal or external research and development, and the monetization of those patents via licensing or patent enforcement actions, including litigation.

To that end, in May 2013, the Company purchased certain intellectual property rights from Mesh Comm, LLC and Solid Solar Energy, Inc., and changed its name to Endeavor IP, along with corporate bylaws, etc.

Endeavor IP Mesh two U.S. patents and one pending patent application from Mesh. These patents relate to wireless communication networks, as well as all rights, title and interest in all related causes of actions and other enforcement rights as well as a royalty equal to 20% of the net revenues from any Enforcement Activities or Sales purchased patents pursuant to the terms of a Proceeds Interest Agreement. Additionally, the Company assumed all Mesh obligations of Mesh under that license agreement between Mesh and a third party licensor.

The Company acquired two patents from Solid Solar relating to remote access energy monitoring systems and electric alternating current sensors for measuring alternating currents in circuit conductors, as well as all right, title and interest in all related causes of actions and other enforcement rights and a royalty equal to 20% of the net revenues from any Enforcement Activities or Sales Transactions related to the purchased patents pursuant to the terms of a Proceeds Interest Agreement. Additionally, the Company granted Solid Solar a personal, royalty-free, irrevocable, non-exclusive and worldwide license to develop, distribute and sell Solid Solar's products and services covered by the patents sold to the Company.

#### Key Patents

Through the Mesh transaction, the Company owns United States Patent No 7,379,981 entitled "Wireless Communication Enabled Meter." According to publicly available information regarding the patent, this patent award relates to a meter, such as a utility meter, enabled for wireless communication. The invention relates to a self-configuring wireless network that enables data capture of metering sites and wireless transmission of the data to one or more collection sites. Among other things, this invention overcomes meaningful drawbacks in the way certain wireless networks operate, such as the self-configuring feature and ability to use a meter wirelessly.

The Company also owns United States Patent No 7,366 201 "Remote Access Energy System Meter and Method." This invention provides a remote access energy monitoring system that enables remote monitoring of an energy generation facility. This system and method includes a meter server that communicates with the client wirelessly to provide energy production values, in real-time.



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In our view, it is apparent that Endeavor IP owns intellectual property in key, fast-growing segments of the technology space, including certain wireless communication and smart meter (primarily for energy) monitoring and operation. Although the smart meter deployment is one of the most important and fast-growing deployments in the energy arena, reliable and real-time communication remains a major stumbling block in its broad deployment. As a result, there are several methods of communicating data and monitoring including utilizing a fixed wireless, or mesh network approach, for which the Company appears to have meaningful IP rights.

According to a report released in August 2013 by Transparency Market Research, the demand for smart electricity meters was 25 million units in 2011, and is expected to reach over 148 million units in 2018, growing at a CAGR of 18.7% from 2012 to 2018. In terms of revenue, the market was valued at \$4.0 billion in 2011, and is expected to reach \$19.8 billion in 2018, growing at a CAGR of 16.5% from 2012 to 2018. Increasing smart meter penetration due to benefits such as prepayment facilities, fraud detection, peak consumption knowledge, and energy saving is expected to drive the market over the forecast period. In addition, growing awareness of the importance of ensuring energy efficiency by controlling electricity usage during peak hours is expected to positively impact smart meter demand.

### Recent Events

Over the past few months, Endeavor IP has made meaningful progress in its efforts to monetize its acquired IP. As is the case with most firms in the industry, Endeavor seeks to monetize its assets via licensing and royalty agreements, which is typically accomplished via patent enforcement through litigation. To that end, the Company has entered into 4 separate licensing and settlement agreements, including one with a leading communications provider in the energy industry. It is typical that such arrangements are not fully disclosed in terms of the other party or terms, although some data and information can be obtained via public record in unsealed court documentation.

Most important, the Company has filed patent infringement suits against three defendants in the past 2 months, including Con Edison Solutions. The Con Edison suit was also included in the new Federal Patent Pilot Program. Under this program, fourteen designated U.S. District Courts, including the Southern District of New York, receive additional federal resources intended to augment the courts' expertise in patent litigation and increase judicial efficiency in managing their patent litigation dockets. Industry commentators have suggested that Federal Patent Pilot Program accelerates disposition times for participating cases. As a result, inclusion of this suit in this program could prove to accelerate a resolution.

It is impossible to predict what type of award Endeavor could win in these enforcement actions as these cases can take many months or years, prior to resolution. However, a cursory review of similar types of cases demonstrate that in those instances where the plaintiff and defendant come to an agreement or the plaintiff has indeed had IP infringed upon, the settlement and royalty agreements can certainly be worth tens of millions to the plaintiff.



## **ENDEAVOR IP, INC. (OTC:QB ENIP)**

### **INDUSTRY COMPARABLES**

The value of IP in the technology world had prompted a huge increase in patent suits and M&A of firms deemed to hold valuable intellectual property that has not yet been fully monetized. For example, Google (NASDAQ – GOOG) acquired Motorola Mobility for \$12.4 billion in 2011 for its incredibly valuable IP in the mobile wireless space. The recently announced multi-billion dollar Microsoft (NASDAQ – MSFT)/Nokia (NYSE – NOK) deal includes major licensing of IP by Microsoft.

Separately, in addition to Endeavor IP, there are two other publicly traded pure plays in the technology IP space that we believe are great comparables for the Company. In our view, Endeavor is simply at an earlier stage than these firms, although management is following a similar path to monetization and potentially additional IP acquisition and development.

Wi-LAN, Inc. (NASDAQ – WILN) engages in the acquisition, development, and licensing of technology intellectual properties, which are utilized in products in the communications and consumer electronics markets. The company holds and licenses a portfolio of patents that implement a wide range of technologies, including wireless access, wireline access, and digital television, as well as patents pertaining to semiconductor, digital storage, and antennae technologies. The stock currently has a market cap of nearly \$500 million and will generate \$100M in revenue next year with substantial profit margins north of 50%, due to the nature of the royalty model.

Vringo, Inc. (NASDAQ – VRNG) engages in the innovation, acquisition, licensing, and protection of intellectual property worldwide. Its intellectual property portfolio consists of patents and patent applications covering telecom infrastructure, Internet search, and mobile technologies. It should be noted that the stock trades at a market cap of over \$200 million despite generating little revenue monetized from its IP to date. Therefore, it can be surmised that the company's valuation reflects the future monetization of its assets via enforcement actions such as litigation, and bodes well for the future value of Endeavor IP.

### **THE ENDEAVOR IP LEADERSHIP**

#### **Cameron Gray, Chief Executive Officer**

Cameron Gray has served as a special advisor to Elysian SSG since March 2013 and as an outside consultant to Pine River Convertibles Fund Ltd. and Pine River Master Fund Ltd since April 2013. Mr. Gray co-founded Claims Capital in March 2012. From June 2009 to January 2012, Mr. Gray served as the Senior Vice President of ICAP Patent Brokerage and served as a Director of IPXI from June 2008 to March 2009. Mr. Gray was chosen to be a director of the Company based on his knowledge of patent monetization.

Mixing broad expertise in law, finance/investment and science, Dr. Cameron Gray brings to Endeavor IP a strong record of success in fast-paced, entrepreneurial environments and deep business experience across multiple industries. Dr. Gray's background is well-suited to guide the strategic path for Endeavor IP.



## ENDEAVOR IP, INC. (OTC:QB ENIP)

### Andrew Uribe, Director

Andrew Uribe has served as the President and Director of Emy's Salsa AJI Distribution Company, Inc. since July 2006. Mr. Uribe has served as the President of Calima Group LLC since September 1999. Mr. Uribe served as the sole officer and director of Southridge Technology Group, Inc. (OTCBB:SOUT) from April 13, 2007 through July 13, 2007. Southridge Technology Group, Inc. provides customized computing and communications services and solutions for small to medium-sized businesses. Mr. Uribe has served as a Spanish language interpreter for the Johns Hopkins Medical Center since 2003 was an adjunct instructor in clinical forensics at Anne Arundel Community College in 2003. From March 2000 until December 2004, Mr. Uribe was a chemist for the U.S. Department of Defense. Mr. Uribe has in the past been involved in the development and marketing of point-of-care testing for HIV antibodies for use in underdeveloped countries as a screening tool for early diagnosis. Mr. Uribe served as the Chief Executive Officer, Chief Financial Officer, Secretary and Director of American Strategic Minerals Corporation from December 2011 to January 2012. Mr. Uribe was chosen as a director of the Company based on his experience and knowledge of public company operations.

### RISK FACTORS

In our view, Endeavor IP's biggest risk factors are the typical issues facing firms in this space. It can take years before settlements occur or litigation is resolved in the company's favor. Moreover, the potential value and magnitude of such settlements and awards is difficult to predict at these early stages. Moreover, finding firms infringing on the patents and filing these suits can take time and cost a significant amount of money. With \$1.5M raised in May, however, we believe that management has more than enough cash to vigorously pursue such cases and even develop or acquire additional IP. Successes recorded by firms such as Wi-LAN also indicate that courts appear to lean towards the plaintiff in some cases. Separately, ENIP's stock, in its current form and business is a relatively new trading security and therefore trades at low volumes and occasionally with a meaningful spread, illustrating low liquidity. As the Company matures, and investor awareness occurs this fall, we believe that the stock will enjoy substantially higher trading and share price levels. In any event, all of these risk factors are typical concerns and are also consistent with firms of Endeavor IP's size and standing.

### CONCLUSION

With the execution of its patent enforcement program, along with the potential of additional IP acquisition and licensing opportunities, we believe that ENIP is a great pure play technology IP stock with huge potential. As the model moves forward, we predict that ENIP will enjoy success similar to noted technology IP stocks Vringo (NASDAQ – VRNG) and Wi-LAN (NASDAQ – WILN) which carry market caps in the hundreds of millions. As noted above, the perceived value of VRNG's portfolio has garnered it a premium valuation despite the lack of IP monetization to date, which we believe could carry over to ENIP.

Moreover, as the Company achieves milestone events such as additional patent infringement suits, progress with existing litigation, settlement agreements or the addition of new IP, the stock should enjoy solid gains.

We rate ENIP Speculative Buy with a \$3.00 price target.



## ENDEAVOR IP, INC. (OTC:QB ENIP)

### Senior Analyst: Robert Goldman

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

### Analyst Certification

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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