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SPECIAL REPORT:

TECH'S NEXT REVOLUTION

One of today's hottest technology trends is represented by three simple letters:

IoT.

These letters stand for the "Internet of Things," or just "IoT" for short.

IoT is a broad term:

It encompasses many different areas and sub-sectors—from self-driving cars, to "smart" thermostats for your home, to fitness trackers like the Fitbit that you can wear on your wrist.

What makes each of these devices part of the IoT revolution is that they can be connected to the Internet, making them infinitely more powerful.

For example, the Fitbit became a multi-billion dollar product not just because it can track your steps and calories—but because it can upload all that data to the Internet.

Once the data is online, you can slice and dice it to keep better track of your health and fitness goals, and you can easily share it with your doctor.

But IoT goes well beyond the world of personal fitness:

Linking devices to the Internet could disrupt just about every major industry on the planet—from international shipping and deep sea oil drilling, to video games and fashion.

A recent study from market research firm *Business Insider* forecasts that by 2020, more than **34 billion** devices will be connected to the Internet.

10 billion of those devices will be traditional computers and mobile devices. But the other 24 billion will be "things" like cars, fitness trackers, or sensors built into shipping containers.

Think about that: just five years from now, the market for connected devices will be more than twice as big as the market for computers and mobile phones!

A growth opportunity of this magnitude hasn't come along since the PC revolution.

The companies that capitalized on the PC revolution ended up creating some of the most valuable brands in the world today.

Microsoft. Apple. Dell.

These companies created billions of dollars of wealth for their founders, their early executives—and most importantly for you—their early investors.

Imagine if you'd owned even a small stake in these companies just when they were just getting off the ground. Even a tiny investment would have turned into millions of dollars.

We believe the Internet of Things is providing a similar wealth-creating opportunity.

And this time, everyday investors like you can get your share.

In the rest of this report, we'll tell you:

1. Everything you need to know about IoT—from what's driving its growth, to who the major players are.
2. The sub-sectors of IoT that are set to produce the biggest profits in the shortest amount of time.
3. And finally, we'll show you how to invest today in some of the hottest companies *within* those sectors.

So let's dive right in…

WHERE TO LOOK FIRST

Given the broad applications for IoT, for investors, it can be hard to determine where to look first. Let us help...

We suggest that you start your hunt for IoT profits in three IoT sub-sectors:

- Wearables
- Connected Automobiles
- Connected Homes

The reason for our suggestion is that each of these sub-sectors is already gaining considerable traction on three important fronts:

- Innovation
- Investment
- And most importantly, consumer adoption

In the following sections, we'll review each sub-sector, and we'll explain why it can provide growth opportunities for early investors.

IOT GROWTH SECTOR #1: WEARABLES

Fitness trackers, "smart" watches, eyeglasses embedded with cutting-edge technology—these are the types of devices defining the IoT "wearables" market.

A couple of examples you might be familiar with include the Fitbit wristband that tracks your fitness, and the Apple Watch.

Unlike some of the more "experimental" IoT sectors, the wearables market has already been embraced by consumers. In 2015, for example, consumers spent more than $3.5 billion on Apple Watches and Fitbits alone. And those are just two of the many devices in this space.

For a sector that didn't exist 10 years ago, that's extraordinary growth—and clear proof of demand.

But the wearables market goes well beyond simple watches and fitness trackers. Some devices focus on creating connections between technology and our *brain*. A start-up called Thalmyic Labs, for example, built a device called the MYO…

The MYO monitors your brain signals, and then translates those signals into commands for various electronic devices. Imagine turning on your television just by thinking about it… or tuning your radio to your favorite station without lifting a finger.

Other wearable devices include augmented reality headsets.

These headsets are similar to virtual reality headsets, but instead of immersing you in a virtual world, they *augment* your existing world.

For example, look at Google's augmented reality experiment, Google Glass. As you can see in **this video**, you can use these special glasses to trade messages with friends, check the weather and get directions… all without touching a computer.

Most of these devices are still in the experimental stage and haven't gained much traction with consumers yet. (Google Glass, for example, was a dud.) But it won't be long before one of these devices turns into a breakout hit.

Among the many companies aiming to build these newfangled devices is Florida-based Magic Leap. It recently raised more than **$1 billion** in investment capital from Google, Alibaba, and other huge corporations to finish building its much-hyped augmented reality device.

Other big technology firms, from Intel to Apple, are also placing big bets on innovative start-ups in the IoT wearables market.

But big corporations aren't the only ones investing billions—so are the professional investors known as venture capitalists, or "VCs" for short.

Since 2010, VCs including Andreessen Horowitz (run by the inventor of the web browser, Marc Andreessen) have invested more than **$3 billion** into wearable technology start-ups.

Now that you know more about this sub-sector of the IoT market, you might be ready to start investing yourself. So a bit later in this report, we'll show you exactly where to look.

But for now, let's review another key growth sector in the IoT space.

IOT GROWTH SECTOR #2: CONNECTED AUTOMOBILES

The IoT sector we're going to explore next is an exciting one, and it's creating some big opportunities for investors.

In fact, Warren Buffett recently called it a "real threat" to his $66 billion fortune.

You see, nearly one-third of Buffett's profits come from his company's insurance subsidiaries—companies like GEICO.

Connected automobiles, and more specifically, self-driving cars, threaten to vastly reduce the premiums these insurance companies earn. Here's why:

Self-driving cars have built-in sensors, cameras and GPS devices. Without any human intervention, they're able to navigate city streets and highways.

Google's been testing these self-driving cars since 2009. And after clocking more than 1.8 million miles, these cars have only been involved in 6 fender benders—all of which were due to mistakes by other drivers.

With self-driving cars, there's no one to fall asleep at the wheel, and no one to get distracted with a phone call or a text. These vehicles could virtually eliminate car accidents.

But no more car accidents means no more expensive premiums for car insurance. And no more expensive premiums means lower profits for Buffett.

This may be bad news for Buffett and his shareholders—but it's fantastic news for investors who get in on this trend early.

Dozens of companies are already commercializing self-driving cars and other forms of connected automobiles.

Tesla, for example, already has self-driving capabilities. Tesla trades on the Nasdaq and is valued at $36 billion.

And Uber and Volvo recently inked a $300 million deal to collaborate on self-driving cars.

But the most exciting innovations in this market aren't coming from multi-billion dollar giants…

The most exciting innovations are coming from *start-ups*.

Start-ups like Veniam and Savari Networks, for example, are building technology that allows cars to communicate with *each other*. This could be a game-changer for everything from keeping traffic flowing smoothly, to avoiding collisions.

And these types of start-ups are already delivering huge profits to their early investors.

For example, Cruise Automation—Cruise is a connected automobile start-up we wrote to our readers about—was recently acquired by General Motors for **$1 billion**. In just six months, early investors made an estimated 1,011% on their money.

Investors are flocking to this sub-sector of IoT to search for future profits: in fact, over the past five years, early-stage investors have put nearly $1.4 billion into connected automobiles.

In the coming years, we believe there will be continued investment activity in this sector.

And in just a moment, we'll show you how you can jump in yourself.

But first, let's review the final IoT growth sector of our report.

IOT GROWTH SECTOR #3: CONNECTED HOME

In the final IoT growth sector we'll review in this report, we'll look at the market for the "connected home."

This market is particularly exciting. It has the power to transform one of the most important aspects of our lives: how we live in our homes.

A recent report from Goldman Sachs said that this sector is the "next proving ground for the IoT, combining both the potential to spawn new lines of products and services in areas such as security cameras and kitchen appliances, and the chance to reduce energy use and costs through smart thermostats and HVAC systems."

Actually, we'd argue that the Connected Home market no longer has anything to prove. Consumers have already demonstrated that they want these devices, and are willing to pay top dollar to get them.

Furthermore, this market has already delivered real money to early investors.

Take Nest Labs as an example:

Nest makes thermostats for your home. But these are no ordinary thermostats. They're "intelligent." They adjust the temperature of your home based on such inputs as the weather outside, how far you are from home, and the preferences of your family members.

This new level of convenience and functionality for what was historically a "boring" device—combined with its sleek, beautiful design—generated quick demand:

Soon after it launched, Nest started selling 40,000 to 50,000 units per month. And according to market research firm, GigaOm, about a year later it was selling 100,000 units per month.

At $250 per unit, this tiny start-up was generating $300 million in annual sales—for a thermostat!

Google soon woke up to Nest's potential and realized it needed to be in the connected home market as well. So it swept in and bought the company… for $3.2 billion in cash.

Early investors made 20 times their money.

But Google didn't stop there.

It soon acquired another connected home device called DropCam for $500 million.

DropCam builds a home security solution you can control from your iPhone. So if you're away on vacation, or simply out to dinner, you can pull out your phone and see what's happening inside your house in real-time. You can also record the footage so you can view it later.

Hundreds of start-ups have popped up recently to capitalize on the connected home trend, and investors are flocking to this burgeoning market, too:

Over the past five years, investors have poured more than $1.7 billion into early-stage connected home companies.

YOUR INVESTMENT OPTIONS

As you've just learned, IoT touches nearly every facet of our lives, and nearly every major market sector.

Today we focused on three of the most exciting of these sectors.

In just five years, these three sectors have exploded to attract some of the world's largest and most important companies and investors. Within that time, more than $6 billion has been invested into start-ups in these markets. And the numbers get even bigger when we consider the value of M&A activity like Google's acquisition of Nest.

But this might leave you wondering, "I'm not some important venture capital firm or corporation. I'm just a regular investor. How do ***I*** get in on these start-ups?"

Well, here's the thing…

Historically, you *couldn't* get in on these start-ups. You had to sit on the sidelines and wait for them to mature and then go public in an IPO.

Sure, you could invest in Apple or Google to get some exposure to the IoT market—but that's not very exciting. Companies like that are already established, mature and diversified.

In other words, Apple doesn't generate much of its revenue from its Apple Watch…

Google makes the bulk of its profits from advertising, not from its Nest or DropCam devices...

And people aren't lining up to buy a Tesla because of its self-driving capabilities.

The most exciting "pure play" IoT companies are early-stage, privately held start-ups.

These companies don't trade on the NYSE or the Nasdaq, so you can't invest in them from your Schwab or Merrill Lynch account.

Again, historically speaking, this market was off-limits to you. That's because, ever since 1933, the U.S. government made it *illegal* for individual investors like you to invest in privately held start-ups.

In order to invest in a start-up, you had to meet two requirements:

1. You had to be what's known as an "accredited investor"—meaning, you needed to have a net worth of at least $1 million, or earn more than $200,000 per year.
2. You needed to have a relationship with the start-up you were investing in.

So for the last 83 years, only the wealthiest and most well-connected investors had access to these deals. Which is a shame, because start-ups have produced some of the greatest investment returns in history.

In fact, according to a study published by the market research firm Think Advisor, the five most profitable investments of all time were from early-stage, private companies.

But now we have some good news for you...

THE JOBS ACT

On May 16th, 2016, a new set of laws took effect.

These laws are known as The JOBS Act.

Now, for the first time in 83 years, everyday investors like you can invest in high-growth, high-potential early-stage companies.

It no longer matters how much you're worth, how much you earn, where you're from, or how "well-connected" (sorry for the pun) you are. You can invest in exciting start-ups from the comfort of your living room, and investment minimums can be as low as $50 or $100.

That may not sound like a big investment, but given the type of returns these investments can generate, even $50 or $100 could turn into a windfall of cash.

If you'd invested $100 into some of the IoT companies you read about in this report, today you'd be sitting on thousands of dollars in profits. And if you'd put just $1,000 into a start-up like Cruise Automation, you'd be sitting on a six-figure nest egg.

That's the power of getting in early.

EARLY-STAGE IOT INVESTMENTS

In case you're eager to get in early on some of the IoT growth sectors we've just discussed, now we'll tell you where to look for these investment opportunities.

You'll find them on a special new type of website. It's called a "funding platform."

Funding platforms allow individual investors like you to invest in start-ups over the web.

These platforms are highly monitored and regulated by the Securities and Exchange Commission, and by FINRA, the main regulatory authority in the equities market.

A few of the higher-quality platforms that cater to everyday investors like you include WeFunder, SeedInvest, Republic and StartEngine.

But there are many others as well.

We feature some of the best deals from these platforms in Crowdability's "Deals Digest" email. We send that to our readers every Monday morning.

And given the rapid pace of innovation in IoT , we regularly feature exciting investment opportunities from this sector. In fact, there are several IoT start-ups raising capital right now. Here are a few of them (depending on when you read this report, some of these opportunities might already be closed, but more are popping up all the time):

- **Keen Home** – Keen's goal is to improve the "core systems" of the home, including the systems that control the air we breathe. You see, according to the company, "Human beings consume more air daily than any other substance and chemicals and toxins are easily absorbed through the lungs. "

So the company's first product is focused on creating a "smarter" air vent and filter:

By integrating its vents and filters with internet-enabled sensors and software, the company can constantly monitor the air in your home for specific contaminants—and when necessary, filter them out.

Its device is currently on the shelves of 600 Lowe's stores, and it's already generated more than $2 million in sales. **You can learn more about the company here** »

- **SecurShade** – In the wake of numerous school shootings across the country, entrepreneur Gordon Clements created SecurShade. This is a connected device that immediately responds to active shooter situations in a school or campus by rapidly executing a "school lockdown" procedure. This includes automatically lowering the shades throughout the building, and within 3 seconds, notifying the local authorities and school administrators of the situation and location of the threat.

  The company is currently raising seed funding to commercialize its product. **You can read more here** »

- **CareSentinel** – CareSentinel is "The Caregiver's Helper." It provides an immediate warning to caregivers when someone in their care gets up from a bed, or exits a room or a home.

  If you have an elderly or disabled relative, the CareSentinel system will send you a text, email or app notification when he or she needs help. And it all happens automatically, through the network of sensors that are installed throughout their home.

  Given the growth in our country's elderly population, solutions like CareSentinel's will likely be in high demand well into the future. The company is currently raising up to $2 million so it can bring its product to market. **You can learn more here** »

THESE ARE NOT RECOMMENDATIONS

To be clear, we're writing about these companies because they're interesting examples of the type of IoT start-ups that are raising money. We're *not* writing about them to recommend that you invest in them.

We say that for three reasons:

1. Investing in *any* early-stage private company is risky. Before you start making such

investments, you need an overall investment strategy, and you need to conduct serious research on each individual company.
2. Before we recommend an investment to our readers, we conduct 50 to 100 hours of research. We haven't done anywhere near that level of research on these opportunities.
3. We only make official recommendations to subscribers of our premium research services–services like *Private Market Profits*.

Private Market Profits is the world's first research service focused on providing individual investors with actionable investment ideas in the private markets.

Its goal is to help you identify private, early-stage investment opportunities that offer significant upside potential. In other words, investment returns that far exceed what you'd expect to earn in the public markets.

Every month, subscribers receive a new investment idea backed up by an in-depth digital prospectus. (Investment minimums are typically from $100 to $500, so these deals are appropriate for all investors.) The prospectus includes a detailed analysis of the company and its product, growth and profit forecasts, and research on its industry and competitive position.

If you'd like to learn more about this service, **you can do so here** »

And if you'd like to do your own research on any of the companies we mentioned in this report, simply click the links above. Once you register for the funding platform that's hosting each deal, you'll be granted access to all of the investment material on each start-up.

Before you make any investment decisions, we encourage you to visit the **Free Resources** section of our website. That's where you can watch free educational videos on early-stage investing, and download special reports.

These resources can help guide you as you consider making your first early-stage IoT investments.

Here's to your success!

Best Regards,
Matt Milner & Wayne Mulligan
Founders & Chief Investment Officers,
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ABOUT CROWDABILITY

Crowdability provides individual investors with education, information and insight into opportunities in the crowdfunding market.

Our free website and email newsletter aggregate and organize deals from an ever-expanding universe of crowdfunding platforms. We aim to save people time and simplify the process of discovering and evaluating crowdfunding opportunities.

BENEFITS OF JOINING CROWDABILITY

- Never worry about missing an opportunity - we track them all for you
- Gain access to education and resources that remove the confusion and anxiety about early-stage investing
- Hear from professional venture and angel investors to help you better understand the mechanics of early-stage investing and how to identify the best opportunities
- Crowdability's goal is to become your primary resource for navigating the equity crowdfunding landscape.

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