

Franchising Blue Eagle

Preface:

Blue Eagle is one of the most recognized and reputable investigation firms in the insurance fraud market. Over the last 24 years, Blue Eagle has developed a business model that works as the cornerstone of our business. Our clients love our model because it is effective, efficient and tailored to the insurance fraud industry.

Blue Eagle is now expanding throughout the United States through franchises. In order to continue to be successful, Blue Eagle must insure that it's business model is not only duplicated, but strictly followed and adhered to.

The most important part of any national business is it's branding. McDonald's is one of the most successful franchise brands in existence today. Why? Because they have very strict protocols in place – a business model - to insure their brand is consistent and, most importantly, the best at what they do.

What does McDonald's do? When you get down to the basics, they sell hamburgers. There are lots of ways to make hamburgers – lots of restaurants across the world sell hamburgers. But McDonald's has a very precise method for making a McDonald's hamburger. In order to be part of the McDonald's family, a franchise must adhere to and strictly follow the precise method to make a McDonald's hamburger. Deviate from this method and it's no longer a McDonald's hamburger, and the brand is lost.

Blue Eagle is no exception. Every franchise we allow into our family must adhere to the strict protocols of our business model. No exceptions. The integrity of Blue Eagle's brand is paramount to the franchise's success.

Current Day Private Investigators:

- Generally, one of the most consistent and lucrative revenue areas for a private investigator has been the insurance fraud market.
- Today, individual PIs and small PI companies simply cannot compete in this market because:
 - o Insurance carriers are looking for national investigative vendors rather than local.
 - I.e., Allstate recently went from 800+ PI vendors to just 4
 - I.e., Liberty Mutual went from 1,200+ PI vendors to less than 10
 - o More insurance carriers have vendor panels that are not accessible without adequate insurance and national coverage.

- Individual and smaller PI companies have businesses based solely on other types of investigations – i.e., corporate, domestic, informational, etc. – that are typically not as profitable as the insurance fraud market.
- Being successful as an individual PI or smaller PI company in today’s market outside of the insurance industry requires very specialized skills developed over years in a prior career that most PIs just do not have.

What Blue Eagle can do for a Franchisee!

- Provide the benefit of Blue Eagle’s brand and reputation – we are one of the nation’s best and most recognized investigations firms
- Provide instant access to many insurance carriers’ vendor panels
- Provide instant revenue stream in states Blue Eagle currently does work
- Provide national advertising by Blue Eagle
- Provide proven business model in the insurance fraud arena
- Provide training and support from our HQ

Franchising Territories:

- Blue Eagle’s Corporate HQ is in Kansas City, and our HQ region is Kansas & Missouri - these states are not available for franchising.
- Franchisee “territories” will typically be statewide throughout the US:
 - o Individual State Territories for CO, ND, SD, MT, UT, NM, AZ, NV, ID, WY, WA, OR, AK, IN, MI, OH, KY, TN, LA, AL, MS, GA, SC, NC, WV, VA, MD, PA, NY, CT, NJ, DE, VT, RI, ME, HA
 - o Two or more Territories for CA, TX & FL

Franchisee Structure:

- Franchisees will create a new entity (i.e., Blue Eagle Franchise of Alabama) and maintain state (agency) and individual (PI) licensing, as applicable.
- Franchisees will own and operate a Blue Eagle franchise for the purpose of conducting work exclusively within the insurance fraud market.
- Franchisees will conduct sales and actively promote Blue Eagle’s brand and reputation within their territory to the insurance fraud market.
- All work/revenue from the insurance fraud market will fall under the Blue Eagle umbrella and be structured as follows:
 - o All work will initiate through Blue Eagle’s HQ
 - o Franchisees will be assigned all work within their region

- Franchisees will follow Blue Eagle's protocols/model regarding all aspects of their work (notes, video, documents, etc.)
 - Franchisees will turn over all completed work product to Blue Eagle's HQ
 - All final reports, videos, invoices, and etc., will be submitted to the client by Blue Eagle HQ
 - Upon receipt of payment, all revenue shares will be dispersed to franchisees, less Blue Eagle's royalties.
- Blue Eagle HQ and franchisees will maintain accounting that is accessible at all times.
 - All work/revenue outside of the insurance fraud industry will remain the sole property and work product of the franchisee under their other existing name/company, if any.

Franchising Fees:

- Small Market State will be \$50,000 per territory/state
- Mid Market State will be \$75,000 per territory/state
- Large Market State will be \$50,000 per territory/state
- The first 10 franchises signed get a significant discount on the franchise fee
 - \$50,000 would fall to \$40,000; \$75,000 to \$50,000 and \$100,000 to \$75,000

Royalty Fees:

- 20% Royalties on Gross Revenue from insurance fraud work/revenue which includes:
 - All work intake
 - All work distribution
 - All report production
 - All video production
 - National sales efforts by Blue Eagle HQ
 - Handling of accounts receivable
 - Blue Eagle will collect all revenue and disperse 80% of receivables to franchisees.

Financing:

- Blue Eagle will finance up to 75% of the franchise fee
 - There will be NO set monthly payments
 - Instead, payments will come from 5% of the franchise's gross revenue
 - So no payments unless the franchise is earning revenue

Training:

- Franchisee will receive comprehensive training at Corporate HQ.
- Franchisee will learn Blue Eagle's successful business model including operations and practices.
- Franchisee's training will be included free, except for travel expenses.
- Franchisee will receive complete guide to required equipment.

Marketing Materials:

- Franchisees will purchase from Blue Eagle – at cost – banners, brochures, pens, magnets, and other promotional materials.
- Franchisees will receive copies of all Blue Eagle images, logos, etc.
- Franchisees will purchase other promotional materials such as business cards, local advertising items, and etc.
- Blue Eagle will provide national advertising.

Initial Contract:

- Term for initial contract will be 10 years.
- Franchisees will have marketing benchmarks that must be met .
- Contract renewal terms will be 10 years.
- Contract may be terminated by Blue Eagle for reasons, including (but not limited to):
 - o Non-compliance with state/local laws/requirements
 - o Conduct detrimental to Blue Eagle's brand
 - o Failure to report all work and/or revenue in the insurance fraud market
- Non-compete & non-disclosure in the insurance fraud market will be in place for 2 years at conclusion of Franchisee's contract
 - o Will cover all regions where Blue Eagle is franchised, as well as Blue Eagle's Corporate HQ region (KS & MO)

Services Offered & Rates:

- Franchisees will offer the same services as Corporate HQ.
- Uniform Standard Rates Nationwide (except as contracted with clients)
 - o \$85/hr & .44¢/mi
 - o Allow regional promotional rates with approval from Corporate HQ