



## **NexTech AR Solutions Corp. Disrupting E-commerce With Web Enabled Augmented Reality**

*Q&A with Evan Gappelberg, CEO of NexTech AR Solutions Corp.*



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“Augmented Reality and 3D shopping is happening. If you don’t want to get left behind you need to climb on board and start to integrate AR and 3D experiences into your business; with our solution it’s fast, easy and affordable.” - Evan Gappelberg

**CEOCFO:** *Mr. Gappelberg, what is the focus at NexTech AR Solutions Corp today?*

**Mr. Gappelberg:** The focus at NexTech is to bring AR (Augmented Reality) to the masses first through our patent pending universal AR ecommerce platform, our education and training platform, as well as our AR live streaming platform.

**CEOCFO:** *Are people really ready?*

**Mr. Gappelberg:** Absolutely! In fact, AR is the fastest growing industry, the fastest growing technology on the planet today. What is happening with AR on a global level is simply transformational. If you look at AR, the addressable market is basically everybody on the planet, but if you look at the installed base of phones, that represents roughly 3.2 billion people that are part of our installed base and that is expanding, as people buy more smartphones, to 4.6 billion. Therefore, because you have this huge installed base of AR enabled devices in the hands of consumers’ world-wide AR adoption is moving very, very fast. Today AR is roughly a \$25 billion-dollar industry. In three years, it is estimated to hit \$121 billion dollars growing at a CAGR of 86.5%. AR adoption is happening very quickly and the world is absolutely ready for it and in fact embracing it.

**CEOCFO:** *You just started with the ecommerce platform. What makes NexTech different? How are you providing services?*

**Mr. Gappelberg:** What makes us different from other AR ecomm companies is that we are democratizing AR and bringing to market a very affordable, scalable solution, we’re taking a sensible business approach to AR we are not offering a game or novelty. We are not just

another flash in the pan hot app. With our web enabled AR platform we are adding tremendous value to the growing ecommerce ecosystem. The ecommerce ecosystem is huge generating \$2.8 trillion dollars globally in 2018 and estimated to hit \$3.4trillion in 2019. Our platform is a, elegant and simple web enabled AR ecommerce shopping platform, which means that it works across every browser and every website not app required which means we have eliminated the major friction point of AR adoption in ecommerce today. Whether you are on Chrome, Firefox or Safari, or any other browser it will work. If your ecomm site is built on Shopify, WordPress or Magento, it will work. It's a universal solution and that is what makes our platform so exciting, whereas if you look at our competitors, not sure if you would even call them competitors, but if you look at other offerings of AR in ecommerce, from Amazon, IKEA and HOUZZ, you could only experience AR from them in their app. The AR they offer is very limited. You could only experience AR in their ecosystem. Nextech on the other hand is offering AR to every website, and every ecommerce company globally, democratizing AR at scale. That is really the main differentiating factor.

**CEOCFO: *Do you already have customers? How do you engage with them?***

**Mr. Gappelberg:** Yes, we already have customers and more are signing up daily. It starts with converting the object to 3D meaning you have objects that you want to ARitize. You would take a 2D object and send either a 3D CAD file to us, the actual object to us or a picture of the object and we would ARitize it. (That is our term trademarked term for turning a 2D object into a 3D object) Then we send you back a few lines of embed code. You cut and paste the embed code onto your website and like magic you would have an AR shoppable experience. What happens next is that your sales go up, way up! People love AR. It gives a you the ability to take a product and place it in your living room virtually and see if it fits. You could put a flat screen TV on the wall and see how that looks above your fireplace. You can place a "digital twin" anywhere in your house virtually ...pictures, chairs, tables, or a couch to see if it fits or matches your décor. It gives you the confidence to buy and reduces returns by as much as 80% which is huge. Returns cost retailers \$300billion per year and AR shopping largely solves this problem. AR makes the shopping experience a whole lot better, for both the ecomm site owner and the consumer, it's a win-win! Ecomm sites pay a flat monthly subscription fee, which starts at \$79.00 a month...more sales, better customer experiences and it pays for itself which means that AR ecommerce will scale very quickly to the point where if you don't offer AR in ecommerce you will be out of business in a few short years.... it's really that transformative and disruptive.

**CEOCFO: *Are people skeptical as you can do it so easily or is this a case of just show them that you can do it and they are sold?***

**Mr. Gappelberg:** They are not skeptical at all. In fact, people are just excited! Most people, believe it or not, have had some experience with AR. Therefore, there is more and more familiarity with it. We do not receive any skepticism. That is not really something that comes up. We have case studies that show conversions going way up after integrating AR shopping and for a small monthly fee everyone is willing to try it.

**CEOCFO: *Who are your customers? What types of products and what types of companies? Is there a trend that you see?***

**Mr. Gappelberg:** Any product where you would want to see that product virtually in your home, such as with home furnishings. What AR allows is for you to try something before you buy. That is the magic of AR. You can try it at home. You do not have to go to the store. There is a huge amount of value in that. Most shopping still actually occurs in a Brick & Mortar store. Roughly ninety percent of all retail still happens in store. If you ask people, why they go to the store it is mostly to try something on or to speak to a brand ambassador and ask questions. We can bridge that gap using AR technologies so that you do not have to leave your home. You can virtually try objects on, whether it is clothing, whether it's a couch, furniture, paintings, carpets and counter tops for kitchens. You can see it all virtually in your home and see if it fits with your décor, see if the color is right, the size is right, all from the comfort of your home. That covers a vast amount of ecomm sites.

**CEOCFO:** *Have you found more interest from furniture companies than, for example, clothing? Is there a common thread among companies that are looking at AI now?*

**Mr. Gappelberg:** What you are talking about is really the way the market has developed. The early adopters are fashion and makeup companies. L'Oréal and Sephora have gone in head first into AR where you can have virtual "try on's" of makeup. That makes everything a lot easier for someone who is shopping for a particular look. The same thing goes with furniture IKEA and HOUZZ and Lowes are the early adopters. Those two things have been leading the charge with AR. Home furnishings, make up, beauty aids and what is going to be next is virtual try on's of clothing, where we will be able to scan your body and show you what a pair of pants or a blouse or a skirt looks like virtually, while you are still at home. Therefore, it is going to evolve. The first adopters are, as I said, beauty and cosmetics and furniture, home furnishings. However, the adoption of AR into ecommerce is really like a mushroom cloud that keeps on expanding.

**CEOCFO:** *How were you able to develop the platform? What did you understand so that you can do it without an app, and you can do it ubiquitously? What did you figure out that others have not or is it that you did it first?*

**Mr. Gappelberg:** It is more that we have done it first. There is a bit of "cracking the code" that went into it and we do have a code cracker that I want to thank! However, I would say that there are tools out there that allow people to use a web enabled AR similar to ours. I would say the difference primarily is our first mover advantage as well as the fact that our business model is very different than others. Most companies out there that offer AR are developers. You might call up an AR developer and say, "I need a web AR application." They create that for you and then they move on to the next request. That is just a one-off type of thing. What we have done is we have taken web enabled AR and turned it into a scalable business, where it is a subscription service. It is a SaaS model which allows us to fill a gaping hole in the market and democratize AR for both large and small business. That is really the thing that differentiates us. Over the next twelve to twenty-four months there will be a proliferation of web enabled AR offerings on the market, but we are first, and our brand is literally "AR Ecommerce" ...we own that!

**CEOCFO:** *Would you tell us about the different products and services you offer?*

**Mr. Gappelberg:** Right now, we are offering our AR ecommerce solution, which we have discussed, where you can offer ecommerce shopping in 3D. We have an AR university where you can learn on demand in 3D. You can be fully immersed in something. Let's say you are learning about the universe or the solar system and you are able to walk around inside the solar system and learn about it while you are viewing it. It is a total transformational type of technology, where you get fully immersed in the subject matter, so from an educational standpoint it is very, valuable. Education and training are another multi-billion-dollar market for us. The third market would be AR live streaming, telepresence and video conferencing where we could beam a live human hologram into a room as a 3D object ...think princess Leia in Star Wars only "full size human" and not glitching. Therefore, basically you would be able to be beamed into the room that I am in right now and we would be able to talk face to face, you are a hologram in the room with me. It is a very exciting, and again, transformational technology.

**CEOCFO:** *When you are talking education, are you talking about companies, schools, individuals?*

**Mr. Gappelberg:** Schools are already looking at it! Schools have already jumped in! Schools understand AR and that this next generation of kids are into technology in a different way than students were twenty or thirty years ago. Therefore, schools have embraced technology. It is literally just about how fast the adoptions happens. It is not a question of if. It is just a question of how fast. The train has already left the station, it has already happened. However, our focus is primarily on business training and business education, not so much on schools, because of slow adoption and budget considerations.

**CEOCFO:** *With so much opportunity, how do you decide where and how to focus your efforts?*

**Mr. Gappelberg:** We follow the market. The market has developed for ecommerce. The ecommerce platform is the first platform that we are rolling out. We just made an acquisition of an ecommerce business this week. Actually, on Tuesday January 8<sup>th</sup>, we announced that we acquired an existing ecommerce business that generates \$2.65million in gross revenue. We are ARitizing that business products as we speak. We are adding more and more AR products, features and functionalities to that site. The early results have been quite staggering. In the first week, of ARitizing a single product we generated four weeks' worth of revenue in one week...just off of that one product. Therefore, we are now integrating another 10 products and we expect to see the same type of results. We are on the hunt right now for additional acquisitions and see ecommerce as our launching pad for bringing AR to market. What we have done is launch our platform with AR ecommerce while we are bringing to market the AR University and training as well as the AR live streaming over the course of the next 3-6 months.

**CEOCFO:** *Is the investment community paying attention?*

**Mr. Gappelberg:** We came public on October 31<sup>st</sup> at \$0.25/share. The stock is currently trading at \$0.80, so we are up over 220% and have traded over 4million shares since we have been public, which is only a few months ago. We did have a trading day, where we traded 1million shares and closed at \$1.10/share on 12/27/18. Therefore, I would say that they have started to pay attention, although it is still very early for us. We are still unknown to the investment community which is why are

about to embark on a 40-city road show, so we are going to go out to investors to tell our story.

**CEOCFO: *What surprised you throughout the whole process of putting this together?***

**Mr. Gappelberg:** What surprised me was that my intuition for the growth in AR was 100% accurate! Usually, I am not as right as I was with AR. I looked at the global landscape for AR in 2017 and it looked to me like AR was this mega trend, this once in a lifetime opportunity where if I was going to raise money from my friends, stake my reputation and work 100-hour weeks to form a business then AR was it. Now it's 1 year later and every conversation I am having, every indication from the marketplace, the investor reception with our stock price, even in a down market; where the market from when we went public to our trading high October 31<sup>st</sup> - December 27<sup>th</sup> went down over 10% while our stock went up over 200% on great trading volume. All of those things make me think that this was an incredibly right decision and a great choice for a sector to be building a business in. I am just surprised at how right and how good it has turned out so far and that we are just getting started, we're still in the first inning!

**CEOCFO: *What is the takeaway about NexTech AR Solutions for our readers?***

**Mr. Gappelberg:** The takeaway is that Augmented Reality and 3D shopping is happening. If you don't want to get left behind you need to climb on board and start to integrate AR and 3D experiences into your business; with our solution it's fast, easy and affordable. As far as investors go, this is an opportunity to invest on the ground floor of a transformational technology in a pure play public company, in the most exciting industry, in the fastest growing technology growing at an 86% percent CAGR, and invest in a company that has a first mover advantage. Because we are new, we are still trading at a very modest valuation and with management owning 40% of the shares under a 3-year escrow agreement they are aligned with investors. These opportunities come along very rarely. It is the equivalent of being able to turn back the hands of time and invest in the first crop of internet companies back in 1995. It is very rare that you get an opportunity to invest in as transformational a technology as AR through a young startup company, a pure play ...Nextech AR Solutions is that opportunity!



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