

THE BLACK & SWAN CONNECTION

Company Profile

ID Watchdog, Inc.



(Stock Symbol - Other OTC: IDWAF)
(Stock Symbol - Toronto SXV: IDW.V)

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(Items in *italics* are excerpted directly from Company filings or other Collateral.)

ID Watchdog (“IDW”) is a Denver, Colorado based provider of identity theft prevention, detection and resolution services. The Company was formed in 2005, commenced commercialization in 2007 and went public on the TSX Venture Exchange (Toronto Canada) in September 2008.

The size of the domestic identity theft industry (hereafter “IDT”) is estimated to be around \$3.5 billion annually. That number includes companies of various sizes providing one or more of the prevention, detection or resolution services noted above. For example, that number includes services from traditional credit reporting agencies such as Equifax (EFX), Experian (EXP.N.L), TransUnion (TRU), which address only portions of the prevention, detection and resolution triumvirate. To reiterate, ID Watchdog provides all three of these services, and is a pure play in the industry. The ID theft industry is/has been supported by the proliferation of “online” technology that has made every user, individual, commercial or otherwise, more susceptible to data breaches and hacks and identity theft in general. Victims of identity theft face a variety of negative consequences that range from small inconveniences to potentially catastrophic scenarios. Those in the business of providing prevention, detection and resolution services generally view their solutions as “insurance” against those catastrophic events either via preventing them from becoming catastrophic or by remediating the impact of those that do.

According to a report from the Bureau of Justice Statistics, *“an estimated 17.6 million persons, or about 7 percent of U.S. residents age 16 or older, were victims of at least one incident of identity theft in 2014.”* The report further notes that, among other things, *“two-thirds of identity theft victims reported a direct financial loss”*. Further, while roughly half of identity theft victims were able to mitigate the impact of the theft within 24 hours, approximately 1 in 10 victims spent more than a month trying to fix the problem. The report notes that *“victims who spent more time resolving the associated problems were more likely to experience problems with work and personal relationships and severe emotional distress than victims who resolved the problems relatively quickly. Among identity theft victims who spent six months or more resolving financial and credit problems due to the theft, 29 percent experienced severe emotional distress”*.

IDW’s original strategy involved a variety of direct-to-consumer approaches that proved prohibitively expensive to scale and ultimately lead to significant losses and equity dilution. However, new management and a focus on other marketing channels (largely the employee benefits space) set a new path for the Company. That strategy has resulted in consistently improved results as well as a corresponding improvement in the Company’s financial condition. We believe the Company is building continued momentum, that may result in markedly better results and ultimately intrinsic valuations than are currently reflected in the stock price.

SMM hosts a full research report on ID Watchdog, Inc. prepared by Trickle Research, LLC. The report can be viewed at www.SMM.Global. The URL is below:

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