

## Smart Energy Solutions (SMGY): Tiny Company, Remarkable Product

<http://www.smgynet>

Current Price: \$.28

Price Target: \$.60

Written and researched by Chris Lahiji

In the world today, human beings share a few similar traits. We are all a eukaryotic species, need food and water to live, are attracted to the smell of McDonalds, and have a weird fascination with cars.

From an early age, boys, girls, men, women, all love modern day chariots. In this country, we have taken the car to the next level. Nowadays the importance of the vehicle goes well beyond its basic function of getting you from point A to point B. People now buy exotic rims, draw mural paintings, place working spa tubs in the trunk, and have their horns play the mariachi.

If you think I am joking, check this: <http://my.break.com/content/view.aspx?ContentID=401262>

Now from "Mother Russia": [http://youtube.com/results?search\\_query=low+rider&search=Search](http://youtube.com/results?search_query=low+rider&search=Search)

Keep in mind that both of these videos are tame in nature.

While many people have been busy accessorizing their cars on the outside, very few focus on the components inside. The engine, transmission, alternator, shocks, springs, and our focus for this report, the battery, do not get the attention they deserve.

A car battery is one of the parts in a vehicle's starting and charging system. The primary function of the automobile battery is to store electrical energy. This energy comes into play when the ignition key is turned and the starter is triggered into action.

The battery stores enough electrical energy to turn the engine over and create the electrical spark required to ignite the air-fuel mixture inside the cylinders. Once the engine is running, the alternator takes over. A pulley connected to the engine crankshaft drives a belt that spins another pulley on the alternator.

In this way the alternator produces electricity while the engine is running. This electricity is used to keep the ignition flame alive, and to run the lights, windshield wipers, and other electric-powered and electronic accessories. The voltage regulator directs the alternator to distribute an amount of electricity to the battery so the energy will be there in waiting to start the engine next time around.

The battery works on its own during engine startup and together with the charging system while the vehicle is running. Thanks to the car battery, the whole process can start over the next time the ignition key is turned.

Hopefully, I have not lost you.

Every year, millions of people all around the world go through the unfortunate event of turning the key to start the ignition, only to have the car just sit, motionless. Now imagine you were stuck in a snowstorm, or it was an emergency.

Often times, it is because the battery has gone bad.

What many do not know is that the lead-acid car battery under the hood of cars today shares the same basic design with the lead-acid battery that was first used to turn over the engine of a production Cadillac in the year 1912.

Suspended inside the plastic shell of the battery are lead plates coated with particular metals. These lead plates and metals chemically react with the battery acid, or electrolyte solution, to store and produce electricity. As the battery charges during driving some electrolyte-vapor vents out of the plastic shell along with a bit of hydrogen. This vapor can cause corrosion to form around the battery terminals and posts along with causing bad things to happen under the battery tray.

Corrosion on the posts and terminals can eventually interrupt the flow of electricity into the battery. Electrolyte levels can drop as the solution evaporates over time and leave the battery unable to properly hold a charge.

Modern day and supposedly "maintenance-free batteries" are updated and improved versions of the original lead-acid battery. However, even modern technology does not completely eliminate the need for regular battery maintenance and inspection. If the electrolyte levels fall below normal levels the lead plates in the battery become exposed to the harmful vapors produced during battery charge cycles. These vapors can cause corrosion to form on the lead plates inside the battery. This corrosion interrupts the chemical process by which the battery charges and stores electricity.

Once this corrosion sets up, the damage inside a car battery can be irreversible. Maintenance-free batteries are sealed, and should not ever require the addition of distilled water. Another way batteries fail is when other components of the charging system are not working properly. If any or all components in the charging system are not doing their jobs, the battery can take a fatal hit. Both undercharging and overcharging can kill a battery in short order.

A good way to help a battery live a long and productive life is regularly scheduled maintenance and annual testing. This small investment in time now can save a large amount of time and headache later down the road.

The best and simplest way is by purchasing Smart Energy's "Battery Brain". It will save you the time and hassle of periodically opening the hood of your car during the year or taking the car in for an inspection at Jiffy Lube (God forbid).

## BUSINESS

Smart Energy Solutions has created a patented product called the "Battery Brain", whose sole focus is to ensure that the car battery lives and also prevent vehicle theft.

Battery Brain is the only system available on the market today that protects batteries, prevents vehicle theft, and also prolongs battery life.

The "Brain" constantly monitors the electrical discharges of a battery and automatically disconnects it if it senses that the battery is losing the required charge needed to start an engine. It is particularly effective in areas where extreme hot or cold weather drains batteries of their charge. Besides monitoring the electrical discharge, Battery Brain offers a built-in anti-theft feature, which is pretty easy to operate.

Take a look for yourself: <http://smgy.net/index.php> (Click on Installation Video)

Here is a current eBay listing: [http://cgi.ebay.com/ebaymotors/BATTERY-BRAIN-Vehicle-Battery-Saver-PLATINUM\\_W0QQcmdZViewItemQQcategoryZ50068QQihZ002QQitemZ120202633245QQrdZ1QQsspageenameZWDVW](http://cgi.ebay.com/ebaymotors/BATTERY-BRAIN-Vehicle-Battery-Saver-PLATINUM_W0QQcmdZViewItemQQcategoryZ50068QQihZ002QQitemZ120202633245QQrdZ1QQsspageenameZWDVW)

It is currently available to consumers at a price point of between \$75 and \$100 bucks, and it yields 50% margins for the company. This technology can be implemented in 75% of the world's vehicles, but it goes beyond just cars. RV's, buses, trucks, and boats can also use the device successfully.

Anything that operates on batteries can use it.

If Smart Energy just gets 1% of the overall automobile market, it translates to over \$100 million in sales. That may seem like a tall order, but the auto industry has welcomed the product with open arms.

Ever since the company went down to exhibit at SEMA (Specialty Equipment Market Association) in late October, business has been very good.

## CATALYSTS

In early November, the company signed a major distribution agreement with Lund Industries. Lund primarily focuses on selling automotive parts and services to the police, fire department personnel, municipalities, and other commercial customers.

The President of Lund, Paul Lundgren had this to say about the product: "The Battery Brain product line is a natural for the emergency and commercial vehicle markets. They are a cost effective solution to a continuing problem and we are looking forward to a long relationship with Smart Energy Solutions."

The agreement is significant because Lund will now start to build awareness that a product like this exists. When more people know about an item, it definitely increases visibility as well.

Almost a week later Smart signs another distribution deal with Renaissance Pacific Energy Solutions (REPESA), which is based out of the Philippines. This is REPESA's second order for the "Brain".

"Battery Brain(TM) is one of the most innovative products of this decade, proven to optimize the life of batteries, and significantly improve work productivity by empowering people and businesses to gain better control over their travel time, and to enhance vehicle safety and security," stated Lilibeth Mediavillo, President of Renaissance Pacific Corporation.

Two big testimonials in a month is not bad work.

But it gets better.

Just this month, the company signed a multi-million dollar agreement with All Start Battery.

Based out of Los Angeles, All Start Battery wants to carry its own private label version of the Battery Brain under the name "StarterGuard Failsafe Battery System". They want to sell it directly to car / truck dealerships immediately.

"We had customers coming in almost every day with dead battery issues," explains Dov Hoffman, President of All Start Battery, Inc. "This was a huge customer service issue for the delays and problems it created in people's lives, as well as a serious environmental issue because so many batteries were being replaced sooner than they should have been."

With two big distribution deals, and one large multi-year, multi-million dollar contract, it showcases to me that demand is strong. But wait, it gets better.

Just last week, the company signed yet another distribution agreement, and with a very well respected name.

On December 17th, Smart announced a deal with Iveco and has already shipped their initial order. Under the terms of the agreement, Iveco will offer Battery Brain(TM) through its network of 340 dealers all over the world.

Iveco specializes in designing, manufacturing, and marketing a broad range of light, medium and heavy commercial vehicles, off-road trucks, city and intercity buses and coaches as well as special vehicles for applications such as fire fighting, off-road missions, defense and civil protection.

The company employs 24,500 people and runs 28 production units in 16 Countries around the world using excellent technologies developed in 5 research centers. Besides Europe, the company operates in China, Russia, Australia, Argentina, Brazil, and South Africa.

Now why would a company of this size be so eager to buy "Battery Brain"?

Simple, because its innovative and it works.

## CONCLUSION

In my opinion, the company should not be trading near its all time low. Even though its financial situation is tenuous at best and it is listed on the Bulletin Board, Wall Street is not giving the company any credit for recent achievements.

Deal after deal after deal, and the stock continues to drift lower. I think it has to do with tax loss selling and the fact that most investors are getting out of micro-cap altogether.

In turn, it creates opportunity for us. We have only made money when others run away.

Smart Energy has a patented product in "Battery Brain" that is easy to install, revolutionizes the car industry (no more worries about the battery starting), cheap and affordable to purchase, safely manufactured in both China and Toronto, being tested by the military in both the States and Israel, and is currently in talks with all the big retailers (think Sears, AutoZone, Advanced Auto Parts, West Marine) to sell it to consumers.

With 50%+ margins, the company does not need to sell a lot to become profitable.

We believe that the big orders are right around the corner, and investors will ultimately become believers once dollar amounts are attached.

1% of the market in cars, RVs, and boats will generate close to \$200 million in sales, and its achievable in the coming years.

In my case, I'm a believer right now and own shares in the company.

Take a look, buy the product, and let's see what 2008 will bring for Smart Energy.

*Disclaimer:*

*LD Micro, is an Internet-based financial newsletter that provides self-directed investors information on selected public companies that in the opinion of LD Micro have great investment potential. It is a non-registered investment advisor.*

*Safe Harbor and Disclaimer: LD Micro is an information source only, not a solicitation to buy or sell securities. Certain statements pertaining to earnings and growth are "forward-looking" within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, and as defined in the Private Securities Litigation Reform Act of 1995.*

*LD Micro intends that such statements be subject to safe harbors created thereby. Actual results may differ from those expressed or implied. Information has been compiled from sources deemed to be reliable, but accuracy is not guaranteed...*

*Investing in securities is speculative and carries a high degree of risk. Investors should perform their own due diligence and fully understand all risks.*

*We always give full disclosure on the names we own.*