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Wellspring Testimonial

TESTIMONIAL

Customer thrilled with fast payback

PRYZANT MANAGEMENT, INC.

June 4, 2003

RE: Results for Alexander House and Sharpstown Apartments

Dear Wellspring;

When you and Web Services Company came to visit me in the fall of 2001, I had my doubts. Normally, I do not meet with sales people, but Web is special; when they ask me to look at an opportunity, I look.

For years, I had a problem with high water consumption at Alexander House. The units are large with many occupants. Most units there have two bathrooms and a quarter of the apartments have three toilets. The high consumption seemed to be due to a combination of lots of people and toilets which wasted water due to old flappers, sticking flush levers or broken flow valves. Even when the maintenance man went door-to-door to search for leaks (a time-consuming job with 234 units), he often did not locate the leaks due to their intermittent nature. In 2001, my consumption averaged \$462 per day, or about \$60 per unit per month.

I immediately grasped the possibility of the wireless technology. Not only could I locate leaks without searching each apartment, the occupants could be monitored to determine who was wasting water and which apartments had more occupants then registered on the lease. I decided to give Wellspring a try and committed to spend approximately \$60,000 for the system.

The results did not disappoint me. The system was operational by May 2002. Average consumption was \$456 per day for the first four months of the year but decreased to \$356 per day the remaining eight months. As the bugs got worked out of the system and as those hard to locate toilet leaks were identified and repaired, consumption fell even more. In addition, we used the system to identify those apartments with too many resident or whose consumption patterns were wasteful.

In December, the bills declined further after we began billing residents for their water consumption. March and April 2003 bills were approximately \$270 per day; May fell to \$254 (though occupancy also declined that month). The difference between \$462 in April 2001 and \$270 in April 2003 is \$192 per day—a payback of less than one year! Of course, the payback is even faster because we are collecting about \$2,000 each month from the billing program, an amount which should double by year-end as new leases are signed and the billing program becomes better established.

With the success at Alexander House, I decided to invest in a second system for the Sharpstown Apartments, a 395 unit complex. Though per-unit consumption was less than Alexander House, I concluded that sub-metering has inherent, long-term advantages over an allocation method which may attract prospective tenants. Consumption prior to installation of the Wellspring system in the summer of 2002 was approximately \$564 per day; consumption this year has averaged \$436 per day, a savings of \$138 per day. Payback on the decreased consumption alone is approximately 20 months. Including revenues from billing and decreased maintenance time, the payback can be calculated at approximately 1 year.

Wellspring has worked wonder for me. In this time of falling occupancies and increasing expenses for insurance, taxes, and utilities, Wellspring has enabled me to boost profits and increase my property values. Keep up the good work!

Your truly,

Joe Pryzant