

Open letter to Members

November 12, 2008

The past 3-months have been quite a ride; particularly for a small company promoting a technology that makes miniaturized hydraulics affordable. Bottom-line, our industrial partner was caught up in the collapsing credit debacle and walked away from their option to license our high-force crimping solution while leaving their bills unpaid.

The \$30K we are owed was to cover engineering charges and a patent maintenance fee that is due. Top Notch Machining estimated the alpha-prototype for the 12-ton tool crimper would take 6 to 8 weeks to complete and cost between \$30,000 and \$40,000.

Apart from the developmental costs, the larger issue of who would manufacture the commercial product and for how much sunk our prospects. Neither LatchTool nor our partner owns a production facility. HydrAssembly had been conceptualized to address this challenge, but in a faltering economy so did its chances.

The 12-ton tool was speced by our partner. Based on an internal 10,000 psi pump in our design, the unit requires a 1¾-inch ram to deliver the 12 tons. For example, matching a 2-inch ram to the same pump produces a tool that delivers 15-tons. A design is underway for a 20,000 psi pump. If successful, a 15-ton tool would then only require a 1¾-inch ram.



22" Battery powered 12-ton tool weighs 10 pounds

We estimate the [HydrAssembly](#) format could produce tools in modest quantity that would sell for \$3,000 and yield a 65% gross margin.

Consider: industrial strength compression tools are used to swage hydraulic lines in aircraft, wire rope and electrical transmission cables. A 15-ton unit consists of a separate swage head costing around \$3,000 and a 10,000 psi pump costing between \$3,000 and \$6,000 that weighs over 70-pounds.

As our parting partner said, we need to find a bigger player; they are too small.



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