

Capabilities Presentation

Breakthrough New/Restaged
Products and Services -
Con-sis-tent-ly!



Presentation Outline

- **Flagship New Product Performance Overview**
- **Philosophy**
- **New Product/Startup Problems**
- **Flagship New Product Performance Specifics**
- **The Flagship Process**
- **Digital Marketing Experiences**
- **Benefits Summary**
- **Appendix: Leadership and Core Team**



Flagship New Products Group Overall Performance

- Net Net in total, 41 products entered test market or beyond

- 36 successful launches = 88+% success*

- Over \$4 billion in new sales in today's dollars

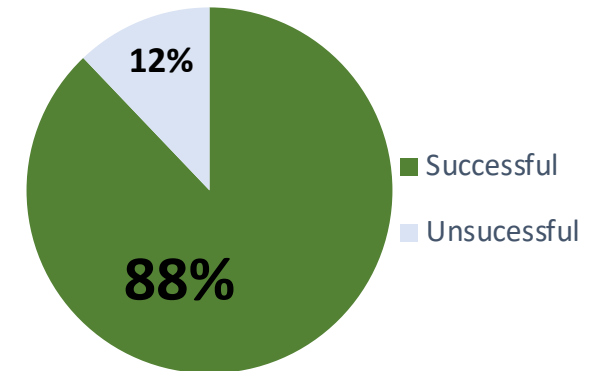
- Of the 36 successful product launches, about half were:

- Designated as *“New Product of the Year”*

- 16 (45%) were Category Creators (CC)

- *11 (30%) were restaging/relaunches of existing products or services*

Product Launches

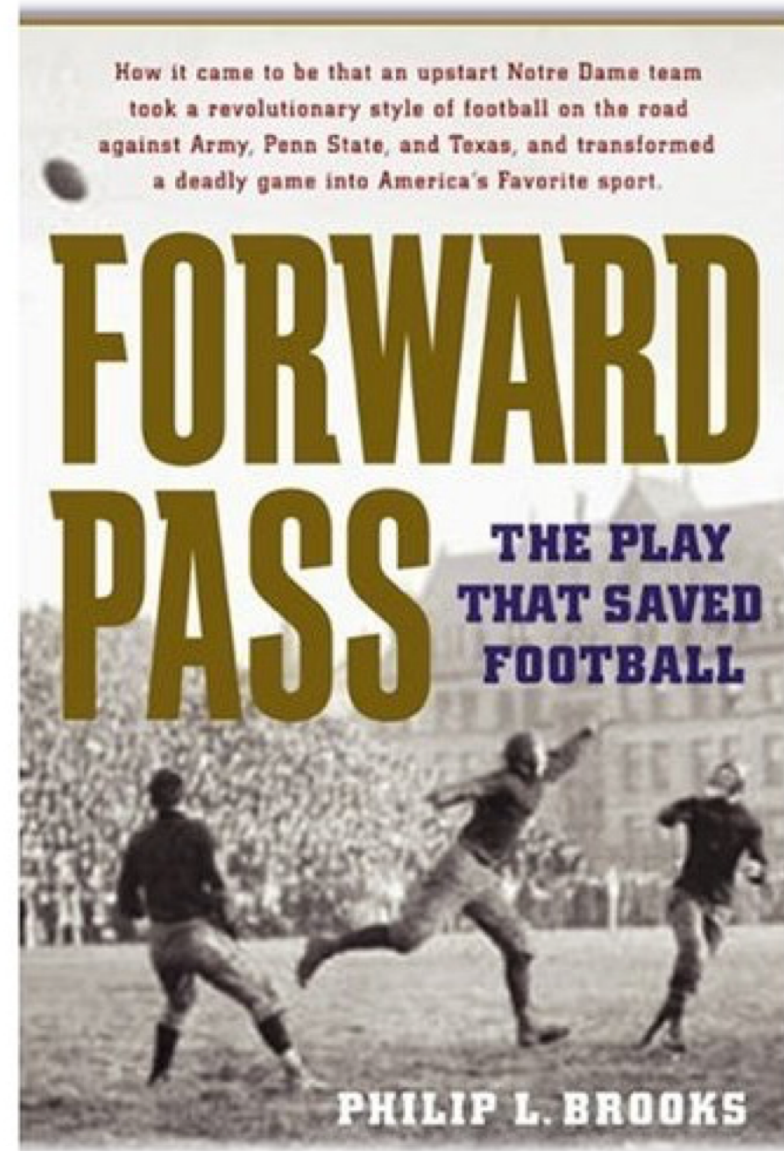


*Success defined as met 1st year business launch objectives or client objectives



Philosophy

- “Never Innovate To Compete...Innovate To Change the Rules of the Game”
- Development costs are as much for a small product as for a large one
- The name of the game is not me-too-isms, it's INNOVATION





The New Product Problem

Damned if you do — Damned if you don't!

Why?

- **A marketplace where failure (90%) is the norm!**

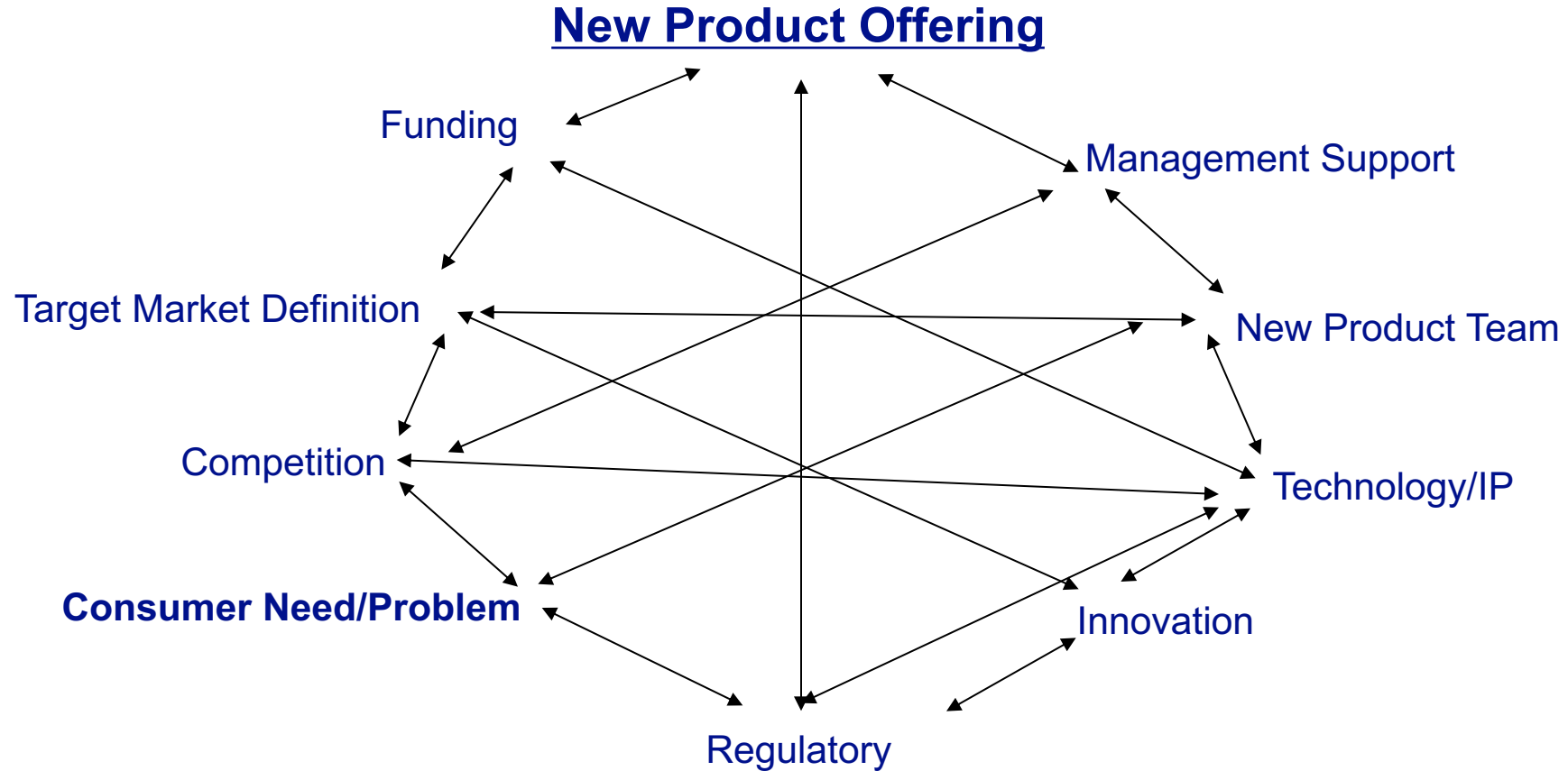
Why Is That?

- **See following....**



New Products Hurdles — Multi-Dimensional Success Requirements

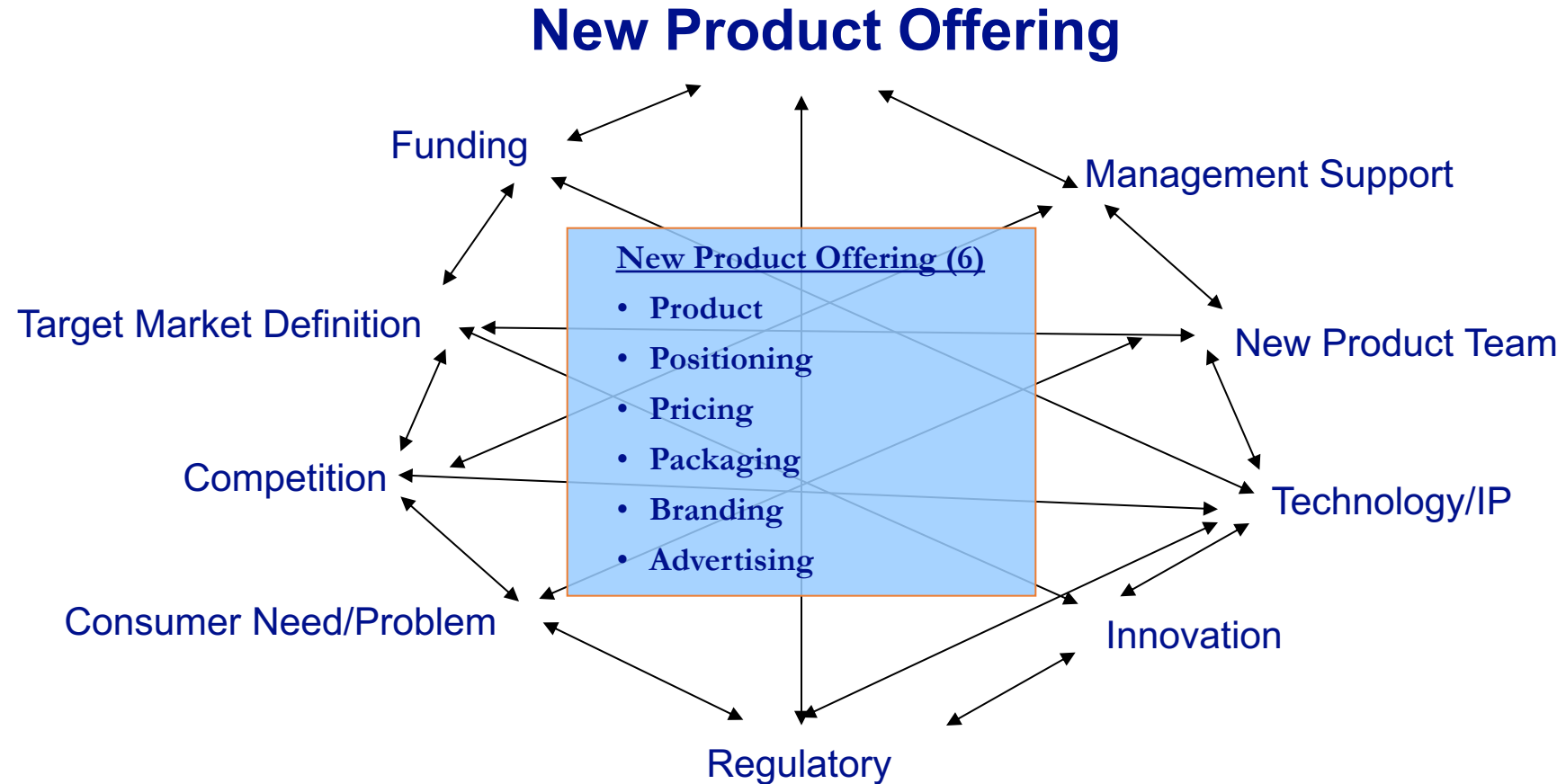
10 Principle Requirements



All Requirements Must Be “Met to the Nines” and Work Synergistically



New Products Hurdles— Plus Each Requirement Has It's Own Subset, adding to the complexity/difficulty, particularly for Startups



**The total # of variables to be managed and optimized runs into the 100' s,
and this is why 90% of new products and startups fail**



Flagship New Product Performance Specifics

Food (22)

- Beverages (several)*
- **Pre-Prepared Fresh Produce (CC)** (several)*
- **Branding** (Sun in the O of Dole)*
- Frozen Desserts/Snacks (CC) (several)*
- Ingredients (Existing)
- Seafood (Existing)
- Food Service (Existing)*
- Baking (Existing)

Health & Beauty Aids (4)

- Baby Products
- Feminine Hygiene (CC)*
- Skin Protection (Startup) (CC)*
- Cut/Wound Protection (Start Up) (CC)

CC = Category Creator

Existing = not a new product, but a relaunch of existing product

* = New Product of the Year award winner



The NutraSweet Company



Flagship New Product Performance Specifics

Household Goods (4)

- Surge Protector (Existing)
- Water/Heater Replacement Service (Exist)
- Batteries*
- Fabric Gift Wrap (CC)

Software (3)

- Financial Reporting & Consolidation (Exist)*
- Anti-Spam Technology (Start Up)*
- Network Security (Existing)*

Electronics (1)

- First TV/DVD/Remote (CC)*

Miscellaneous (7)

- Credit Card
- Fabric Paints (Existing)
- Ultra Low Tar Cigarettes*



Addorn



BROWN & WILLIAMSON



The NP Development Process — Strategy

- Process identifies, develops and optimizes opportunities that:
 - Utilize the asset base of the Company
 - Are end-user market-driven
 - Solve end-user PROBLEMS*
 - Fulfilling end-user needs to a greater extent
 - Exceeds the current financial objectives of the Company

***The magnitude of the problem is directly correlated with the size of the opportunity**



The NP Development Process - Adoption of Scientific Method



Mobilization

- Establish Objectives, Team and Financial Goals

Investigation (Market Situation Analysis)

- Gather and Synthesize Relevant **Data** into **Information** and information into **Knowledge**
- From this **Knowledge**, formulate **New Product Concept(s)**

Development

- Use **End User Market Research** to Refine and Optimize new concept(s) and product prototypes

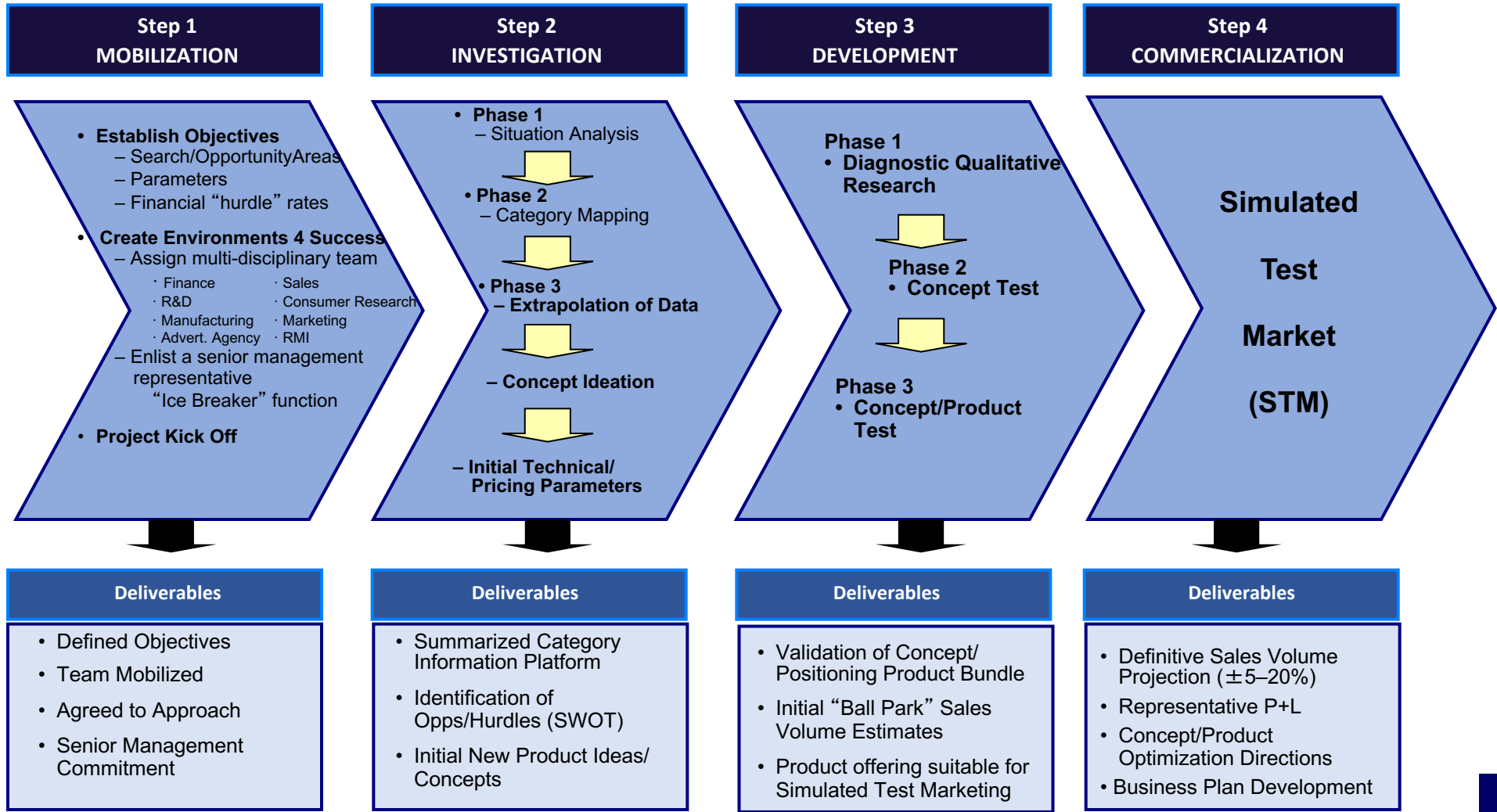
Commercialization

- **Quantify Business Volume via Stimulated Test Market**
- Develop Business/Marketing Plan

This Process is Rigorous, Disciplined, Creative, but most importantly, it's Replicable



The NPD Process — Methodology



Tactics — Category Redefinition Process

- **Allows Flagship NPD Process to succeed regardless of category**
- **Defines three critical success factors:**
 - Competitive frame's strengths and weaknesses
 - Emerging strengths and weaknesses of the new/refined product concept
 - Degree to which the new/refined product concept is able to:

“Change the Rules of the Game ”

- **Provides a Quantitative “Over the Horizon ” view of the Category’ s Future**

Category Redefinition is one of Flagship’s “Trade Secrets ”



Flagship Online/Digital Market Experience

- Over the last 8 years, the group has applied sophisticated CPG processes to the Direct to Consumer marketing channels of Direct Mail and Digital Marketing for both new and existing products and services.
- **18 of the 20 projects were successful, be they new or existing – for example, in terms of existing, SEM/SEO results increased by at least 25- 50%.**
- **Online Market Categories included, among 9 others:**
 - DNA Testing (genealogy/skin care/nutrigenomics)
 - Meal Delivery/Replacement Programs (2)
 - Dietary Supplements (2)
 - Wine Club
 - Prescription Discount Cards
 - Drones,
 - Acne Remedies

All of these successes were done without prior knowledge within the respective category.... It's the process and the FS team



Benefit Summary

- **Informed (quantitative) Decision Making Process**
 - Vs. a group sitting around a table and making ad hoc decisions
- **Optimized Positioning and Product**
 - 25% to 50% greater interest in purchasing/repeat
- **Realistic Business/Marketing Plan**
 - Complete understanding of the financial proposition
 - Ability to manage to the bottom line
 - Vs. “guesstimates”
- **Overall success rate dramatically increases to 80+%**



Appendix:

Flagship Leadership and
Core Team Members



Flagship New Products Group Capabilities

Companies We Have Served (partial list)



Bloomberg



GlaxoSmithKline



The NutraSweet Company



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PACIFIC POWER
A PacifiCorp Company



U.S. DEPARTMENT OF
ENERGY



Powered by AT&T Labs Technology



Johnson & Johnson

OGI

verizon✓



P&G

MedLogic

BARNES & NOBLE

AARP
SERVICES INC.

citi
Citibank



Flagship New Products Group Capabilities

Patrick J. Tighe - New Business Experiences

<u>Industry Experience</u>	<u>Career Highlights</u>
Advertising <ul style="list-style-type: none">• DFS/Ketchum, NY (Account Exc.)	<ul style="list-style-type: none">• Account Management On Best Food, Corn Products, J&J New Products
Corporate <ul style="list-style-type: none">• J&J Baby Products (Senior PM)• Brown & Williamson (Group PM)• Dole Foods (Corp VP)	<ul style="list-style-type: none">• First Successful New Product in 20 Years for J&J Baby Products• First Successful New Product In 20 Years for B&W• First Successful New Product in 20 Years for Dole Foods: turned the company around with 13 straight successes/ran R&D/over \$1B+ in new sales/stock went from \$7 to \$47 in five years
Consultant <ul style="list-style-type: none">• Zoetics/Relational Marketing (COO)• Flagship NPG (Founder)• Direct Advantage Partners (Partner)	<ul style="list-style-type: none">• Translation of New Product Development Process into Direct Mail• Translation of New Product Development Process into Consulting• Translation of New Product Development Process into Online Marketing
Entrepreneur (Startups) <ul style="list-style-type: none">• Flagship Ventures Group (Org. Ptr.)• MedLogic (COO)• ZoEmail (Founder)• PerfectCLEAN (COO)	<ul style="list-style-type: none">• 7 out of 8 ventures successful with CPG companies• First use of cyanoacrylates on humans for wound closure/bed sores• First successful use of email Authentication technology to prevent spam• Translation of hospital microfiber cleaning cloths to consumer market
Inventor	<ul style="list-style-type: none">• 11 Patents (fabric paint dispenser/cyanoacrylate for skin/anti spam technology)



Flagship New Products Group: Core Team

Russell Brand (Advisor)

- Founded Responsible Solutions, Ltd to advise Government Agencies on Computer Protocol Security, Network Administration and Applied Sciences
- Advised almost 100 Government Agencies, Academic Institutions and Corporations on Network and Computer Safety
- Senior Scientist at a DARPA-Reason Systems dedicated to commercializing artificial intelligence
- Member of the prestigious Computer Research Group at the Department of Energy's Lawrence Livermore Labs
- Launched four IP Network Software Products
- Involved in 20+ patents

David Hawthorne

- Specializes in advising companies in developing innovative strategies new technology categories: film to video; digital video processing, web-based social networks
- Principal conceptual architect for three services:
 - Navigility, NYU eLearning, NYU's Center for Advanced Digital Applications
- Founder of Technology Consulting Service which has advised:
 - Tektronix,
 - Panasonic Broadcast,
 - Sony Broadcast, CBS
 - Ikegami, IBM Digital Broadcast
 - Deloitte, Accenture, Warner Bros.
- Award winning technology journalist covering broadcast, entertainment, digital imaging and communication industries

Bill Hackett

- **Superior Experienced Finance & Operations Executive**
 - Executive Vice President/Senior Executive
 - Bloomberg Financial Markets – 2nd in Command Worldwide Data Center
 - United Press International – General Manager, News Services
 - Dun's Marketing Services – Marketing and Planning
- **Chief Executive Officer**
 - Healthcare Automation Inc. (Privately Held)
- **CFO/COO**
 - CareGain (Venture Backed)
 - Cirqit (Venture Backed)
 - Lithium Technology (Publicly traded)
 - Base Ten Systems (Publicly traded)



Flagship New Products Group: Core Team

Kevin Milani

- **Internet Marketing Expert with Proven Track Record**
- **Innovative SEM/SEO Marketer President, Mendicant Marketing**
 - Achieved consistently 97%+ Impression Share - less than 3% of online advertisers show up more than 95%
 - Developed highly effective proprietary methodologies for Search, Display, Facebook, Remarketing and Native Ads
 - Leading practitioner in the use of Analytics and Attribution modeling to drive revenue profitably

Categories and Clients (Partial List)

- *Diet and Weight Loss:* Jenny Craig, Slimfast
- *Education:* Phoenix, Devry, Kaplan U
- *Financial:* Chase, Capital One, Discover Card
- *Health and Fitness:* AARP, Mescape,
- *Home Improvement:* Lowes, Home Depot
- *Legal Services:* LegalZoom, Kline&Specter
- *Supplements:* GNC, Vitamin Shoppe
- *Online Dating:* Match.com, eHarmony

Steve Mason

- **Direct Marketing**
- **Innovative Direct Marketer with Proven Track Record**
 - President, Direct Advantage Partners
 - Lean Direct/Internet Marketing Company
 - Chief Marketing Officer of AARP Services (for-profit side of AARP)
 - Transformed marketing into “world class” team
 - VP Marketing at Medco Health Solutions (chief marketer of \$10B direct-to-consumer pharmacy)
 - Drove sales up 40% (+\$4 Billion)
 - VP, Business Director at Kraft Foods
 - Took Gevalia Kaffe to next level : doubled sales
 - AVP, Citibank Credit Cards
 - Grew credit card accounts by 1 million, reduced cancels 20%

Robert Urbain

- **Sales & Distribution**
- **Proven Sales and Distribution Expansion in Healthcare/OTC/H&BA**
- **Proven Packaged Goods Marketer with strong Operating Experience**
 - Boots Healthcare (UK), OTC Division(\$1Billion)
 - COO responsible : 185% increase to \$100million
 - Vice President responsible for Canada/Latin America for Sales & Distribution Expansion: doubled sales to \$100Million
 - General Manager, Pepperidge Farm Division of Campbell’s Soup Company
 - SVP Marketing, Tropicana Products
 - VP, General Manager, Dole Frozen Desserts Division
 - Group Product Manager, General Foods (Kraft)

