



***Understanding, Changing...
and Finally Getting
Competitive Positioning Right***

OR

***What to do when you are incredibly intelligent,
surrounded by incredibly talented people and faced with
incredible opportunities for success?!?***

**Rob Nail, CEO Velocity11
Silicon Forest Forum,
Dec 6, 2003**

Competitive Positioning – V11 Case Study

- **Velocity11 Intro**
- **Year –1 : Assumptions**
- **Day 0 : Focus**
- **Year 1 : Chasing Opportunities**
- **Year 2 : People**
- **Year 4 and Beyond: Going Forward**
- **Getting it Right**



Velocity11 Intro: Origins



- **Corporate Tech Dev Group**
 - **Incyte Pharmaceuticals**
- **Founded December 1999**
 - **Licensed Technology from Incyte**
 - **Founders Provided Seed Capital**
 - **First Sale March 2000**

TO DATE

- **10 Product Lines**
- **Huge Customer Base**
- **60+ Employees**
- **Profitable since 2001**

Our Mission:

Accelerate
the cure of human disease
by enabling
life sciences laboratories
with the most
innovative automation solutions





Velocity11 Intro: Revenue Mix - ABCs

- **Automation Platforms**

 - Flexible WorkCells

 - BioCel 1600 & 1100

 - Applications & Customization



- **Benchtop Instrumentation**

 - Stand-alone

 - OEM/Integrated

 - BenchCel – Desktop Workcells



- **Consumables**

 - Plate Seal, Pipet Tips, Plates, Labels

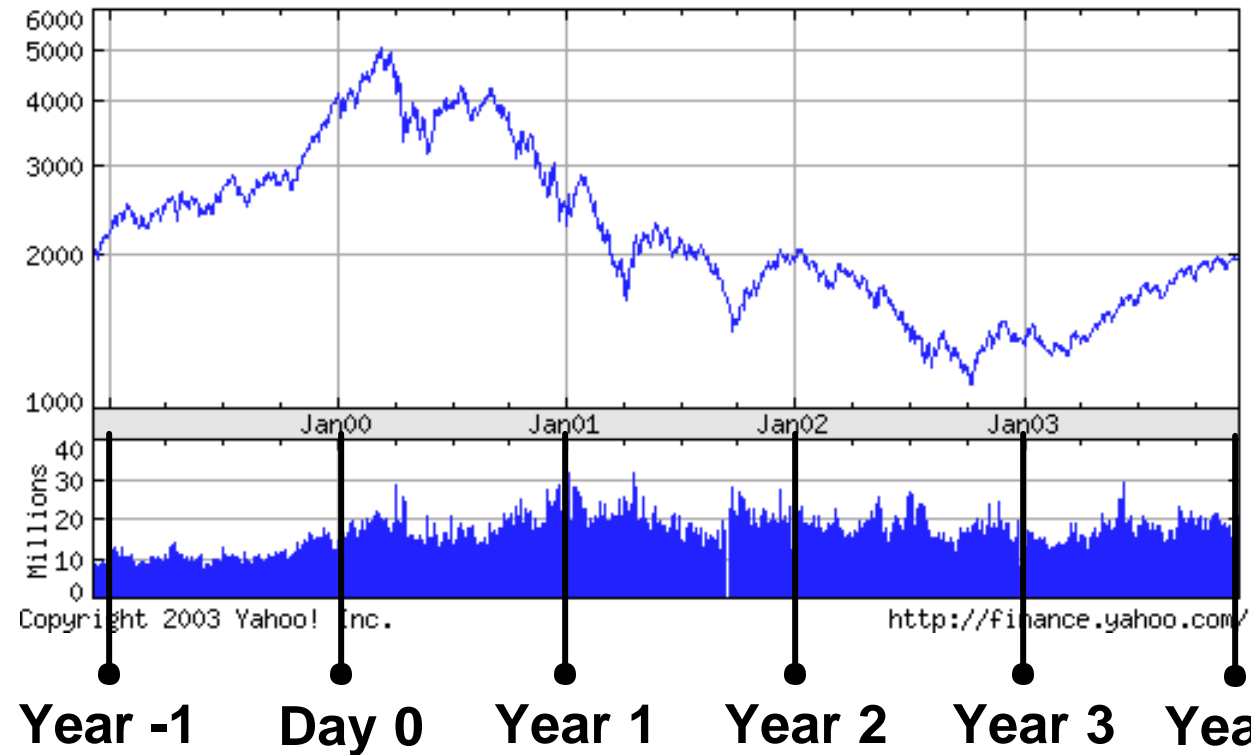
- **Service**



Complete Solution Provider!

Undercurrent

NAS/NMS COMPOSITE (NASDAQ STOCK
as of 4-Dec-2003



Year -1: Assumptions

- **Passion and Expertise**
 - Tech geeks like all things Shiny and Fast
AKA: High Tech and High Performance
- **Safe**
 - Genomics Market

Question:

- **Desire ?**
 - Build Products vs. Consult



Products

Master of Own Destiny
Build Big Company
\$\$\$

Consult

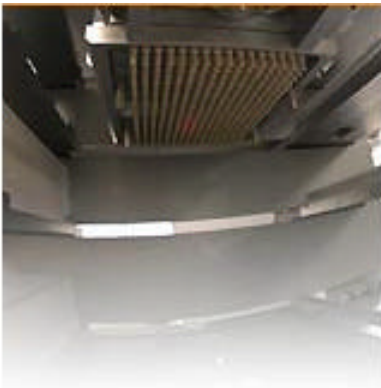
Follow orders
Smaller, Closer Group
Lower Margin

Day 0: Focus

- 10 Licensed Patents
- Only 9 of Us

Question:

- How Much Can We Handle?
 - PlateLoc Company vs. Complete Solution



<u>PlateLoc Company</u>	<u>Complete Solution</u>
Furthest Along	A Lot of Work To Do
Faster to a Finished Product	Develop 10 products with 9 people?
A Few Interested Customers	\$\$\$ Many Opportunities

Year 1: Chasing Opportunities

- **Founders Add Seed Capital**
 - No outside investment
 - Checks from my bank account
- **Investors Think Products are Dumb**

Question:

- **Which Direction?**
 - Chase development opportunities or develop products



Chase Opportunities

Customers Tell Us What To Do
Getting in the Door
\$\$\$ Up Front

Develop Products

Master of Own Destiny
Have to Find the Right Doors
Don't Know When We'll Get Paid

Year 2: People

- Many Products in the Field
- “Velocity11 is innovative and has great customer service”
 - Energetic Sales and Service Staff

Question:

- How do we grow the organization?
 - Service vs. Sales Organization



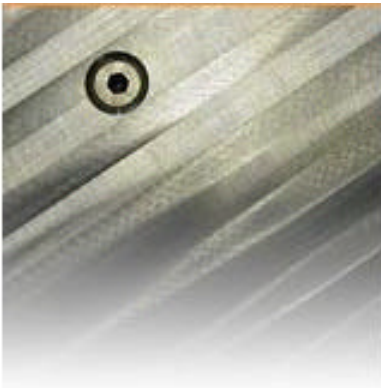
Service	Sales Organization
Hard to Scale	Easier to Justify for Growth
Make Money?	Quick Money
Customers Desire & Need It	Customers Accept It
\$\$\$ Good Service Sells Product	Throwing Products at Customers

Year 4 and Beyond: Going Forward

- **Established as Innovative Leader**
 - Technology companies come to us
- **Solid Product Mix**
 - 35% Systems, 50% Benchtop, 10% Consumables, 5% Service
- **Pipeline**
- **Investors:**
 - “Oh, you guys are still around? And profitable?”
 - Product, Great! Revenues, Yeah!!
 - Recognize the “Do what it takes to succeed attitude”

Questions:

- **What’s the Right Mix?**
 - Custom Systems vs. Products vs. Consumables vs. Service
- **How Much R&D?**
 - Partner/Collaborate vs. Develop



Getting it Right

1. **Practice Zen:**
Open Eyes, Open Mind, Nimble Body
2. **Be Critically and Objectively Aware**
 - **Desires**
 - **Market**
 - **Response to Product**
 - **Opportunities**
 - **Strengths – PEOPLE**
3. **Be Flexible**
 - **Corporate Model**
 - **Strategic Model**
 - **Product Mix**
4. **Repeat**

