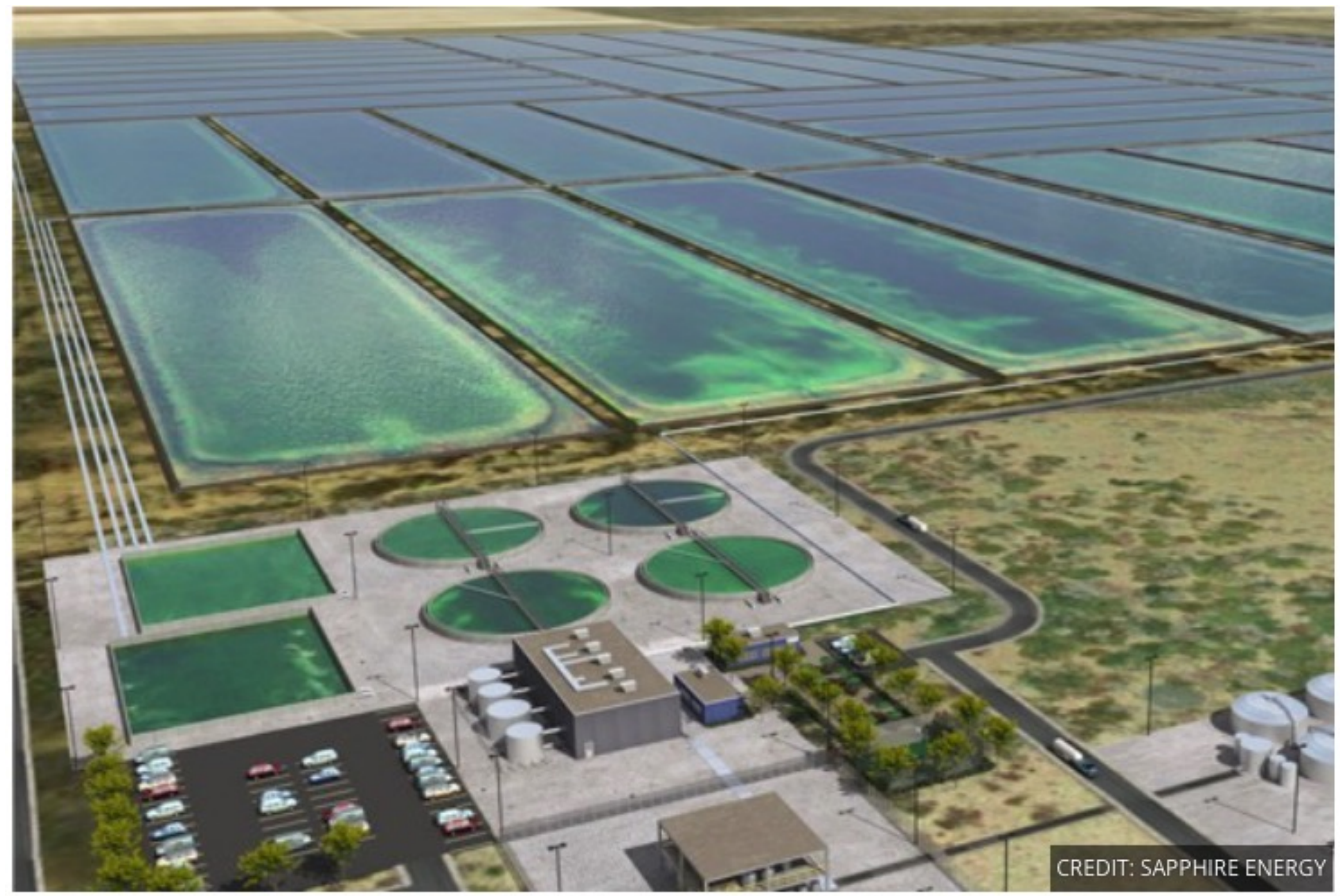
Big Oil: New Product Development

Situation: Big oil was trying to move into sustainable feedstocks that could be used for the production of fuel.

Challenge: When to partner? As big oil did not have the expertise to grow and refine algae at scale, they needed a partner. But at what stage of development?

Outcome: Using Opportunity Engineering we were able to plot the optimal time to partner given what was known at the time using options analysis and updated valuation.



Business Model Development

Situation: We identified a business model change that could open up a $4 billion opportunity that had been overlooked by our client, a major player in global logistics.

Challenge: The buildout would require $1 billion in capital, and ingrained management biases prevented a decision to move forward with even a trial.

Solution: We worked with the project team to show management that the uncertainty surrounding this new business model could be largely reduced with an initial investment of $100,000. This would test key assumptions through a trial using the new business model in the Costco supply chain.

Platform Development Using Options thinking

Situation: We collaborated with a project team at a top-tier US chemical company that was proposing a new platform, which was stalled in the upper management decision-making process.

Action: Our analysis revealed that while the capital required for the new platform's development would be around $20 million, the initial expenditure to mitigate much of the risk could be achieved with $250,000 in research.

Outcome: Senior management faced two options:

1. Do nothing new and invest $20 million in existing products;

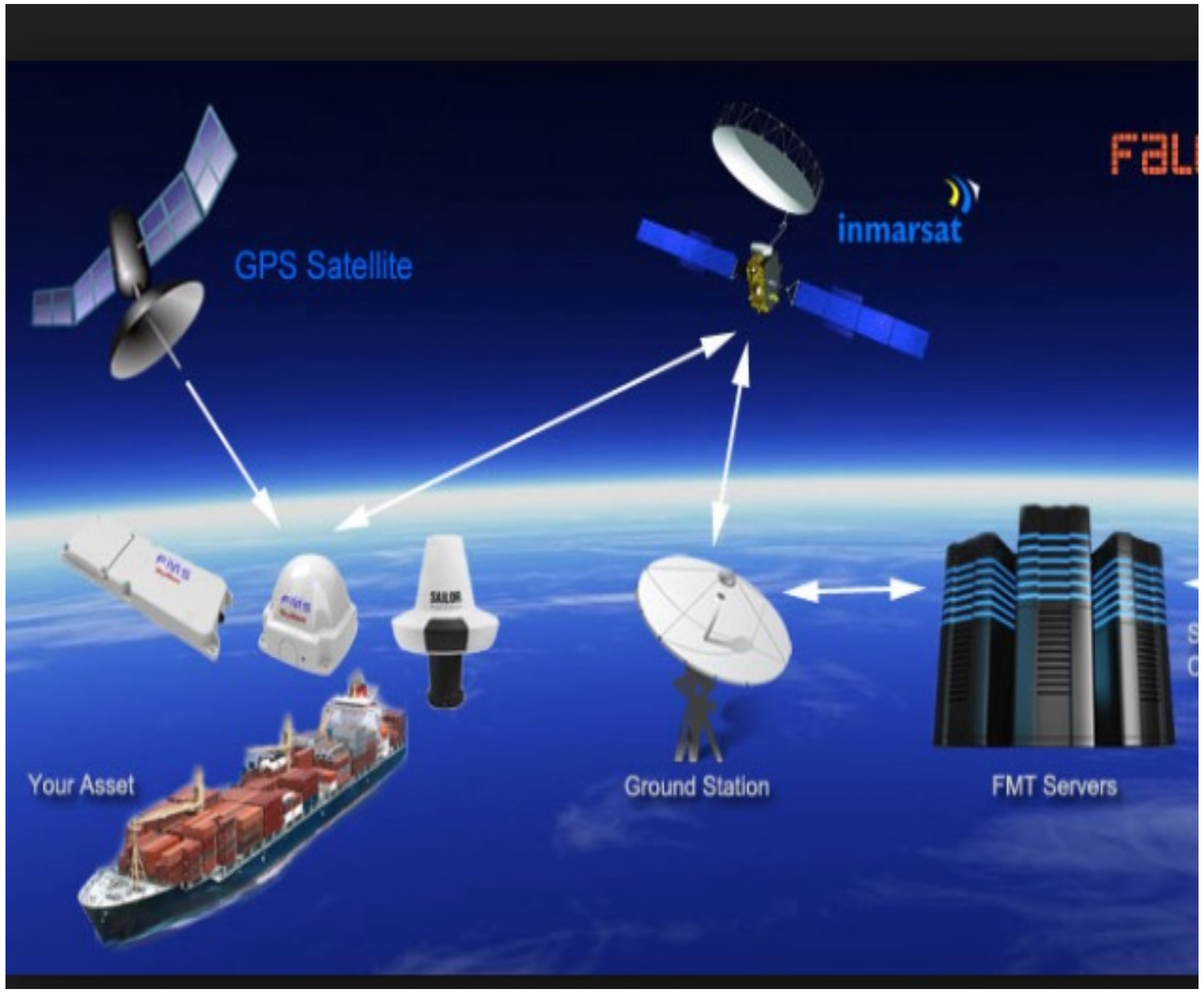
2. Invest $250,000 to potentially uncover a new product platform.

New Business Evaluation

Situation: We were asked to work with the team that had created a new technology and product that was failing to meet revenue expectations within a global conglomerate. We were tasked with providing an up-or-out decision within three months.

Challenge: In order to arrive at a conclusion, customer interviews and research were conducted that revealed the market demand for this new technology did not justify continuation, because current solutions were sufficient.

Outcome: The conclusion was that there was really no demand for the technology given the lack of an anticipated government mandate. While disappointing, the parent company was spared from millions of dollars in ongoing losses.



Options Thinking

- **Situation:**
  - We worked with a project team at a top tier US chemical company that was proposing a new platform that was stuck in the upper management decision process.

- Action**:**
  - Analysis showed that while the capital needed for the new platform development would be on the order of $20 million, the initial spend to strip out much of the risk could be accomplished with $250,000 of research.
- Outcome**:** Senior management's decision was:
  - ➢ Do nothing new
  - ➢ Invest $250,000 to possibly discover a new product platform.

New Business Investment: Flexible Displays

•Cameron analysis:

- Strategic value for the client was in supplying materials to the emerging flexible displays market

- Equity Investment in the start-up?
  - Joint Development agreement – option to supply all materials

- Acquisition analysis
  - Client could not let a competitor acquire the target or we loose the opportunity to sell the materials
    - This set the acquisition option price

- If non-competitor acquired the IP we could sell shares and exit